



alTran

13th ANNUAL REPORT 2018-2019

Aricent Technologies (Holdings) Limited

BOARD OF DIRECTORS

| | | |
|---------------------------|---|----------------------|
| Ms. Nipun Gupta Jain | : | Independent Director |
| Mr. Vinay Mittal | : | Independent Director |
| Ms. Lydia Gayle Brown | : | Director |
| Mr. Ashwani Lal | : | Whole Time Director |
| Mr. Krishna Chandra Reddy | : | Whole Time Director |

Company Secretary

Mr. Parveen Jain

Chief Financial Officer

Mr. Jitendra Grover

Statutory Auditors

T R Chadha & Co. LLP

BOARD COMMITTEES

Audit Committee

Mr. Vinay Mittal, Chairman

Ms. Nipun Gupta Jain

Mr. Ashwani Lal

Stakeholders' Relationship Committee

Mr. Vinay Mittal, Chairman

Mr. Ashwani Lal

Mr. Krishna Chandra Reddy

Nomination & Remuneration Committee

Ms. Nipun Gupta Jain, Chairperson

Mr. Vinay Mittal

Ms. Lydia Gayle Brown

Corporate Social Responsibility Committee

Mr. Ashwani Lal, Chairman

Ms. Nipun Gupta Jain

Mr. Vinay Mittal

Mr. Krishna Chandra Reddy

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Board's Report

Dear Members,

The Board of Directors hereby submits the 13th Annual Report of Aricent Technologies (Holdings) Limited (referred to herein as the "Company") along with the audited financial statements of the Company for the financial year ended March 31, 2019.

Financial Highlights

The highlights of the Company's standalone financial results for the financial year ended March 31, 2019 alongwith the corresponding figures for the previous financial year are as follows:

(in INR million)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Revenue from operations | 22,764 | 21,885 |
| Other Income | 609 | 567 |
| Total Income | 23,373 | 22,452 |
| Operating expenditure | 19,191 | 17,952 |
| Profit before Interest, Depreciation and Taxes | 4,182 | 4,500 |
| Interest | 10 | 219 |
| Depreciation and Amortization | 702 | 1,014 |
| Profit before Tax | 3,470 | 3,267 |
| Provision for Income Tax | 1,425 | 1,254 |
| Prior year Tax adjustment | (1) | (30) |
| Profit after Tax | 2,046 | 2,043 |

During FY 2018-19, your Company clocked a revenue of Rs. 22,764 million on standalone basis, thereby witnessing an increase of around 4% over the previous years' revenue. The Profit before Interest, Depreciation & Taxes for FY 2018-19 was Rs. 4,182 million registering a decline of around 7% over Rs. 4,500 million recorded during the previous year.

Dividend

No Dividend has been recommended by the Directors for the financial year ended March 31, 2019.

Deposits

Your Company has never accepted any deposits from Public in terms of Section 73 and 76 of the Companies Act, 2013 (the "Act"), read with the relevant applicable Rules and as such, no amount on account of principal or interest on deposits was outstanding as on March 31, 2019.

Share Capital

During the year under review, the Share Capital of the Company remained intact without any change.

Business Review

Your Company is a step-down subsidiary of Altran Technologies, S.A., a listed entity formed and registered under the laws of France. Following the acquisition of Aricent group, Altran ranks as the undisputed world leader in Engineering and R&D services ("ER&D"), with a portfolio of high-profile clients, extensive sector expertise and in-depth understanding of industrial business processes and operational technologies.

Altran offers clients an unmatched and unique value proposition to address their transformation and innovation needs. Altran works

alongside its clients, from initial concept through industrialization, to invent the products and services of tomorrow. Altran has been working with major players in many sectors like Automotive, Aeronautics, Space, Defence & Naval, Communications, Semiconductor & Electronics, Software & Internet, etc.

As the world leader in innovation and high-tech engineering consulting, Altran provides effective and adaptable solutions that boost the value of clients' organization. Its approach combines critical technologies, multi-domain expertise and cross-fertilization between sectors. Based on a global network of world-class experts and a cost-cutting industrial supply chain, its customized tools deliver clients business goals in an ever more challenging environment.

The acquisition of Aricent in 2018, including the Company, enabled Altran to strengthen its competencies and solutions in digital, based on intellectual property developed by Aricent, extended over time and benefiting from a strategic positioning on emerging technologies such as artificial intelligence, cognitive systems and the Internet of Things (IoT). The Company offers end to end capabilities right from design to software and hardware product development and testing to product support services offering Deployment and TAC services.

The Company provides outsourced product development, product support services and licensable software frameworks and solutions. The Company's service offerings provide a comprehensive product life-cycle services for communications networks, as well as connected devices, applications and mobile services. The Company augments in-house development teams with deep and specialized engineering and technical expertise, speeds its clients' products to market, scales its clients' businesses and enables its clients to concentrate their resources where they can most effectively maximize value. In addition, the Company has an unrivalled portfolio of unique software frameworks that accelerates the product development process thereby significant time to market advantage for its clients.

Industrialized GlobalShore® model of Altran, is strengthened by the acquisition of the Company by Altran. Industrialized GlobalShore® relies on the Company's ER&D teams located in Global Engineering Centers located in India. The Company offers competitive ER&D services, providing businesses with diversified and global expertise while meeting the highest quality standards. This solution offers great flexibility and is adaptable to the specific needs, level of maturity and geographical footprint of each client. As the Company relies on an industrialized service delivery model, by leveraging almost 8,500 engineers in India offering a wide range of expertise, Altran decided to gradually integrate the Company's delivery model into the Industrialized GlobalShore®.

Change in the nature of business

During the year under review, there was no change in the nature of the Company's business.

Quality

During the year under review, the Company has upgraded TL9000 certification to R6.1/R 5.5 at corporate level and plans to complete CMMI 2.0 Dev/Services multimodal assessment by December 2019. The Company is committed to ensure highest levels of quality by investing in tools, ensuring timely reviews and robust early warning mechanism. To strengthen Project Management practices and measurement system, the Company had rolled out tools like QTrack & Spiriteam and has continuously focused on enhancing these tools to meet changing business demands. To enhance project performance and save effort, Lean/Kanban methodologies were rolled out and have been successfully deployed across various business units. To meet Time to market demands of the customer, Agile practices have been deployed and coverage under Agile methodology has improved.

All these initiatives have helped the Company exceed its Customer Satisfaction Index and Net Promoter Scores (NPS) ratings of last fiscal.

Directors and Key Managerial Personnel

The management of your Company has always thrived towards adhering to the statutory requirements not only in letter but also in spirit. Your Company recognizes the importance of diversity and independence and thus has an optimum combination of independent, non-executive and executive directors to separate its functions of governance and management.

During the year under review, there was no change in the constitution of the Board of the Company. However, as reported in the previous year's Board Report, your Company had appointed Ms. Lydia Gayle Brown and Mr. Krishna Chandra Reddy as non-Executive Director and Whole-time Director respectively w.e.f. August 14, 2018. Their appointment was subsequently approved by the shareholders in the last Annual General Meeting ("AGM") of the Company.

In accordance with Section 152 of the Act, Mr. Krishna Chandra Reddy, Whole-time Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, has offered his candidature for re-appointment. The proposal of his re-appointment and change in his managerial remuneration is included in the Notice of the AGM.

There are many functional and business heads who are key managerial personnel, however, pursuant to the provisions of Section 203 of the Act, Mr. Ashwani Lal, Mr. Krishna Chandra Reddy, Mr. Parveen Jain and Mr. Jitendra Grover are presently designated as Key Managerial Personnel under the Act.

Subsidiaries, Joint Ventures and Associates

During the year under review, Aricent Mauritius Engineering Services PCC ceased to be the subsidiary of your Company and as on March 31, 2019, Aricent Technologies Private Limited ("ATPL") was the only subsidiary of your Company. The entire paid-up share capital of ATPL is held by your Company.

In accordance with the provisions of Section 129(3) of the Act, the Company has prepared the consolidated financial statements of the Company and of the subsidiary company in the same form and manner as that of its own which shall be laid before the AGM along with the standalone financial statements. The financial statements of the subsidiary company i.e. ATPL will also be kept open for inspection at the Registered Office of the Company.

A separate statement containing the salient features of the financial statements of the subsidiary company is set out in Form AOC-1 and is attached as 'Annexure A' to this Report.

Further, as on date, the Company has no Associate Company or Joint Venture in pursuance to the provisions of the Act.

Consolidated Financial Statements

The audited consolidated financial statements for the year ended March 31, 2019 have been included in the annual report of the Company.

Particulars of Loans, Guarantees and Investments

The particulars of loans, guarantees and investments pursuant to the provisions of Section 186 of the Act, if any, have been disclosed in the financial statements.

Transfer to General Reserve

During the year under review, no amount has been transferred to the General Reserve of the Company.

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Information in accordance with Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is set out in 'Annexure B' to this Report.

Particulars of Employees

The particulars of employees as required by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are set out in 'Annexure C' to this Report.

Extract of Annual Return

The extract of the Annual Return in Form MGT 9, as per the provisions of Section 92(3) of the Act is attached as 'Annexure D' to this Report.

Directors' Responsibility Statement

Pursuant to Section 134 of the Act, the Board of Directors, to the best of their knowledge and belief, state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Statement on Risk Management

The Company has a robust Enterprise Risk Management Policy and Framework, which outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to business objectives. Enterprise Risk Management ("ERM") is periodically reviewed by senior managerial personnel of the Company to identify and assess key risks and formulate strategies for mitigation of risks identified in consultation with process owners. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. The Audit Committee provides the overall direction on risk management and oversees the Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.

Related Party Transactions

During the year, all the related party transactions which were in the ordinary course of business and at arm's length were duly approved by the Audit Committee. There were no material transactions with related parties during the year that may result in any conflict with the interest of the Company.

In terms of the provisions of Section 134(3)(h) read with Section 188(1), Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Rule 8(2) of Companies (Accounts) Rules, 2014, information on material transactions with Related Parties are set out in the prescribed Form AOC-2 and attached as 'Annexure E' to this Report.

Declaration by Independent Directors

The Company has received Declaration of Independence from its Independent Directors as stipulated under Section 149(7) of the Act, confirming that they meet the criteria of independence. There has been no change in the circumstances which may affect their status as Independent Directors during the year.

Performance Evaluation

During the year under review, your Company carried out the formal evaluation of the performance of the Board, its Committees and the individual Directors. The Nomination & Remuneration Committee laid down the criteria for the evaluation and the Board was authorised under Section 178 of the Act to carry out the same.

As a part of the Evaluation Process, a detailed questionnaire was provided to each Director to evaluate the Board's performance on parameters such as level of engagement, time devoted, independence of judgement, safeguarding the interest of the Company, etc. Further, detailed evaluation forms containing a questionnaire to evaluate the performance of the Independent Directors were circulated to all Directors for their feedback, except the Director being evaluated.

Individual non-independent Directors were assessed on their effective contribution and commitment to their role and responsibilities by each of the Independent Directors. The ratings of non-independent Directors and Board were compiled and placed before the Board for its discussion and evaluation. Further, all Directors also conducted a self-appraisal and the self-appraisal forms were placed before the Board. The Board reviewed the performance of individual Directors, Board Committees and overall Board functioning.

The Directors expressed their satisfaction with the overall evaluation process.

Board Meetings

During the year under review, the Board met five times on July 10, 2018, August 14, 2018, November 23, 2018, January 17, 2019 and March 20, 2019. Details of the meetings of the Board and its Committees held during the financial year ended March 31, 2019 and Directors' attendance thereat are given in 'Annexure D1' to this Report.

Audit Committee

The Audit Committee comprises of Mr. Vinay Mittal (Chairman), Ms. Nipun Gupta Jain and Mr. Ashwani Lal as the members. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee & Policy

The Nomination and Remuneration Committee (NRC) comprises of Ms. Nipun Gupta Jain (Chairperson), Mr. Vinay Mittal and Ms. Lydia Gayle Brown as the members.

The Company's Nomination and Remuneration Policy on the Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act have been approved by the Board based upon the recommendations of the NRC of the Company. The highlights of the Nomination and Remuneration Policy are given in 'Annexure F' to this Report.

Corporate Social Responsibility Committee & Policy

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Ashwani Lal (Chairman), Ms. Nipun Gupta Jain, Mr. Vinay Mittal and Mr. Krishna Chandra Reddy as the Members. The CSR Committee of the Company relies on a Corporate Social Responsibility Policy (CSR Policy), which has been approved by the Board, and indicates the CSR activities that may be undertaken by the Company. The annual report on CSR is attached as 'Annexure G'.

Your Company has recently been honored with a "Best CSR Practices in Education Award" at the I INSPIRE 2019 summit in Gurgaon, organized by the BeyonDiversity Foundation. The awards recognize organizations across categories of diversity and CSR excellence to celebrate inclusive culture as a business priority. Your Company's "ARISE CSR" program won this award for its work to reduce education and skill deficits across India by facilitating high-quality engineering education for underprivileged students.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee (SRC) comprises of Mr. Vinay Mittal (Chairman), Mr. Ashwani Lal and Mr. Krishna Chandra Reddy as the Members. The SRC is empowered to consider and resolve the grievances of the shareholders of the Company.

Vigil Mechanism

The Company has in place, a composite Policy – the "Code of Conduct" (the Code), which sets forth expectations for business conduct and offers guidelines for legal and ethical behavior. This Code, inter-alia, also sets forth (i) procedures for reporting of any wrongdoing; and (ii) a process for investigation of reported violations/ acts on a confidential and anonymous basis. In accordance with the Code, the Company has instituted an externally managed web-based portal www.altran.NA.ethicspoint.com for reporting potential or suspected violations of the Code including any fraud, irregularity, wrongdoing etc. It is a comprehensive whistle blowing mechanism, empowering any person dealing with the Company to bring to the attention of the management, any irregularity that may adversely impact the Company, the Company's customers, employees, investors, or the public at large.

The reporting portal assists the management and employees to work together to address fraud, abuse, and other misconduct at the workplace, all while cultivating a positive work environment. The details and status of the cases reported at the portal are tabled before the Audit Committee at regular intervals for their review.

Internal Financial Control

Pursuant to Section 134 of the Act read with Rule 8(5) of the Companies (Accounts) Rules, 2014, in relation to the financial statements for the financial year 2018-19, the Directors, to the best of their knowledge and belief, confirm that the Company has laid down requisite internal financial controls with reference to the financial statements and that such internal financial controls are adequate to its size and were operating effectively.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and rules made thereunder, the Board of Directors of the Company appointed M/s Jayant Gupta & Associates, a firm of practicing company secretaries to conduct the secretarial audit for the financial year 2018-19. The Secretarial Audit Report is attached as 'Annexure H' to this Report. There are no qualifications, reservations, adverse remarks or disclaimers made in the report.

Auditors and Auditors' Report

In the previous AGM of the Company held on September 26, 2018, the shareholders had appointed M/s T R Chadha & Co. LLP (ICAI Firm Registration No. 006711N/N500028) (hereinafter referred to as "TRC") as the Statutory Auditors of the Company till the conclusion of the 17th AGM of the Company.

The Auditors' Report for financial year 2018-19 does not contain any qualifications, reservations, adverse remarks or disclaimers. Further, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act.

Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals

No material and significant orders were passed during the year by

the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Material Changes and Commitments affecting the financial position of the Company, between the end of the financial year and the date of Report

There have been no material changes and commitments affecting the financial position of the Company, between the end of financial year and the date of the Report.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has formulated a policy on prevention, prohibition and redressal of complaints of sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. All employees are covered under this policy and mandatory trainings were organized at all levels by the Company. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company received two (2) complaints. The Internal Complaints Committee conducted enquiries in both the matters and the complaints were disposed off as per the findings of the enquiry.

Compliance with Secretarial Standards

The Company is fully compliant with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

Acknowledgement

Your Company is grateful to the Government of various countries, Government of India, State Governments in India and concerned Government Departments/ Agencies, Reserve Bank of India for their continued co-operation, support and guidance. Your Company would also like to take this opportunity to express sincere thanks to its valued clients, customers, banks and vendors. The Directors also express their deep sense of appreciation to all the employees of the Company at all levels. Our consistent growth was made possible by their outstanding professionalism, hard work, solidarity, cooperation and support. Finally, the Directors wish to express their gratitude to the Members for their continued trust in the Company over the past several years. We would like to reiterate our commitment to continue to build your Company into a truly world class enterprise in all respects.

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole-Time Director
DIN: 06985241

Sd/-
Krishna Chandra Reddy
Whole-Time Director
DIN: 07573071

Place : Gurugram
Date : August 20, 2019

Annexure A to the Board's Report**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries as on March 31, 2019

(Amount in INR million)

| Sl. No. | Particulars | Details of the Subsidiary Company |
|----------------|---|--|
| 1. | Name of the Subsidiary | Aricent Technologies Private Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | March 31, 2019 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | INR |
| 4. | Share capital | 0.1 |
| 5. | Reserves & Surplus | 806 |
| 6. | Total assets | 972 |
| 7. | Total liabilities | 166 |
| 8. | Investments | - |
| 9. | Turnover | 1,385 |
| 10. | Profit/(loss) before taxation | 199 |
| 11. | Provision for taxation | 68 |
| 12. | Profit/(loss) after taxation | 131 |
| 13. | Proposed Dividend | Nil |
| 14. | % of shareholding | 100% |

Annexure B to the Board's Report

Information regarding Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo (pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. Conservation of Energy

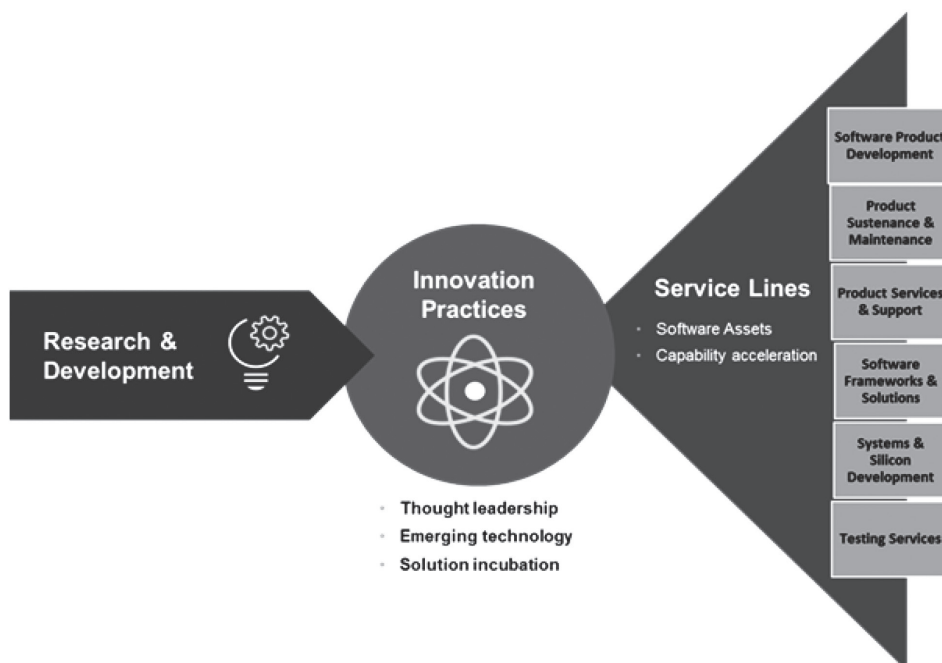
| S.No | Activity Type | Description of activity | Annual Monetary Savings (INR) |
|------|----------------------|--|-------------------------------|
| 1 | Green Power Purchase | In the financial year 2018-19, the Company procured 7398 MWh of Green Power as per the power purchase agreements resulting into less Co2 emission by 6732 tonne. Overall reduction of power consumption has been 8.2% | 8,287,973 |
| 2 | Behavioral change | (i) To ensure sustained deployment of Initiatives, various training and sensitization initiatives were undertaken across the organizations' locations to ensure improved housekeeping and discipline in energy conservation. (ii) Spread Energy awareness among the floor employees through campaigns (iii) Switching off lights during non-working hours (iv) Increasing the set temperature of the HVAC systems (v) Effective load distribution on power units (UPS) (vi) Change of CFL with LED fittings (vii) Lab Space optimization | 8,155,797 |
| 3 | Other Initiatives | Multiple energy efficiency initiatives were undertaken during the year (i) Better toiletries management (Go Green Day per week) (ii) Reduction in consumption on Paper Beakers & Napkins | 717,343 |

The Company makes evaluation on a continuous basis to explore new technologies and techniques to make the infrastructure more energy efficient.

B. Technology Absorption

(i) The efforts made towards technology absorption:

- The Company has a uniquely talented team of designers, consultants and engineers who are responsible for technology and domain knowledge acquisition, project execution and tracking of industry standards. Their focus is to select application domains and relevant core technologies as per the latest market trends and client requirements. With focused investments towards capability development and asset creation in new and upcoming technology areas, Company continues to affirm its differentiating position as a high value Engineering R&D Services provider.
- The company has institutionalized practices in place to foster technology absorption through its Innovation function for exploration, incubation and Service Lines for mainstream adoption, scaling towards client value creation.



Emphasis has been in areas like

- Intelligent Products & Experiences (with Artificial Intelligence, Next generation HW)
- Next Generation Infrastructure (Converged Infrastructure)
- Development Productivity
- Security as a value creator in R&D

(ii) The benefits derived are like new product development, product improvement and life extension, time to market and cost optimization.

- Information technology industry by its nature is a rapidly evolving industry and requires each company to invent and develop new technologies and innovations. Continuous investment in R&D and an active participation in standard bodies/ alliances/ forums help the Company to develop cutting-edge technologies and maintain its leadership position in the software services and products space.

Your Company with deep domain knowledge and client focus and, through such R&D investments, have helped both the Company and it's clients to expand their business and move up the value chain.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- a. Details of Technology imported
- b. The year of Import
- c. Has technology been fully absorbed?
- d. If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.

**Not
Applicable**

(iv) The expenditure incurred on Research & Development

(in INR million)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| R&D Expenditure | 949 | 1,256 |
| Total R&D Expenditure as % of Total Income | 4.1% | 5.6% |

(v) Foreign Exchange Earnings & Outgo

(in INR million)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------|------------------------------|------------------------------|
| Foreign Exchange Earnings | 18,038 | 17,825 |
| Foreign Exchange Outgo | 4,876 | 4,480 |

Annexure C to the Boards' Report

Information as required under the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

A. Employed throughout the year and in receipt of remuneration not less than Rs. 102,00,000 for the year or Top Ten employees in terms of remuneration drawn during the year

| S. No. | Name | Designation | Remuneration Received (INR) | Qualification (s) | Exp. (Yrs.) | Date of Commencement of Employment | Age (yrs) | Previous employment and Designation |
|--------|-------------------------|------------------------------------|-----------------------------|-------------------|-------------|------------------------------------|-----------|--|
| 1 | Pratyush Dasgupta | Vice President - Engineering | 10,314,321 | M. Sc | 31 | 01-Apr-2007 | 57 | Assistant Vice President, Flextronics Software Systems Limited |
| 2 | Ajay Goel | Vice President - Engineering | 11,444,057 | B.E., PGDBM | 33 | 01-Apr-2007 | 52 | Director - Engineering, Flextronics Software Systems Limited |
| 3 | Sudatta Kar | Vice President - Engineering | 11,464,142 | MCA, MBA | 24 | 01-Apr-2007 | 50 | Director - Engineering, Flextronics Software Systems Limited |
| 4 | Manish Ramchandra Rajje | Vice President - Engineering | 10,435,423 | M.Tech | 26 | 01-Apr-2007 | 50 | Director - Engineering, Flextronics Software Systems Limited |
| 5 | Anurag Khanna | Vice President - Finance | 11,314,039 | ICWA, B.Com | 24 | 01-Apr-2007 | 45 | Manager-Finance, Flextronics Software Systems Limited |
| 6 | Ashwani Lal | Chief Operations & Quality Officer | 14,283,801 | MCA | 30 | 01-Apr-2007 | 53 | Assistant Vice President, Flextronics Software Systems Limited |
| 7 | Vipin Goel | Vice President - Engineering | 11,875,305 | MCA | 26 | 01-Apr-2007 | 49 | Director - Engineering, Flextronics Software Systems Limited |
| 8 | Rajaneesh Kini R | Service Line Leader | 13,017,182 | MS, B. Tech | 20 | 20-Feb-2012 | 42 | Delivery Head, Wipro Ltd. |
| 9 | Daniel Anil Kumar | Vice President - Procurement | 12,031,628 | B. E | 28 | 19-Mar-2012 | 49 | GROUP PROCUREMENT OPERATION DIRECTOR, Logica |
| 10 | Jitendra Grover | Vice President - Finance | 12,194,602 | CA | 22 | 11-Sep-2012 | 45 | HEAD OF TAX - IMEA REGION, Nokia India Pvt. Ltd. |
| 11 | Krishna Chandra Reddy | Chief Engineering Officer | 19,714,456 | M. E | 23 | 22-Jul-2013 | 50 | General Manager, Wipro Technologies |
| 12 | Sumithra Ranganathan | Vice President - Engineering | 10,264,447 | B. Tech | 23 | 22-Aug-2014 | 45 | SENIOR PROGRAM MANAGER, Ericsson India Global Services Pvt. Ltd. |
| 13 | Arpana Sikka Mehra | Vice President - HR | 18,392,636 | PG-Mgmt | 21 | 16-Feb-2017 | 46 | Vice President -HR, Xerox Business Services India LLP |

B. Employed for a part of the year and in receipt of remuneration not less than Rs. 850,000 per month.

| S. No. | Name | Designation | Remuneration Received (INR) | Qualification (s) | Exp. (Yrs.) | Date of Commencement of Employment | Age (yrs) | Previous employment and Designation |
|--------|------------------------|--|-----------------------------|-------------------|-------------|------------------------------------|-----------|--|
| 1 | Avijit Ghosh | Assistant Vice President - Technology | 10,960,009 | M.Tech | 30 | 01-Apr-2007 | 51 | Chief Systems Engineer, Flextronics Software Systems Limited |
| 2 | Mayank Kumar Rastogi | Director - Technology | 7,126,327 | B.E, MS | 22 | 01-Apr-2007 | 43 | Senior Technical Leader, Flextronics Software Systems Limited |
| 3 | Rahul Agarwal | Assistant Vice President - Engineering | 8,618,825 | B.E | 29 | 01-Apr-2007 | 52 | Director - Engineering, Flextronics Software Systems Limited |
| 4 | Susanta Kundu | Assistant Vice President - Engineering | 12,576,981 | M.Tech | 31 | 01-Apr-2007 | 46 | Director - Engineering, Flextronics Software Systems Limited |
| 5 | Priya Ranjan | Assistant Vice President - Engineering | 9,289,819 | B.E | 23 | 01-Apr-2007 | 59 | Senior Engineering Project Manager, Flextronics Software Systems Limited |
| 6 | Ashok Kumar | Assistant Vice President - Technology | 11,827,685 | B.E | 35 | 01-Apr-2007 | 59 | Assistant Vice President, Flextronics Software Systems Limited |
| 7 | Ajay Garg | Director - Engineering | 6,788,069 | B.E, MBA | 29 | 01-Apr-2007 | 52 | Senior Engineering Project Manager, Flextronics Software Systems Limited |
| 8 | Gajendra Singh Chowhan | Chief Business Officer – SES | 20,638,882 | B.Sc | 27 | 01-Apr-2007 | 49 | Vice President, Flextronics Software Systems Limited |
| 9 | Dheeraj Prakash | Director - Engineering | 8,484,553 | B. Tech | 25 | 01-Apr-2007 | 46 | Engineering Project Manager, Flextronics Software Systems Limited |
| 10 | Amarpreet Singh Sethi | Assistant Vice President - Technology | 7,191,150 | B.E | 20 | 01-Apr-2007 | 43 | Senior Technical Leader, Flextronics Software Systems Limited |

| | | | | | | | | |
|----|-----------------------------|---|------------|----------|----|-------------|----|---|
| 11 | J Subramanian | Vice President - Engineering | 26,800,328 | B. E | 33 | 01-Apr-2007 | 55 | Assistant Vice President, Flextronics Software Systems Limited |
| 12 | Abhijit Shankar Chakrabarty | Assistant Vice President - Engineering | 13,467,606 | B.Tech | 32 | 01-Apr-2007 | 54 | Director Engineering, Flextronics Software Systems Limited |
| 13 | Geetu | Director - Marketing | 4,298,014 | M.Com | 17 | 01-Apr-2007 | 39 | Senior Executive - Inside Sales, Flextronics Software Systems Limited |
| 14 | Sourmya Lakshmi V | Assistant Vice President - Engineering | 10,622,682 | B.Tech | 25 | 01-Jan-2014 | 50 | SENIOR ENGINEERING MANAGER, Motorola Solutions India Pvt Ltd. |
| 15 | Varadarajulu Kolamala | Director - Engineering | 8,537,933 | M.E | 13 | 01-Jan-2014 | 48 | SENIOR ENGINEER MANAGER, Motorola Solutions India Pvt Ltd. |
| 16 | Chandra Sekaran D | Director - Engineering | 8,159,506 | B.E | 24 | 01-Jan-2014 | 54 | SENIOR PRINCIPAL ENGINEER, Motorola Solutions India Pvt Ltd. |
| 17 | Uma Saimadhav Pydimarri | Director - Engineering | 3,801,994 | B.Tech | 19 | 11-Aug-2014 | 41 | ENGR PROGRAM MGR II, Hewlett - Packard (India) Software Operations Pvt Ltd. |
| 18 | Rajesh Patro | Assistant Vice President - HR | 9,437,370 | B.A | 14 | 27-Jul-2015 | 47 | DIRECTOR HR AND HEAD - TA, Alcatel - Lucent India Ltd. |
| 19 | Ravi Kumar Chirugudu | Vice President - Global Engg. Leader | 5,301,218 | M. E | 29 | 05-Aug-2016 | 51 | Assistant Vice President, HCL Technologies Ltd. |
| 20 | Sandeep Khurana | Director - Engineering | 4,522,059 | M.Tech | 19 | 09-Mar-2017 | 49 | Manager II R&D, Synopsys India Pvt. Ltd. |
| 21 | Sanjay Budhwar | Assistant Vice President - Engineering | 3,956,065 | B.E, MBA | 22 | 02-Nov-2017 | 53 | PRACTICE DIRECTOR, HCL Technologies |
| 22 | Ramkumar Kaleeswaran | Assistant Vice President - Product Mgmt | 5,735,519 | M.E | 19 | 12-Jan-2018 | 44 | PROJECT MANAGER 3- ENGINEERING, Cisco Systems |

Notes:

1. The Gross remuneration shown in pt A above comprises of salary, allowances, incentives, monetary value of perquisites as per Income Tax Rules, ESOP Payout and Company's contribution to Provident Fund
2. The remuneration of employees shown in pt B above also includes gratuity and ex-gratia payment.
3. Remuneration shown in pt A does not include provisions for gratuity and leave encashment.
4. All appointment are contractual and other terms and conditions are as per the Company rules
5. None of the employee are related to any director of the Company.
6. None of the employees by herself/himself or along with her/his spouse and dependent children holds 2% or more of the equity shares of the Company.
7. Mr. Ashwani Lal and Mr. Krishna Chandra Reddy are also the Whole Time Directors of the Company.

Annexure D to the Board's Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN (as on the Financial Year ended on March 31, 2019)

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|---|--|
| i | CIN | U72100DL2006PLC149728 |
| ii | Registration Date | 14-Jun-2006 |
| iii | Name of the Company | Aricent Technologies (Holdings) Limited |
| iv | Category/Sub-category of the Company | Public Company limited by shares |
| v | Address of the Registered office & contact details | 5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi 110001, India Tel: 011-23747336 Email Id: all_cosec@altran.com |
| vi | Whether listed company | No |
| vii | Name , Address & Contact details of the Registrar & Transfer Agent, if any. | Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Karvy Selenium Tower No.B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India Tel. No.: 040-67162222 Toll Free No:1800 34 54 001 Fax No.: 040-23001153 Email Id.: einward.ris@karvy.com |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| SL. No. | Name & Description of main products/services | NIC Code of the Product /Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Computer programming, consultancy and related activities | 620 | 100% |

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| SI No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Aricent Holdings Mauritius Limited Temple Court 2, Labourdonnais Street, Port Louis, Mauritius | Not Applicable | Holding | 80.36% | 2(46) |
| 2 | Aricent Technologies Private Limited (fka SmartPlay Technologies (India) Private Limited) 1113, 11 th Floor, Arunachal Building, 19, Barakhamba Road, New Delhi -110001 | U72200DL2005PTC309736 | Subsidiary | 100.00% | 2(87)(ii) |

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**(i) Category-wise Shareholding**

| Category of Shareholders | No. of Shares held at the beginning of the year (April 1, 2018) | | | | No. of Shares held at the end of the year (March 31, 2019) | | | | % change during the year |
|---|--|--------------------|--------------------|-------------------|---|----------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTERS | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | - | - | - | - | - | - | - | - | - |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - | - |
| SUB TOTAL: (A) (1) | - | - | - | - | - | - | - | - | - |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | 23,476,578 | 105,429,478 | 128,906,056 | 98.25 | 128,906,043 | 13 | 128,906,056 | 98.25 | - |
| d) Bank/ FI | - | - | - | - | - | - | - | - | - |
| e) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| f) Others | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (2) | 23,476,578 | 105,429,478 | 128,906,056 | 98.25 | 128,906,043 | 13 | 128,906,056 | 98.25 | - |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 23,476,578 | 105,429,478 | 128,906,056 | 98.25 | 128,906,043 | 13 | 128,906,056 | 98.25 | - |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | 453 | - | 453 | 0.00 | 453 | - | 453 | 0.00 | 0.00 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| j) Others | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (B)(1): | 453 | - | 453 | 0.00 | 453 | - | 453 | 0.00 | 0.00 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies Corporates | 194,395 | 4,050 | 198,445 | 0.15 | 188,423 | 4,050 | 192,473 | 0.15 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1,559,261 | 271,842 | 1,831,103 | 1.40 | 1,568,141 | 265,241 | 1,833,382 | 1.40 | 0.00 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 227,321 | - | 227,321 | 0.17 | 227,321 | - | 227,321 | 0.17 | 0.00 |
| c) Others | | | | | | | | | |
| Clearing Members | 162 | - | 162 | 0.00 | 162 | - | 162 | 0.00 | 0.00 |
| Non Resident Indians (NRI) | 9,182 | - | 9,182 | 0.01 | 9,182 | - | 9,182 | 0.01 | 0.00 |
| NRI Non- Repatriation | 22,308 | - | 22,308 | 0.02 | 26,001 | - | 26,001 | 0.02 | 0.00 |
| NBFC | 972 | - | 972 | 0.00 | 972 | - | 972 | 0.00 | 0.00 |
| Trusts | 102 | - | 102 | 0.00 | 102 | - | 102 | 0.00 | 0.00 |
| (d) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (B)(2): | 2,013,703 | 275,892 | 2,289,595 | 1.75 | 2,020,304 | 269,291 | 2,289,595 | 1.75 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 2,014,156 | 275,892 | 2,290,048 | 1.75 | 2,020,757 | 269,291 | 2,290,048 | 1.75 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 25,490,734 | 105,705,370 | 131,196,104 | 100 | 130,926,800 | 269,304 | 131,196,104 | 100 | 0.00 |

(ii) SHARE HOLDING OF PROMOTERS

| Sl. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | Aricent Holdings Mauritius India Ltd | 23,476,578 | 17.89 | - | 23,476,578 | 17.89 | 17.89 | - |
| 2 | Aricent Holdings Mauritius Ltd | 105,429,478 | 80.36 | - | 105,429,478 | 80.36 | 80.36 | - |
| Total | | 128,906,056 | 98.25 | - | 128,906,056 | 98.25 | 98.25 | - |

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE): No change in Promoters' Shareholdings between 01.04.2018 to 31.03.2019

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No | Name of the Share Holder | Shareholding at the beginning of the Year | | Date of Change | Increase/ Decrease in Shareholding | Reason for Increase or Decrease | Cumulative Shareholding during the year 2018-19 | |
|--------|--|---|----------------------------------|--|------------------------------------|---------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | | | | No. of Shares | % of total shares of the company |
| 1 | Kredere Wealth Partner Private Limited | 32,400 | 0.02 | There is no change in the shareholding during FY 2018-19 | | | 32,400 | 0.02 |
| 2 | Dushyant Natwarlal Dalal & Puloma Dushyant Dalal | 25,920 | 0.02 | There is no change in the shareholding during FY 2018-19 | | | 25,920 | 0.02 |
| 3 | Bhaichand Amoluk Consultancy Services LLP | 20,250 | 0.02 | There is no change in the shareholding during FY 2018-19 | | | 20,250 | 0.02 |
| 4 | Punit Kumar | 20,000 | 0.02 | There is no change in the shareholding during FY 2018-19 | | | 20,000 | 0.02 |
| 5 | Arun Jain | 19,440 | 0.01 | There is no change in the shareholding during FY 2018-19 | | | 19,440 | 0.01 |
| 6 | K S Mohan Ramnathen | 19,035 | 0.01 | There is no change in the shareholding during FY 2018-19 | | | 19,035 | 0.01 |
| 7 | Dushyant Natwarlal Dalal | 18,630 | 0.01 | There is no change in the shareholding during FY 2018-19 | | | 18,630 | 0.01 |
| 8 | Suprapti Finvest Pvt Ltd | 11,500 | 0.01 | 31.08.2018 | 4,000 | Transfer | 15,500 | 0.01 |
| | | | | 05.10.2018 | 2,000 | Transfer | 17,500 | 0.01 |
| 9 | Shah Darshana | 16,896 | 0.01 | There is no change in the shareholding during FY 2018-19 | | | 16,896 | 0.01 |
| 10 | Azim Hasham Premji | 16,200 | 0.01 | There is no change in the shareholding during FY 2018-19 | | | 16,200 | 0.01 |
| 11 | Great Indian Securities Company Limited | 16,200 | 0.01 | 01.03.2019 | (16,200) | Transfer | - | 0.00 |

(v) Shareholding of Directors & KMP

| Sl. No | For Each of the Directors & KMP | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|--------|---|-------------------------------------|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | Nil | Nil | Nil | Nil |
| 2 | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/bonus/ sweat equity etc) | - | - | - | - |
| 3 | At the end of the year | Nil | Nil | Nil | Nil |

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| Additions | - | - | - | - |
| Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole -Time Directors and/or Manager:

(Amount in INR)

| Sl.No | Particulars of Remuneration | Name of the Whole-Time Directors | | | |
|-------|---|--|--|---|---------------------|
| 1 | Gross salary | Mr. Ashwani Lal | Mr. Gajendra Singh Chowhan (resigned w.e.f. July 6, 2018) | Mr. Krishna Chandra Reddy (appointed w.e.f. August 14, 2018) | Total Amount |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961 | 12,270,117 | 13,815,766 | 12,037,790 | 38,123,673 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 39,600 | 8,424 | - | 48,024 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2 | Stock option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission (as % of profit or others, specify) | - | - | - | - |
| 5 | Others (please specify) | - | - | - | - |
| | Total (A) | 12,309,717 | 13,824,190 | 12,037,790 | 38,171,697 |
| | Ceiling as per the Act | INR 301.0 million (being 10% of the net profits of the company calculated as per section 198 of the Companies Act, 2013) | | | |

B. Remuneration to other Directors:
(Amount in INR)

| Sl. No | Particulars of Remuneration | Name of the Directors | | |
|--------|--|--|--|---------------------|
| 1 | Independent Directors | Mr. Vinay Mittal | Ms. Nipun Gupta Jain | Total Amount |
| | (a) Fee for attending board & committee meetings | 70,000 | 50,000 | 120,000 |
| | (b) Commission (for FY 2018-19) | 1,200,000 | 1,200,000 | 2,400,000 |
| | (c) Others, please specify | - | - | - |
| | Total (1) | 1,270,000 | 1,250,000 | 2,520,000 |
| 2 | Other Non Executive Directors | Ms. Lydia Gayle Brown (appointed w.e.f. August 14, 2018) | Mr. Amit Shashank (resigned w.e.f. June 28, 2018) | |
| | (a) Fee for attending board & committee meetings | - | - | |
| | (b) Commission | - | - | |
| | (c) Others, please specify. | - | - | |
| | Total (2) | - | - | |
| | Total (B)=(1+2) | 1,270,000 | 1,250,000 | 2,520,000 |
| | Total Managerial Remuneration | 40,691,697 | | |
| | Overall Ceiling as per the Act | INR 301.0 million (being 10% of the net profits of the company calculated as per section 198 of the Companies Act, 2013) | | |

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-Time Director
(Amount in INR)

| Sl. No | Particulars of Remuneration | Key Managerial Personnel | | |
|--------|--|--------------------------|--------------------------------|---------------------|
| 1 | Gross Salary | Company Secretary | Chief Financial Officer | Total Amount |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | 8,329,740 | 10,885,737 | 19,215,477 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 39,600 | 39,600 | 79,200 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission (as % of profit or other, specify) | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 8,369,340 | 10,925,337 | 19,294,677 |

(VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/ NCLT/ Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-----------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | None | - | - | - | - |
| Punishment | None | - | - | - | - |
| Compounding | None | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | None | - | - | - | - |
| Punishment | None | - | - | - | - |
| Compounding | None | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | None | - | - | - | - |
| Punishment | None | - | - | - | - |
| Compounding | None | - | - | - | - |

Annexure D1 to the Board's Report

Details of Meetings of the Board and its Committees held during the financial year ended March 31, 2019 and Directors' attendance at each meeting

| Sl. No. | Type of Meeting | Number of meetings held | Date of Meetings | Number of meetings attended | | | | | | |
|---------|--|-------------------------|--|-----------------------------|------------------|----------------|-------------|--------------------------|------------------------|--------------------|
| | | | | Vinay Mittal | Nipun Gupta Jain | Amit Shashank* | Ashwani Lal | Gajendra Singh Chowhan** | Krishna Chandra Reddy^ | Lydia Gayle Brown# |
| 1 | Board Meetings | 5 | 10.07.2018 14.08.2018 23.11.2018 17.01.2019 20.03.2019 | 5 | 4 | N.A. | 5 | N.A. | 3 | 0 |
| 2 | Audit Committee Meetings | 1 | 14.08.2018 | 1 | 1 | N.A. | 1 | N.A. | N.A. | N.A. |
| 3 | Nomination & Remuneration Committee Meetings | 3 | 14.08.2018 17.01.2019 20.03.2019 | 3 | 3 | N.A. | N.A. | N.A. | N.A. | 0 |
| 4 | Stakeholders Relationship Committee Meetings | 1 | 20.03.2019 | 1 | N.A. | N.A. | 1 | N.A. | 1 | N.A. |
| 5 | Corporate Social Responsibility Committee Meetings | 1 | 14.08.2018 | 1 | 1 | N.A. | 1 | N.A. | N.A. | N.A. |
| 6 | Share Transfer Committee Meetings | 7 | 18.04.2018 30.04.2018 30.06.2018 20.07.2018 17.09.2018 01.10.2018 27.03.2019 | N.A. | N.A. | 0 | 7 | 3 | 3 | N.A. |
| 7 | Operations Committee Meetings | 4 | 06.07.2018 31.08.2018 23.01.2019 29.03.2019 | N.A. | N.A. | 0 | 4 | 1 | 3 | N.A. |

*: Resigned from Directorship of the Company w.e.f. June 28, 2018

** : Resigned from Directorship of the Company w.e.f. July 6, 2018

^ Appointed as Director w.e.f. August 14, 2018

Appointed as Director w.e.f. August 14, 2018

Annexure E to the Board's Report

Form AOC- 2

Particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto in prescribed Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

- The Company (ATHL) has not entered into any contract or transactions with its related parties which is not at arm's length during financial year 2018-19

| Sr. no | Name(s) of the related party and nature of relationship | Nature of contracts / arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date of approval by the Board, if any | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|--------|---|--|--|--|--|---------------------------------------|---------------------------------|---|
| 1 | NA | NA | NA | NA | NA | NA | NA | NA |

2. Details of material contracts or arrangement or transactions at arm's length basis

| Sr. no | Name(s) of the related party | Nature of relationship | Nature of contracts /arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|--------|---|------------------------|--|---|--|--|---------------------------------|
| 1 | Aricent Technologies Mauritius Limited ("ATML") | Fellow Subsidiary | <p>Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide engineering, research and development, consulting services, strategic design, system design, software implementation, system integration, testing and verification and product maintenance.</p> <p>Sales and Marketing Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide sales and marketing services including but not limited to developing customer leads, meeting potential and existing customers, initiating proposals, monitoring current customer accounts, developing materials for marketing, generating press releases, implementing trade shows, developing and implementing advertising and branding campaigns.</p> <p>General and Administrative Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide general and administrative services including but not limited to accounting and finance; tax; treasury; legal; human resources; and marketing services.</p> | The contracts will be for 1 year duration from the effective date and will be automatically renewed for a period of 1 year unless either party gives a written notice of non-renewal at least 30 days before the end of the term. | <p>i) Both the parties agree to periodically review the service fees to ensure that they reflect arm's length standard.</p> <p>ii) All costs and expenses reported by the Company pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under these agreements.</p> <p>iii) Company will submit invoices on regular basis for the services provided and ATML shall pay the same within the agreed timelines.</p> | Not Applicable as contracts were entered under the ordinary course of business and on arm's length basis | Nil |

| | | | | | | | |
|---|---|-------------------|--|---|--|--|-----|
| 2 | Aricent Holdings Luxembourg S.a.r.l ("AHL") | Fellow Subsidiary | <p>Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide engineering, research and development, consulting services, strategic design, system design, software implementation, system integration, testing and verification and product maintenance.</p> <p>Sales and Marketing Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide sales and marketing services including but not limited to developing customer leads, meeting potential and existing customers, initiating proposals, monitoring current customer accounts, developing materials for marketing, generating press releases, implementing trade shows, developing and implementing advertising and branding campaigns.</p> <p>General and Administrative Services agreement dated 1 April 2008 as amended subsequently on 1 April 2010 whereby the Company will provide general and administrative services including but not limited to accounting and finance; tax; treasury; legal; human resources; and marketing services.</p> | The contracts will be for 1 year duration from the effective date and will be automatically renewed for a period of 1 year unless either party gives a written notice of non-renewal at least 30 days before the end of the term. | <p>i) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard.</p> <p>ii) All costs and expenses reported by the Company pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under these agreements.</p> <p>iii) Company will submit invoices on regular basis for the services provided for and AHL shall pay the same within the agreed timelines.</p> | Not Applicable as contracts were entered under the ordinary course of business and on arm's length basis | Nil |
| 3 | Aricent Technologies Private Limited ("ATPL") | Subsidiary | <p>Information Technology Infrastructure Facility Service Agreement dated 18 September 2015 whereby the Company will allow ATPL to use its fully fitted out infrastructure facility for its business purposes.</p> <p>Services agreement dated 28 September 2015 whereby the Company will provide engineering, research and development and consulting services including but not limited to software development, testing, maintenance, support and implementation services</p> <p>Services agreement dated 28 September 2015 whereby ATPL will provide to the Company engineering, research and development and consulting services including but not limited to software development, testing, maintenance, support and implementation services</p> | The contracts will be for 1 year duration from the effective date and will be automatically renewed for a period of 1 year unless either party gives a written notice of non-renewal at least 30 days before the end of the term. | <p>i) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard.</p> <p>ii) All costs and expenses reported by the Company and ATPL pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under this agreements.</p> <p>iii) Invoices to be submitted on regular basis for the services provided by the provider and the recipient of services shall pay the same within the agreed timelines.</p> | Not Applicable as contracts were entered under the ordinary course of business and on arm's length basis | Nil |

| | | | | | | | |
|---|---|-------------------|---|-----------|--|--|-----|
| 4 | Altran Technologies India Private Limited. (Altran) | Fellow Subsidiary | <p>General Service Agreement effective from 1 April 2018 whereby the Company will provide to Altran engineering research and development services, infrastructure and general administrative and support services</p> <p>General Service Agreement effective from 1 April 2018 whereby Altran will provide to the Company engineering research and development services</p> | Perpetual | <p>i) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard.</p> <p>ii) All costs and expenses reported by the Company and Altran pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under the agreements.</p> <p>iii) Invoices to be submitted on regular basis for the services provided by the provider and the recipient of services shall pay the same within the agreed timelines..</p> | Not Applicable as contracts were entered under the ordinary course of business and on arm's length basis | Nil |
|---|---|-------------------|---|-----------|--|--|-----|

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole-Time Director

DIN 06985241

Sd/-

Krishna Chandra Reddy

Whole-Time Director

DIN 07573071

Place : Gurugram
Date : August 20, 2019

Annexure F to the Board's Report

Brief highlights of Nomination and Remuneration Policy

Key objectives of the Nomination and Remuneration Policy is to formulate criteria for identification of persons for appointment on the Board of the Company, to formulate the criteria for evaluation of the performance of the members of the Board and to lay down remuneration principles for Key Managerial Personnel ('KMP') and Senior Management linked to their performance and achievement of Company's vision and goals. The Policy inter alia includes the following:

- a. Responsibilities of Nomination and Remuneration Committee:
 - o To recommend to the Board a policy relating to remuneration for Whole-Time Directors, KMP and Senior Management
 - o To recommend to the Board the appointment and removal of Directors and KMP
 - o To formulate a process for evaluation of Directors.
- b. Appointment criteria and qualifications:
 - o A person should possess adequate qualifications, expertise and experience for the position of Senior Management for which he / she is considered for appointment. The Human Resource (HR) function of the Company has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned Senior Management position.
- c. Evaluation:
 - o The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).
- d. Remuneration of KMP:
 - o The remuneration / compensation / commission etc. to Whole-Time Director(s) will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
 - o The remuneration and commission to be paid to Whole-Time Director(s) shall be as per the statutory provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force.
 - o Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Whole-Time Director(s). In case remuneration increase is higher than the slab approved by the shareholders, then, it shall be subject to shareholder's approval.
 - o Based upon Annual Appraisal Policy of each year, HR shall prepare a Compensation Review Process and Guidelines for Whole-Time Director(s) and present the same before the Nomination and Remuneration Committee and the Board each year at the time of annual appraisal review of Whole-Time Director(s).

Annexure G to the Board's Report

Annual Report on Aricent Corporate Social Responsibility (CSR) projects and activities undertaken for the financial year 2018-19

(pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014) is mentioned here as under:

1. Summary of Company's CSR Policy, including overview of the projects or programs undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The CSR Policy of the Company approved by the Board and CSR Committee remained a guiding force for Aricent CSR Programmatic strategies in the financial year 2018-19 too. In this financial year, the Company adopted a more sustainable approach towards "Promoting education, including special education and employment enhancing vocational skills" one of the areas mentioned in schedule VII of the Act. Recognising catalytic role of this thematic area in promoting education of children, youth and other members of marginalised communities, all skilling CSR projects were further realigned pedagogically. Education was chosen as powerful medium for upskilling marginalised groups and thereby facilitating their entry into a promising and dignified future.

In the financial year 2018-19, the flagship CSR program "ARISE" continued working actively across the country to reduce the education and skill deficit by facilitating high-quality **Engineering** and **Digital Life Education** for underprivileged engineering students, teachers teaching in the Tier-2 and Tier-3 Engineering colleges and leveraging technology as an enabler to maximise programmatic reach to the members of lesser served communities who are facing a strong educational deprivation and digital divide in the country.

An aerial view of the program suggests the year has been one of the most significant years for ARISE. The CSR team, acknowledging the critical role of education both as a vehicle for social change and more importantly as a promoter of the reform process in the larger socio-economic and cultural relational dynamics, initiated few more programmatic threads to maximise diversified reach of the program. The program enriched footprints by initiating three new programmatic threads; **Arise Women Empowerment Project**, **Arise Trans(forming) Lives for LGBTQ** community and **Arise Digital Accessibility Project** for blind people. These new value additions helped the CSR team to initiate the process of making Diversity & Inclusion agenda of the Company a reality. Enriching programmatic designs facilitated geographical reach and build capacity of project governance team members associated with ARISE implementation. Building networks with other like-hearted people of the ecosystem, strengthening program governance mechanisms has helped Arise to get recognised as the **Best CSR Practices in Education** by BeyonDiversity Foundation, one of the top ten global consultants working in India. With ARISE, the Company **touched lives of more than 24500+ direct beneficiaries** across the country in this financial year. The year also witnessed sustained efforts integrated for enhanced monitoring and support system made available to all program partners and inhouse stakeholders through fortnightly reviews /con-call, monthly meetings/highlights documentation, program trackers, Quarterly Newsletter and onsite visits as well as year-end Program Audits to gauge the effectiveness of the program in making a dent into archaic education and skilling system.

Overview of the CSR Programs: The program continued running in online and on-campus modes using vast knowledge pool developed for engineering education, extending financial support to 20,000 plus socio-economically marginalised engineering students to write NPTEL assessment/ certification and thereby getting a boost for employability. The program took leverage of the courses developed, translated and transcribed under the project in the previous years and deepen its reach to larger audience through creation of local chapters, appointment of colleges based SPOCs and NPTEL team's diligence in organising workshops PAN India.

Arise On-campus program, an intense upskilling intervention for enhancing employability in IT&ITeS sector, continued receiving very enthusiastic response from all stakeholders of the program and reached out to another batch of 2,400 engineering students of tier II and tier III Engineering colleges. These engineering students received 320-350 hours blended training in core technical, behavioral thematic areas coupled with hands-on learning experiences on advance computing/ latest technologies etc. Some major milestones of this year long program are – cumulative enhancement in third party assessment and certification, placement in core engineering domain with higher pay package. This program is based on multiple time-consuming and energy drawing strategic interventions having lots of dependability factors and shared value creation but from students' perspective and based on industry requirement it is very powerful wholesome educational and skilling design which is continuously informing and enriching skilling experiences of all associated in its implementation.

Arise ToT – Master Coach Development organised learning sessions in facilitation and pedagogical understanding for educators which includes 5 months' comprehensive face to face and online capacity building program for the teaching faculty members of Engineering colleges. This demand based thematic course is integrated into Arise Program for 300 plus teachers who are using this on-the-job learning facility. Under the project, a **digital experiential format** has been created to facilitate understanding on socio-emotional learning or affective domain of learning. All the conversations are made digitally accessible where peer learning is facilitated by triggering questions and setting context to understand the different perspectives on education and skilling. All participants of ToT- Master Coach course were onboarded into the nationwide educator network "Trainer Tribe" wherein good practices and advance teaching methodologies are shared across the country. This program also witness programmatic extension to make system responsive towards quality of Engineering education.

Arise Women Empowerment program was initiated to empower freshly pass out 100 women engineers belonging to poor socio-economic background and upskilling for two months' regular fulltime course in advanced computing and soft skills, placing them in the core IT/ITeS related jobs. Out of 100, more than 80 women engineers have already been placed in core engineering portfolios whereas the placement drives are still going on to facilitate remaining getting entry into formal engineering job sector. Arise Trans(forming) Lives program and Arise Digital Accessibility program facilitated empowerment of LGBTQ community and visually challenged people respectively. Both the programs aligned with various national and international curriculum frameworks, upskilled beneficiaries on long term basis, prepare them on digital life education and individual instruction designs as well as life skilling requirements of current job market. They helped them to get entry into formal job sector and lead a more fulfilling and dignified life. Sensitisation of recipient companies/organisations and creation of support services for beneficiaries such as **Guide by my side, Buddy System** and **CSR Mentorship** has been major highlights of ARISE in this year.

Besides the above-said long-term CSR programs, this year employees' volunteering was restructured and dovetailed into the Arise On-campus and Arise ToT program enabling capacity building of targeted beneficiaries on newer and emerging technologies and building bridges in the

academic and industry worlds. Social commitment to education and upskilling process was reaffirmed through this active, robust and sustainable **Employee Engagement Program** wherein more than 145 plus senior leaders/ seasoned engineers of the Company volunteered 400 plus hours for orienting students and educators to reach out to 5000 plus direct beneficiaries. It is a remarkable achievement that the program, despite being multi-stakeholders program continued working on the shared value creation and being recognised and presented as a niche skilling design to many other players of CSR Domain in various forums.

Detail on all comprehensive CSR programs which were implemented in project mode is provided in the subsequent sections and it also deals with the manner in which the amount was spent during the financial year 2018-19.

2. The composition of CSR Committee: The current composition of CSR Committee is as follows:

| S. No. | Name of Director | Designation |
|--------|---|-------------|
| 1 | Mr. Ashwani Lal (Whole-Time Director) | Chairman |
| 2 | Mr. Vinay Mittal (Independent Director) | Member |
| 3 | Ms. Nipun Gupta Jain (Independent Director) | Member |
| 4 | Mr. Krishna Chandra Reddy (Whole-Time Director) | Member |

3. Average net profit of the Company for last three financial years (for the purpose of computation of CSR): **INR 2,953.44 million**

4. Prescribed CSR expenditure (2% of the amount as in item 3 above): **INR 59.07 million**

5. Details of CSR spent during the FY: INR 59.07 million (including Rs. 2.95 million which was earmarked as administrative expenses)

- Amount to be spent for the FY 2018-19: **59.07 million**
- Amount Unspent, if any: **Nil**
- Total amount spent in FY 2018-19: **INR 59.07 million**

Manner in which the amount was spent in the FY 2018-19 is given below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|---|---|--|--|---|--|--|
| S. No. | Detail of CSR project/activity | Sector(s) covered within schedule VII | Projects / Programs (1) local area or other (2) specify the state and district of projects/ programs | Amount outlay (Budget) project or programs wise (INR In Million) | Amount spent on the projects or program Subheads (1) Direct expenditure on projects or programs (2) Overheads (INR In Million) | Cumulative expenditure up to the reporting period (INR In Million) | Amount spent: Direct or through Implementing agency |
| 1 | ARISE Online project supports sponsorship for NPTEL students' certification 50% fees waiver. The program supported 20000 students with active support of 1700 local chapters created under the program to enhance geographical reach and workshops organised under the project by NPTEL team PAN India | Promoting education, including special education and employment enhancing | PAN India | 10.9 | Direct: 10.9 Indirect: 0.55 | 11.45 | Implementation through Agency: Indian Institute of Technology, Madras is running this project which was set up as per the Institutes of Technology Act, 1961 enacted by Indian parliament. |

| | | | | | | | |
|---|--|---|-------------------------------------|-------|---------------------------------|-------|---|
| 2 | ARISE On-campus Project continued upskilling more than 2400 Engineering students on skills aligned to NASSCOM/ SSC 0501 and facilitated their subsequent certification to improve their employability. 2200 plus students studying in 18 Engineering colleges got served under the program out of which more than 1200 got placed in the core engineering domain on higher pay packages. Placement is still going on. | Promoting education, including special education and employment enhancing | Karnataka, Tamil Nadu and Delhi-NCR | 32.53 | Direct: 32.42 Indirect: 1.65 | 34.07 | Implementation through Agency: NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. The agency is well acclaimed for its contribution to IT & ITeS sector and its member companies' efforts to promote social development through the application of ICT. The agency was responsible for the management and effective delivery of the program on the ground. |
| 3 | ARISE ToT Master Coach Development Project worked with 300 plus faculty members of Engineering colleges through face to face training, and a comprehensive online learning session planned for them. Post completing this 5 months' course, the participants got life time membership of Trainers' Tribe an online social platform for lateral exchange with other members of their community. | Promoting education, including special education and employment enhancing | Bengaluru and Delhi – NCR | 3.71 | Direct: 3.78 Indirect: 0.18 | 3.96 | Implementation through Agency: NASSCOM Foundation and Quest Alliance NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. One of the primary reasons for the formation of the Foundation was the commitment of NASSCOM and its member companies to promote social development through the application of ICT. NASSCOM has engaged Quest Alliance to work on the project. The Quality Education and Skills Training (QUEST) Alliance is a not for profit trust founded in 2005 that focuses on research-led innovation and advocacy in the field of teaching and learning, having its registered office in Bengaluru. |
| 4 | Arise Women Empowerment project was initiated to powerup freshly pass out 100 women Engineers belonging to poor socio-economic background and trained them in advance computing. Post completing 2 months fulltime comprehensive upskilling session, more than 80 women already got placed in core IT/ITeS sector whereas remaining are still getting supported for their entry into higher jobs. | Promoting education, including special education and employment enhancing | Bengaluru | 3.36 | Direct: 3.36 Indirect: 0.17 | 3.53 | Implementation through Agency: NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. One of the primary reasons for the formation of the Foundation was the commitment of NASSCOM and its member companies to promote social development through the application of ICT. NASSCOM has engaged iPRIMED to work on the project. |

| | | | | | | | |
|---|---|---|---|------|--------------------------------|------|---|
| 5 | Arise Trans(forming) Lives project focuses bringing LGBTQAI+ community in the safety net of development. The program worked with more than 300 members of the community. The project mobilised them, worked with their GURUs, worked on their entitlements, trained 50 participants on various skills to prepare and facilitated them to enter in the formal job sector. Project also worked with 300 plus companies and organisations which were shortlisted as possible placement avenues for the community. More than 20 participants got effectively placed and offered post placement support to sustain in their jobs. | Promoting education, including special education and employment enhancing | Bengaluru Kolar, Tumkur and Chikkaballapur districts in Karnataka | 3.00 | Direct: 3.00 Indirect: 0.15 | 3.15 | Implementation through Agency: Best Practices Foundation (BPF) was shortlisted as implementation partner and Solidarity Foundation (SF) as a training partner for the project. BPF has an experience of over 15 years in entrepreneurship development and in documenting a range of best practices. SF is a Bengaluru based non-profit organization formed with the long-term goal of supporting sex workers and sexual/gender minorities (LGBTQIA+) to live a dignified life. SF also bridges resources, ideas and knowledge gaps believing people on both sides. |
| 6 | Arise Digital Accessibility project was initiated to upskill 90 blind people for basic mobility, digital literacy which includes theory and practical upskilling on Web accessibility testing, WCAG, Assistive Technologies & Inclusive Publishing. Out of 90 participants, 30 best selected candidates were further worked with on Web and Accessibility curriculum of Deque University for IAAP certification. The team is working on placing them in different formal jobs sectors, till date 14 have been placed effectively. | Promoting education, including special education and employment enhancing | Delhi-NCR | 2.00 | Direct: 1.57 Indirect: 0.08 | 1.65 | Implementation through Agency: NAB Delhi, the implementing agency is shortlisted being part of the largest network of voluntary organizations serving the blind persons in India. The National Association for the Blind has 65 branches all over the country including 19 state level branches. NAB Delhi is working to empower the blind, low vision, Deaf-Blind and the Multi-Disabled of all age groups through education and training. NAB stands out among the organizations working for the blind due to its pioneering work and new initiatives |

| | | | | | | | |
|---|---|---|--------------|------|--------------------------------|------|---|
| 7 | Emergency Support to Kerala Flood Relief Operation To support Kerala flood relief, Aricent employees raised fund. A matching grant of INR 12 lacs was set aside and donated to Prime Minister's National Relief Fund by CSR team too. | Contribution to Prime Minister's National Relief Fund | Delhi/Kerala | 1.20 | Direct: 1.20 Indirect: 0.06 | 1.26 | Direct: The Prime Minister's National Relief Fund (PMNRF) was established with public contributions to assist displaced persons. The resources of the PMNRF are now utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots |
|---|---|---|--------------|------|--------------------------------|------|---|

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report

Not Applicable

7. This is to confirm that implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Sd/-
Ashwani Lal
Chairman – CSR Committee
DIN:06985241

Sd/-
Krishna Chandra Reddy
Member - CSR Committee
DIN:07573071

Annexure H to the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT**(For the Financial Year ended 31st March, 2019)**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Aricent Technologies (Holdings) Limited
5, Jain Mandir Marg (Annexe.),
Connaught Place,
New Delhi 110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aricent Technologies (Holdings) Limited. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Aricent Technologies (Holdings) Limited's (hereinafter called "the Company"/ "ATHL") books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by ATHL for the period ended on 31st March, 2019 according to the provisions of:
 - I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (Not Applicable to the Company as the equity shares of the Company are not listed on any stock exchange);
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Not Applicable, except (f), to the Company as the shares of the Company are not listed on any stock exchange)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 read with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
 - (a) Special Economic Zones Act, 2005 and the rules made thereunder;
 - (b) Software Technology Parks of India Policy and Scheme and compliances thereunder.

I have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India (ICSI). Also, the provisions of Listing Agreements with Stock Exchanges are not applicable to the Company as the equity shares of the Company are not listed on any stock exchange;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

2. I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

- b. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- c. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during audit period under review:

- a. A Postal Ballot was carried out by the Company to obtain shareholders approval for the appointment of M/s T R Chadha & Co. LLP as the Statutory Auditors of the Company for the financial year 2017-18, to fill the casual vacancy caused by the resignation of M/s B S R & Co. LLP as Statutory Auditors of the Company.
- b. M/s T R Chadha & Co. LLP were appointed as Statutory Auditors for a period of five years at the Annual General Meeting held on September 26, 2018.

This report is to be read with my letter of even date which is annexed as Annexure and forms integral part of this report.

For **Jayant Gupta and Associates**

(Jayant Gupta)

Practicing Company Secretary

FCS : 7288

CP : 9738

Place : New Delhi

Date : 8th August, 2019

Annexure to Secretarial Audit Report of ATHL for financial year ended March 31, 2019

To,

The Members

Aricent Technologies (Holdings) Limited

Management Responsibility for Compliances

- 1. The maintenance and compliance of the provisions of Corporate and other applicable laws, rules, regulations, secretarial standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for my opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Jayant Gupta and Associates**

(Jayant Gupta)

Practicing Company Secretary

FCS : 7288

CP : 9738

Place : New Delhi

Date : 8th August, 2019

INDEPENDENT AUDITOR'S REPORT**To The Members of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED****Report on the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying Standalone Ind AS Financial Statements ("the Financial Statements") of **ARICENT TECHNOLOGIES (HOLDINGS) LIMITED** ("the Company"), which comprise of the Standalone Balance Sheet as at 31st March, 2019, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Germany.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Companies Act, 2013 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the 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 or 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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.

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

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has

adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The reports on the accounts of the Germany branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the company has paid remuneration to its directors during the year 2018-19 as per the limit specified in section 197(16) of the Act.
 - (i) 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 did not have any pending litigation other than those reported in note no. 31 to the financial statements, which would have impact on its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor's Education and Protection Fund by the Company.

For T R Chadha & Co LLP

Chartered Accountants

(Firm's Registration No.- 006711N/N500028)

Sd/-

Aashish Gupta

(Partner)

(Membership No. 097343)

Place : Gurugram

Date : August 20, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) Fixed Assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Company has a regular programme for physical verification of all its fixed assets within a period of three years which in our opinion, is reasonable having regard to the size of the company and the nature of its assets, accordingly management physically verified all its fixed assets during the previous year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the records provided to us, we report that, no immovable properties, are held in the name of the Company as at the balance sheet date.

(ii) Inventories

According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor’s Report) Order, 2016 (“the Order”) is not applicable.

(iii) Loans given

According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) Compliance of Sec. 185 & 186

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans and making investments. The Company has not granted any security or guarantees under Section 185 and 186 of the Companies Act, 2013.

(v) Public Deposit

According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits and hence reporting under clause (v) of the order is not applicable.

(vi) Cost Records

Having regard to the nature of the company’s business/ activities, reporting under clause (vi) of the order is not applicable

(vii) Statutory Dues

- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, there were no delays noted in depositing its undisputed statutory dues including Employees’ Provident Fund, Employees’ State Insurance, Income-tax, Goods & Services Tax, Tax Deducted at Source and Cess etc. except Tax Deducted at Source which was deposited with a delay of 3 days at one instance. And, there are no undisputed dues payable, outstanding as on 31st March 2019 for a period of more than six months from the date they became payable.
- (b) There are no dues of Excise Duty and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes. Details of dues of Income-tax, Service Tax and Sales Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved* (₹ In Million) | Amount Unpaid (₹ In Million) |
|----------------------|----------------|--|---|--|------------------------------|
| Income Tax Act, 1961 | Income Tax | Assessing Officer (AO) | FY 2006-07 | 1172.26 | 1172.26 |
| Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax (Appeals) | FY 2005-06, FY2008-09, FY 2015-16, FY 2016-17 | 445.42 | 445.14 |
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | FY 2004-05, FY2006-07, FY2008-09, FY2009-10, FY2010-11, FY2013-14 | 655.31 | 575.31 |
| Finance Act 1994 | Service Tax | Custom, Excise & Service Tax Appellate Tribunal (CESTAT) | FY 2006-07 to FY2013-14 | 4,348.78 ** (including penalty of 2,174.39) | 4,299.42 *** |
| Sales Tax Act | Sales tax | Karnataka Appellate Tribunal | FY2009-10 | 7.44 | 3.74 |

*Amount as per demand orders including interest and penalty wherever quantified in the order.

** ₹ 3,032.46 Million (including penalty of ₹ 1,516.23 million) has been stayed by the Central, Excise & Service Tax Appellate Tribunal, Bangalore.

*** Demand of ₹ 1,266.97 Million (including penalty of ₹ 658.16 million) is stayed in accordance with circular no. 984/08/2014-CX as the company has made pre-deposit of ₹ 49.36 million for FY13 and FY14.

The following matters, which have been excluded from the table above, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved* (₹ In Million) | Amount Unpaid (₹ In Million) |
|----------------------|----------------|--------------------------------|---|------------------------------------|---------------------------------|
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | 2002-03, 2003-04 2004-05, 2010-11 | 69.13 | 67.19 |
| | | High Court | 2005-06 | 10.13 | 10.13 |

*Amount as per demand orders including interest and penalty wherever quantified in the order.

- (viii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans or borrowings from any financial institutions & banks therefore, paragraph 3 (viii) of the order is not applicable to the company.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi) of the Order is not applicable to the Company.

For T R Chadha & Co LLP

Chartered Accountants

(Firm's Registration No.- 006711N/N500028)

Sd/-

Aashish Gupta

(Partner)

(Membership No. 097343)

Place : Gurugram

Date : August 20, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)****Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Controls over Financial Reporting of **Aricent Technologies (Holdings) Limited** ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of Germany branch in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of branch auditor referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Germany branch, is based solely on the corresponding report of the auditor of such branch.

Our opinion is not modified in respect of the above matter.

For T R Chadha & Co LLP

Chartered Accountants

(Firm's Registration No.- 006711N/N500028)

Sd/**Aashish Gupta**

(Partner)

(Membership No. 097343)

Place : Gurugram**Date :** August 20, 2019

Standalone Balance Sheet as at 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | Notes | As at | |
|--|-------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| I ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1,325 | 1,610 |
| Capital work-in-progress | 3 | 11 | 14 |
| Goodwill | | 4,874 | 4,874 |
| Intangible assets | 4 | 124 | 109 |
| Financial assets | | | |
| (i) Investment in subsidiaries | 5 | 5,609 | 5,449 |
| (ii) Loans | 6 | 291 | 318 |
| (iii) Other financial assets | 7 | 41 | - |
| Other non-current assets | 8 | 593 | 590 |
| Total non-current assets | | 12,868 | 12,964 |
| Current assets | | | |
| Financial assets | | | |
| (i) Investments in mutual funds | 5 | 204 | - |
| (ii) Trade receivables | 9 | 9,735 | 9,562 |
| (iii) Cash and cash equivalents | 10 | 1,113 | 482 |
| (iv) Bank balances other than (ii) above | 11 | 26 | 4 |
| (v) Loans | 6 | 38 | 11 |
| (vi) Other financial assets | 7 | 683 | 499 |
| Other current assets | 8 | 724 | 699 |
| Total current assets | | 12,523 | 11,257 |
| Total assets | | 25,391 | 24,221 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 1,312 | 1,312 |
| Other equity | 13 | 17,209 | 15,139 |
| Total equity | | 18,521 | 16,451 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 14 | 45 | 38 |
| (ii) Other financial liabilities | 15 | 15 | 14 |
| Provisions | 16 | 1,674 | 1,533 |
| Current tax liabilities | 17 | 271 | 250 |
| Deferred tax liabilities (net) | 17 | 2,047 | 1,854 |
| Other non-current liabilities | 18 | 89 | 43 |
| Total non-current liabilities | | 4,141 | 3,732 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 14 | 15 | 24 |
| (ii) Trade payables | 19 | 1,185 | 1,508 |
| (iii) Other financial liabilities | 15 | 962 | 1,310 |
| Provisions | 16 | 178 | 211 |
| Current tax liabilities | 17 | - | 336 |
| Other current liabilities | 18 | 389 | 649 |
| Total current liabilities | | 2,729 | 4,038 |
| Total equity and liabilities | | 25,391 | 24,221 |

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

Place : Gurugram

Date : 20th August 2019

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Parveen Jain

Company Secretary

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Jitendra Grover

Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | Notes | For the year ended | |
|--|-------|--------------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| INCOME | | | |
| Revenue from operations | 20 | 22,764 | 21,885 |
| Other income | 21 | 609 | 567 |
| Total income | | 23,373 | 22,452 |
| EXPENSES | | | |
| Employee benefits expense | 22 | 14,869 | 13,779 |
| Finance costs | 23 | 10 | 219 |
| Depreciation and amortisation expense | 24 | 702 | 1,014 |
| Other expenses | 25 | 4,322 | 4,173 |
| Total expenses | | 19,903 | 19,185 |
| Profit before tax | | 3,470 | 3,267 |
| Tax expense | | | |
| Current tax | 17 | 1,250 | 1,303 |
| Deferred tax | 17 | 174 | (79) |
| Income tax expense | | 1,424 | 1,224 |
| Profit for the year (A) | | 2,046 | 2,043 |
| Other comprehensive income | | | |
| Items to be reclassified to profit or loss in subsequent years | | | |
| Effective portion of cash flow hedges | 35 | 108 | - |
| Income tax effect | 17 | (38) | - |
| Items to be reclassified to profit or loss in subsequent years (B) | | 70 | - |
| Items that will not be reclassified to profit or loss in subsequent years | | | |
| Re-measurement gains/(losses) on defined benefit plans | 26 | (63) | 11 |
| Income tax effect | 17 | 17 | (2) |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (C) | | (46) | 9 |
| Total comprehensive income for the year (A+B+C) | | 2,070 | 2,052 |
| Earnings per equity share (of INR 10 each): | | | |
| (1) Basic (absolute value in INR) | 27 | 16 | 16 |
| (2) Diluted (absolute value in INR) | 27 | 16 | 16 |

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

In terms of our report attached

For T R Chadha & Co LLP*Chartered Accountants*

Firm Registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

Place : Gurugram

Date : 20th August 2019

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal*Whole Time Director*

DIN – 06985241

Sd/-

Parveen Jain*Company Secretary*

Sd/-

Vinay Mittal*Director*

DIN – 05107333

Sd/-

Jitendra Grover*Chief Financial Officer*

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

(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

| | Number of shares | INR in million |
|---|--------------------|----------------|
| Equity shares of INR 10 each issued, subscribed and fully paid | | |
| At 31 March 2017 | 131,196,104 | 1,312 |
| Change during the year | - | - |
| At 31 March 2018 | 131,196,104 | 1,312 |
| Change during the year | - | - |
| At 31 March 2019 | 131,196,104 | 1,312 |

(b) Other equity

For the year ended 31 March 2019:

| | Equity component of redeemable optionally convertible preference shares | Other equity | | | | | Total |
|-----------------------------------|---|----------------------------|-------------------|----------------------------|---------------------------|---|---------------|
| | | Securities premium reserve | Retained earnings | Capital redemption reserve | Cash flow hedging reserve | Deemed contribution from the parent company | |
| | | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | |
| At 31 March 2018 | - | 500 | 11,062 | 3,544 | - | 33 | 15,139 |
| Profit for the year | - | - | 2,046 | - | - | - | 2,046 |
| Other comprehensive income | - | - | (46) | - | 70 | - | 24 |
| Total comprehensive income | - | - | 2,000 | - | 70 | - | 2,070 |
| At 31 March 2019 | - | 500 | 13,062 | 3,544 | 70 | 33 | 17,209 |

For the year ended 31 March 2018:

| | Equity component of redeemable optionally convertible preference shares | Other equity | | | | | Total |
|--|---|----------------------------|-------------------|----------------------------|---------------------------|---|---------------|
| | | Securities premium reserve | Retained earnings | Capital redemption reserve | Cash flow hedging reserve | Deemed contribution from the parent company | |
| | | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | |
| At 31 March 2017 | 1,663 | 500 | 8,899 | 1,992 | - | 24 | 13,078 |
| Profit for the year | - | - | 2,043 | - | - | - | 2,043 |
| Other comprehensive income | - | - | 9 | - | - | - | 9 |
| Total comprehensive income | - | - | 2,052 | - | - | - | 2,052 |
| Transfer to capital redemption reserve | - | - | (1,552) | - | - | - | (1,552) |
| Transferred from Retained earnings | - | - | - | 1,552 | - | - | 1,552 |
| Adjustment for equity component of redeemable optionally convertible preference shares | (1,663) | - | 1,663 | - | - | - | - |
| Financial guarantee cost for the year | - | - | - | - | - | 9 | 9 |
| At 31 March 2018 | - | 500 | 11,062 | 3,544 | - | 33 | 15,139 |

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Parveen Jain

Company Secretary

Sd/-

Jitendra Grover

Chief Financial Officer

Place : Gurugram

Date : 20th August 2019

Standalone Statement of Cash Flow for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | | For the year ended | |
|----------|---|---------------------------|----------------------|
| | | 31 March 2019 | 31 March 2018 |
| A | Cash flow from operating activities | | |
| | Profit before tax | 3,470 | 3,267 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | 702 | 1,014 |
| | (Gain)/loss on sale of property, plant and equipment (net) | (298) | (14) |
| | Provision for doubtful receivables (net) | 91 | 99 |
| | Provision for doubtful deposits and advances | 3 | 35 |
| | Gain on sale of current investment (net) | (6) | (1) |
| | Unrealised gain on current investments (net) | (4) | - |
| | Gain on liquidation | - | (6) |
| | Liabilities/provisions no longer required written back | (48) | (5) |
| | Interest income | (46) | (32) |
| | Finance costs | 9 | 186 |
| | Operating cash flows before working capital changes | 3,873 | 4,543 |
| | Movements in working capital : | | |
| | Increase in trade receivables | (264) | (2,904) |
| | (Increase)/Decrease in other assets and financial assets | (126) | 15 |
| | (Decrease)/Increase in trade payables and financial liabilities | (675) | 629 |
| | (Decrease)/Increase in other liabilities and provisions | (100) | 419 |
| | | (1,165) | (1,841) |
| | Cash generated from operations | 2,708 | 2,702 |
| | Income taxes paid | (1,565) | (812) |
| | Net cash flow from operating activities (A) | 1,143 | 1,890 |
| B | Cash flow from investing activities: | | |
| | Purchase of property, plant and equipment, including intangible assets and CWIP | (546) | (475) |
| | Proceeds from sale of property, plant and equipment, including intangible assets and CWIP | 406 | 15 |
| | Loan repaid by related party | - | 50 |
| | Deposits with original maturity over three months, matured with banks | - | 4 |
| | Investment in subsidiary company | (160) | - |
| | Proceeds from liquidation of investment in subsidiary company | - | 6 |
| | Purchase of mutual funds | (1,310) | (250) |
| | Redemption of mutual funds | 1,116 | 251 |
| | Interest received on bank deposits and loan to related parties | - | 1 |
| | Net cash flow used in investing activities (B) | (494) | (398) |
| C | Net cash flow from financing activities: | | |
| | Payments towards finance lease obligation | (18) | (31) |
| | Redemption of preference share capital | - | (1,552) |
| | Net cash flow used in in financing activities (C) | (18) | (1,583) |
| D | Net decrease in cash and cash equivalents (A + B + C) | 631 | (91) |
| | Cash and cash equivalents at the beginning of the year | 482 | 573 |
| | Cash and cash equivalents at the end of the year | 1,113 | 482 |

Standalone Statement of Cash Flow for the Year ended March 31, 2019 (Continued)

(All amounts in INR million, unless otherwise stated)

| | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Notes to the Statement of cash flows: | | |
| (a) Cash and cash equivalents | | |
| Components of cash and cash equivalents | | |
| Balances with banks | 1,113 | 482 |
| Balances per statement of cash flows | 1,113 | 482 |
| (b) Movement in financial liabilities* | | |
| Opening balance | - | 1,552 |
| Repayment of borrowings | - | (1,552) |
| Closing balance | - | - |

*Amendment to Ind AS 7: Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

Place : Gurugram

Date : 20th August 2019

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Parveen Jain

Company Secretary

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Jitendra Grover

Chief Financial Officer

Notes forming part of financial statements for the year ended March 31, 2019

1 CORPORATE INFORMATION

The principal line of business of Aricent Technologies (Holdings) Limited ('the Company') has been, and its focus and core capability continue to be, software engineering services and solutions for the communications industry.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is 5, Jain Mandir Marg (Annexe.), Connaught place, New Delhi - 110001. As at 31 March 2019 Aricent Holdings Mauritius Limited, the holding company owned 80.36% of the equity share capital of the Company.

The standalone financial statements (or "the financial statements") for the year ended 31 March 2019 were approved by the Board of Directors and authorised for issue on 20 August 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act.

b) Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based in the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Balance Sheet corresponds to the classification provisions contained in Ind AS 1 Presentation of Financial Statements. For clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. These items are disaggregated separately in the Notes, where applicable.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except otherwise stated.

c) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for certain financial assets and financial liabilities that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

2.2 Use of estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities

as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets. The application of accounting policies that require critical accounting estimates involving complex and subjective judgement and the use of assumptions in these financial statements have been disclosed in note no. 28.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to changes in these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

2.3 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include the current portion of non-current liabilities.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of

Notes forming part of financial statements for the year ended March 31, 2019

the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Effective 1 April 2018 the company has adopted Appendix B to Ind-As 21, Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency, the effect of adoption of this amendment was insignificant.

Non-monetary items denominated in foreign currencies are carried at historical cost.

2.5 Cash and cash equivalents (for purposes of the cash flow statement)

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Revenue recognition

Effective 1 April 2018, the Company adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at 1 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of IND AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the services rendered:

a. Time and materials contracts

Revenues and costs relating to time and materials, transaction-based or volume-based contracts are recognized as the related services are rendered.

b. Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project labour costs incurred to date as a percentage of total estimated project labour costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred for which recoverability is probable.

c. Products

Revenue on software product licenses where the customer obtains a "right to use" are recognized when the customer obtains control of the specified asset usually on delivery of the software license to the customer. However, where the delivery is subject to acceptance from the customer the revenue is recognized on receipt of acceptance from the customer. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the

Notes forming part of financial statements for the year ended March 31, 2019

license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed.

d. Maintenance contracts

With respect to fixed-price maintenance contracts, where services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

e. Others

Any change in scope or price is considered as a contract modification. The Company account for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price.

Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price. The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which we may be entitled. Revenues are shown net of allowances/ returns, value added tax, goods and services tax and applicable discounts and allowances.

The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Unbilled revenue on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.8 Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, and non-refundable taxes, duties or levies, and any other directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

The Company capitalises the cost of equipment purchased for specific clients, which is reimbursed by clients over the period of a project and does not capitalise equipment for which the client has borne the cost.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.9 Intangible assets

Goodwill arising from amalgamation is measured at cost less accumulated impairment loss.

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

2.10 Depreciation and amortisation

Depreciation on property, plant and equipment is provided on the straight-line method over the estimated useful lives of the assets. If the management's estimate of the useful life of a Property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged below, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

Notes forming part of financial statements for the year ended March 31, 2019

The Company has used the following useful lives to provide depreciation on its fixed assets:

| Category of property, plant and equipment | Useful life estimated |
|---|-----------------------|
| Buildings ⁽¹⁾ | 30 |
| Plant and equipments | |
| Air conditioners | 5 |
| Others ⁽¹⁾ | 7 |
| Computer equipments ⁽¹⁾ | 3 |
| Furniture and fixtures ⁽¹⁾ | 5 |
| Office equipments | 2-5 |
| Motor vehicles ⁽¹⁾ | 3 |
| Software | 3-5 |

(1) For these classes of assets based on technical advice taking into account the nature, the estimated usage, the operating conditions of the asset, past history of replacement, anticipated technological changes, and maintenance support, etc., the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence useful lives for these assets are different than the useful lives prescribed under the Companies Act, 2013.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives (not being greater than the useful life envisaged in the Companies Act, 2013) unless it is reasonably expected that the Company will obtain ownership by the end of the lease term, in which case the useful lives applicable for similar assets owned by the Company are applied.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided up to the date of sale, deduction or discardment as the case may be.

Cost of equipments purchased for specific clients is depreciated over the useful lives or the contract period, whichever is shorter.

Leasehold improvements are amortised over the period of the lease, including the optional period of lease.

2.11 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably expected that the Company will obtain ownership

by the end of the lease term, in which case the useful lives applicable for similar assets owned by the Company are applied.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the Statement of Profit and Loss.

2.12 Financial instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Derivatives embedded in all other host contract are separated only if the economic characteristics and risk of the embedded derivatives are not closely related to economic characteristics and risk of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contract are not separated.

Subsequent measurement

a) Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

Notes forming part of financial statements for the year ended March 31, 2019

(iii) *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) *Financial liabilities*

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration, recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

b) *Derivative financial instruments*

The Company holds foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) *Financial assets or financial liabilities, at fair value through profit or loss*

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) *Cash flow Hedge*

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement

of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

c) *Share capital*

(i) *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

De-recognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.13 Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate fair value due to the short maturity of those instruments.

2.14 Impairment

a) *Financial assets*

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Statement of Profit and Loss.

b) *Non-financial assets*

(i) *Goodwill*

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's

Notes forming part of financial statements for the year ended March 31, 2019

cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the Statement of Profit and Loss and is not reversed in the subsequent period.

(ii) *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.15 Employee benefits

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits under a provident fund, in which both the employee and the Company make monthly contributions equal to a specified percentage of the covered employee's salary, which at 31 March 2019, was 12% of the employee's base salary. These contributions are made to a fund set up and administered by a board of trustees. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the government. The Company has an obligation to fund any shortfall on the yield of the trust's investments below the administered rates. To the extent that the Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rates

the plan has been considered as a defined benefit plan. The Company recognises its contribution and any such shortfall as an expense in the year incurred.

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment, of an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The Company contributes all the ascertained liabilities to a fund set up by the Company and administered by a board of trustees. The present value of such obligation is determined by an actuarial valuation based on the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date.

Re-measurements comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. All other expenses related to defined benefit plans are recognised in Statement of Profit and Loss as employee benefit expenses.

The Company maintains a defined benefit pension plan in respect of employees transferred from Lucent Technologies GmbH ('Lucent') in terms of an agreement executed on 18 February 2003 whereby certain pension benefit obligations were transferred to the Company. The annual contribution to the plan is based on an actuarial valuation and is charged to the Statement of Profit and Loss.

Long-term compensated absences are recognised as a liability based on an actuarial valuation carried out at each balance sheet date and short-term compensated absences are recognised as a liability on an undiscounted accrual basis.

2.16 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes forming part of financial statements for the year ended March 31, 2019

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Warranty provisions

Provisions for warranty-related costs are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Site restoration obligation

The Company records a provision for site restoration costs to be incurred for the restoration of leased land and building at the end of the lease period. Site restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.17 Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.18 Taxes

a) Current tax

Current tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

b) Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

c) Minimum Alternate Tax (MAT)

MAT payable is recognised as an asset in the year in which credit in respect of MAT paid in earlier years becomes eligible and is set off in the year in which the Company becomes liable to pay income taxes at the enacted tax rates as indicated in the Income Tax Act, 1961. Further, a MAT credit is recognised only if there is a reasonable certainty that these assets will be realised in the future and their carrying values are reviewed for appropriateness at each balance sheet date.

d) Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.19 Share-based payments

The employees of the Company were granted non-tradable Restricted Stock Units (the "RSU") and Stock Options of Aricent's (the Company's erstwhile ultimate parent company) shares till the previous year. These RSU and Stock Options granted to employees would vest, subject to certain conditions, over the vesting period. The erstwhile ultimate parent company would allocate to the Company the cost of these Stock Options and RSU granted to the Company's employees. The Company would charge off this amount in its Statement of Profit and Loss. The share based payments were discontinued in the previous year.

2.20 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

Notes forming part of financial statements for the year ended March 31, 2019

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

2.21 Earnings per share

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

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.22 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

2.23 Segment reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

2.24 Material events

Material adjusting events occurring after the balance sheet date are taken into cognizance.

2.25 Recent accounting developments

Standards issued but not yet effective:

The Ministry of Corporate Affairs through Companies (Indian Accounting Standard) (Amendments) Rules, 2018 has notified the new and amendments to Ind AS. The amendments are applicable from 1 April 2019 for the Company.

a. Ind AS 116 Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

b. Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

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

c. Amendment to Ind AS 12, Income taxes

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after , 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d. Amendment to Ind AS 19, plan amendment, curtailment or settlement

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- (i) To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- (ii) To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The company is currently evaluating the effect of this amendment on the standalone financial statements.

2.26

Previous year figures have been reclassified to confirm to this year's classification.

Notes forming part of financial statements for the year ended March 31, 2019

3. Property, plant and equipment and Capital work-in-progress

(All amounts in INR million, unless otherwise stated)

| | Freehold land | Building | Leasehold improvement - Owned | Leasehold improvement - Under finance lease | Plant and equipment | Computer equipment - Owned | Computer equipment - Under finance lease | Furniture and fixtures | Office equipments | Vehicles | Total | Capital work-in-progress |
|---------------------------------|---------------|----------|-------------------------------|---|---------------------|----------------------------|--|------------------------|-------------------|----------|-------|--------------------------|
| Cost or deemed cost | | | | | | | | | | | | |
| As at 1 April 2017 | 9 | 74 | 964 | 152 | 331 | 2,056 | 97 | 230 | 216 | 4 | 4,133 | 47 |
| Additions | - | - | 5 | - | 4 | 297 | - | 1 | 20 | - | 327 | 377 |
| Disposals | - | - | - | - | 2 | 37 | - | - | - | - | 39 | - |
| Assets capitalised | - | - | - | - | - | - | - | - | - | - | - | 410 |
| As at 31 March 2018 | 9 | 74 | 969 | 152 | 333 | 2,316 | 97 | 231 | 236 | 4 | 4,421 | 14 |
| Additions | - | - | 76 | 19 | 24 | 223 | 45 | 25 | 35 | 4 | 451 | 537 |
| Disposals | 9* | 74* | 22 | 122 | 42 | 68 | - | 17 | 24 | - | 378 | - |
| Assets capitalised | - | - | - | - | - | - | - | - | - | - | - | 540 |
| As at 31 March 2019 | - | - | 1,023 | 49 | 315 | 2,471 | 142 | 239 | 247 | 8 | 4,494 | 11 |
| Accumulated depreciation | | | | | | | | | | | | |
| As at 1 April 2017 | - | 12 | 244 | 58 | 139 | 1,164 | 84 | 90 | 114 | 2 | 1,907 | - |
| Charge for the year | - | 6 | 134 | 19 | 71 | 601 | - | 49 | 61 | 1 | 942 | - |
| On disposals | - | - | - | - | 1 | 37 | - | - | - | - | 38 | - |
| As at 31 March 2018 | - | 18 | 378 | 77 | 209 | 1,728 | 84 | 139 | 175 | 3 | 2,811 | - |
| Charge for the year | - | 4 | 109 | 40 | 24 | 368 | 16 | 42 | 23 | 2 | 628 | - |
| On disposals | - | 22* | 16 | 87 | 37 | 68 | - | 17 | 23 | - | 270 | - |
| As at 31 March 2019 | - | - | 471 | 30 | 196 | 2,028 | 100 | 164 | 175 | 5 | 3,169 | - |
| Carrying amount | | | | | | | | | | | | |
| As at 31 March 2019 | - | - | 552 | 19 | 119 | 443 | 42 | 75 | 72 | 3 | 1,325 | 11 |
| As at 31 March 2018 | 9 | 56 | 591 | 75 | 124 | 588 | 13 | 92 | 61 | 1 | 1,610 | 14 |

*During the year the Company has sold its land and building to a third party for a consideration of INR 377 million. The amount of INR 315 million is recognised as gain on sale of land and building under other income.

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

4. Intangible assets

| | Software |
|----------------------------|-----------------|
| Cost or deemed cost | |
| As at 1 April 2017 | 298 |
| Additions | 84 |
| Disposals | - |
| As at 31 March 2018 | 382 |
| Additions | 89 |
| Disposals | 33 |
| As at 31 March 2019 | 438 |
| Amortisation | |
| As at 1 April 2017 | 201 |
| Charge for the year | 72 |
| On disposals | - |
| As at 31 March 2018 | 273 |
| Charge for the year | 74 |
| On disposals | 33 |
| As at 31 March 2019 | 314 |
| Carrying amounts | |
| As at 31 March 2019 | 124 |
| As at 31 March 2018 | 109 |

5. Investments

| | As at | |
|---|----------------------|----------------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current Investments | | |
| Investment in subsidiaries-unquoted carried at cost | | |
| Aricent Mauritius Engineering Services PCC (31 March 2018: 32,856,459 cellular shares and 1,000 management shares) | - | 5,774 |
| Aricent Technologies Private Limited 9,999 Equity shares, Par Value: INR 10 each, fully paid up (31 March 2018: nil) | 5,609 | - |
| Cost of investments | 5,609 | 5,774 |
| Less: Impairment in value of investments | - | (325) |
| Carrying value | 5,609 | 5,449 |
| Current Investments | | |
| Investments in mutual funds -quoted carried at fair value through profit and loss | | |
| 34,894.162 units (31 March 2018: Nil) in SBI Liquid Fund Regular - Growth | 102 | - |
| 369,432.968 units (31 March 2018: Nil) in ICICI Prudential Liquid Fund Regular - Growth | 102 | - |
| Carrying value | 204 | - |
| Total | 5,813 | 5,449 |

Notes forming part of financial statements for the year ended March 31, 2019

5. Investments (continued)

(All amounts in INR million, unless otherwise stated)

| | | |
|--|-------|-------|
| Aggregate book value of quoted investments | 200 | - |
| Aggregate market value of quoted investments (Refer note 34) | 204 | - |
| Aggregate value of unquoted investments | 5,609 | 5,774 |
| Aggregate amount of impairment in value of investments | - | 325 |

During the year the Company for the purpose of achieving operational efficiencies, synergies, management effectiveness and focus on strengthening Indian operations has disinvested its entire stake of 50.3% in Aricent Mauritius Engineering Services PCC ("AMES") by way of swap of shares wherein AMES bought its entire shares held by the Company in accordance with prevailing laws of Mauritius; and that the consideration for the shares so bought back by AMES was discharged by way of transfer of shares held by AMES in its wholly owned subsidiary Aricent Technologies Private limited ("ATPL"). With respect to differential value arrived on the basis of valuation report, the Company remitted USD 2,390,000 to AMES. This transaction was effected on August 8, 2018. As a consequence of this transaction, ATPL has become a wholly owned subsidiary of the Company.

6. Loans

| | Non-current as at | | Current as at | |
|---------------------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Security deposits | | | | |
| Unsecured, considered good | 291 | 318 | 38 | 11 |
| Unsecured, considered doubtful | 15 | 15 | 37 | 43 |
| Less: Provision for doubtful deposits | (15) | (15) | (37) | (43) |
| Total | 291 | 318 | 38 | 11 |

7. Other financial assets

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Other financial assets (at amortised cost) | | | | |
| Unbilled revenue | - | - | 451 | 431 |
| Earmarked balances with banks* | 41 | - | - | - |
| Interest accrued on bank deposits but not due | - | - | 2 | - |
| Others | - | - | 12 | 9 |
| Total other financial assets (at amortised cost) | 41 | - | 465 | 440 |
| Derivative instruments at fair value through profit or loss | | | | |
| Foreign exchange forward and option contracts | - | - | 108 | 59 |
| Total derivative instruments at fair value through profit or loss | - | - | 108 | 59 |
| Derivative instruments designated as hedging instruments at fair value through other comprehensive income | | | | |
| Foreign exchange forward contracts | - | - | 110 | - |
| Total derivative instruments designated as hedging instruments at fair value through other comprehensive income | - | - | 110 | - |
| Total | 41 | - | 683 | 499 |

*Represents margin money against various guarantees issued by banks on behalf of the Company. These deposits are not available for use by the Company as it cannot be withdrawn till the guarantee is open.

Notes forming part of financial statements for the year ended March 31, 2019
7. Other financial assets (continued)

(All amounts in INR million, unless otherwise stated)

Break up of financial assets carried at amortised cost

| | Non-current as at | | Current as at | |
|---|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Loans (Refer note 6) | 291 | 318 | 38 | 11 |
| Trade receivable (Refer note 9) | - | - | 9,735 | 9,562 |
| Cash and cash equivalents (Refer note 10) | - | - | 1,113 | 482 |
| Other bank balances (Refer note 11) | - | - | 26 | 4 |
| Other financial assets (Refer note 7) | 41 | - | 465 | 440 |
| Total | 332 | 318 | 11,377 | 10,499 |

Break up of financial assets carried at fair value through profit or loss

| | Current as at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Foreign exchange forward and option contracts (Refer note 7) | 108 | 59 |
| Investments in mutual funds (Refer note 5) | 204 | - |
| Total | 312 | 59 |

8. Other assets

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Capital advances: | | | | |
| Others | 394 | 356 | - | - |
| Advances (other than capital advances): | | | | |
| Advance to suppliers | - | - | - | 10 |
| Advances to employee | - | - | 62 | 104 |
| | 394 | 356 | 62 | 114 |
| Balances with government authority | 111 | 116 | 16 | 84 |
| Deferred lease expense on security deposits paid | 60 | 90 | 27 | 33 |
| Prepaid expenses | - | - | 289 | 222 |
| Unbilled revenue | - | - | 258 | 207 |
| Security deposits | 28 | 28 | - | - |
| Others | - | - | 72 | 39 |
| Total | 593 | 590 | 724 | 699 |

9. Trade receivables

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Unsecured, considered good | | |
| Trade receivables - related parties (Refer note 33) | 8,743 | 8,480 |
| Trade receivables - others | 992 | 1,082 |
| Unsecured, considered doubtful | | |

Notes forming part of financial statements for the year ended March 31, 2019

9. Trade receivables (continued)

(All amounts in INR million, unless otherwise stated)

| | | |
|------------------------------------|--------------|--------------|
| Trade receivables - others | 233 | 142 |
| Less: Provision for doubtful debts | (233) | (142) |
| Total | 9,735 | 9,562 |

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies in which any director interested.

Of the total trade receivables balance, 90% as at 31 March 2019 (89% as at 31 March 2018) is due from group companies. There are no external customers who represents more than 10% of the total balance of the trade receivables.

10. Cash and cash equivalents

| | As at | |
|----------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Balances with banks: | | |
| - Bank balances | 1,113 | 482 |
| Total | 1,113 | 482 |

11. Other bank balances

| | Current as at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Restricted deposit held as security against guarantees* | 26 | 4 |
| Total | 26 | 4 |

*Represents margin money against various guarantees issued by banks on behalf of the Company. These deposits are not available for use by the Company as it cannot be withdrawn till the guarantee is open.

12. Share capital

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Authorised | | |
| 140,000,000 (31 March 2018: 140,000,000) equity shares of INR 10 each | 1,400 | 1,400 |
| 1,500,000,000 (31 March 2018: 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each | 15,000 | 15,000 |
| | 16,400 | 16,400 |
| Issued, subscribed and fully paid-up | | |
| 131,196,104 (31 March 2018: 131,196,104) equity shares of INR 10 each | 1,312 | 1,312 |
| Total | 1,312 | 1,312 |

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---------------------------------|---------------------|----------------|---------------------|----------------|
| | Number | INR in million | Number | INR in million |
| Equity shares | | | | |
| At the commencement of the year | 131,196,104 | 1,312 | 131,196,104 | 1,312 |
| At the end of the year | 131,196,104 | 1,312 | 131,196,104 | 1,312 |

Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of INR 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes forming part of financial statements for the year ended March 31, 2019

12. Share capital (continued)

(All amounts in INR million, unless otherwise stated)

Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---------------------|----------------|---------------------|----------------|
| | Number | INR in million | Number | INR in million |
| Equity shares of INR 10 each fully paid up held by: | | | | |
| (a) Aricent Holdings Mauritius Limited, Mauritius, the holding company | 105,429,478 | 1,054 | 105,429,478 | 1,054 |
| (b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company | 23,476,578 | 235 | 23,476,578 | 235 |

Particulars of shareholders holding more than 5% shares of a class of shares

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---------------------|--------------------------------|---------------------|--------------------------------|
| | Number | % of total shares in the class | Number | % of total shares in the class |
| Equity shares of INR 10 each fully paid up held by: | | | | |
| (a) Aricent Holdings Mauritius Limited, Mauritius, the holding company | 105,429,478 | 80.36% | 105,429,478 | 80.36% |
| (b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company | 23,476,578 | 17.89% | 23,476,578 | 17.89% |

There are no bonus issue and buy back of equity shares during the period of five years immediately preceding the reporting date.

13. Other equity

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Capital redemption reserve | | |
| At the commencement of the year | 3,544 | 1,992 |
| Add: Transferred from Retained earnings | - | 1,552 |
| At the end of the year | 3,544 | 3,544 |
| Securities premium reserve | | |
| At the commencement of the year | 500 | 500 |
| At the end of the year | 500 | 500 |
| Retained earnings | | |
| At the commencement of the year | 11,062 | 8,899 |
| Add: Profit for the year | 2,046 | 2,043 |
| Add/less: Other comprehensive income for the year that will not be reclassified to income statement | (46) | 9 |
| Add: Transfer of equity portion of preference share capital | - | 1,663 |
| Less: Transfer to Capital redemption reserve | - | (1,552) |
| At the end of the year | 13,062 | 11,062 |
| Cash flow hedge reserve | | |
| At the commencement of the year | - | - |
| Changes during the year (net) | 70 | - |
| At the end of the year | 70 | - |

Notes forming part of financial statements for the year ended March 31, 2019

13. Other equity (Continued)

(All amounts in INR million, unless otherwise stated)

Deemed contribution from the parent company

| | | |
|---|---------------|---------------|
| At the commencement of the year | 33 | 24 |
| Add: Financial guarantee cost of the year | - | 9 |
| At the end of the year | 33 | 33 |
| Total | 17,209 | 15,139 |

Nature of reserves:

a. Capital redemption reserve

The Company has recognised capital redemption reserve on redemption of preference shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the preference share redeemed.

b. Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve.

c. Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to capital redemption reserve, dividends or other distributions paid to shareholders.

d. Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

e. Deemed contribution from the parent company

Certain banks have issued bank guarantees on behalf of the Company to various parties such as sales tax department, customers etc. Aricent Technologies, Cayman Islands (intermediate holding company) and Aricent Technologies Mauritius Limited (group company) has issued stand-by letters of credit to these banks on behalf of the Company. As these companies do not charge any amount for issuing such letter of credit, the financial guarantee has been fair valued and has been presented as deemed contribution from the parent company with a corresponding debit in finance cost.

14. Borrowings

| | Non-current as at | | Current as at | |
|---------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Unsecured | | | | |
| Finance lease obligations | 45 | 38 | 15 | 24 |
| Total | 45 | 38 | 15 | 24 |

Note:

Certain items of leasehold improvements and computer equipments have been obtained on finance lease basis. The total future minimum lease payments at the balance sheet date, the element of interest included in such payments and the present value of these minimum lease payments are as follows:

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| (a) Total future minimum lease payments | 51 | 41 | 19 | 29 |
| (b) Future interest included in (a) above | 6 | 3 | 4 | 5 |
| (c) Present value of future minimum lease payments [(a) - (b)] | 45 | 38 | 15 | 24 |

The maturity profile of finance lease obligations is as follows:

| | Minimum lease payments as at | | Present value as at | |
|----------------------------|------------------------------|---------------|---------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Payable within 1 year | 19 | 29 | 15 | 24 |
| Payable between 1-5 years | 51 | 41 | 45 | 38 |
| Payable later than 5 years | - | - | - | - |

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

15. Other financial liabilities

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Other financial liabilities at amortised cost | | | | |
| Employee related liabilities | - | - | 903 | 1,199 |
| Payable towards purchase of property, plant and equipment | - | - | 42 | 77 |
| Security deposits | 15 | 14 | - | - |
| Total other financial liabilities at amortised cost | 15 | 14 | 945 | 1,276 |
| Derivative instruments at fair value through profit or loss | | | | |
| Foreign exchange forward and option contracts | - | - | 15 | 34 |
| Total derivative instruments at fair value through profit or loss | - | - | 15 | 34 |
| Derivative instruments designated as hedging instruments at fair value through other comprehensive income | | | | |
| Foreign exchange forward contracts | - | - | 2 | - |
| Total derivative instruments designated as hedging instruments at fair value through other comprehensive income | - | - | 2 | - |
| Total | 15 | 14 | 962 | 1,310 |

Break up of financial liabilities carried at amortised cost

| | Non-current as at | | Current as at | |
|--------------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Borrowings (Refer note 14) | 45 | 38 | 15 | 24 |
| Trade payables (Refer note 19) | - | - | 1,185 | 1,508 |
| Other financial liabilities | 15 | 14 | 945 | 1,276 |
| Total | 60 | 52 | 2,145 | 2,808 |

Break up of financial liabilities carried at fair value through profit or loss

| | Current as at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Foreign exchange forward and option contracts | 15 | 34 |

16. Provisions

(All amounts in INR million, unless otherwise stated)

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Provision for employee benefits | | | | |
| Gratuity (Refer note 26) | 1,205 | 1,086 | 96 | 120 |
| Pension plan (Refer note 26) | 215 | 225 | 15 | - |
| Compensated absences | 207 | 194 | 35 | 36 |
| | 1,627 | 1,505 | 146 | 156 |
| Other provisions | | | | |
| Provision for warranty | - | - | 27 | 23 |

Notes forming part of financial statements for the year ended March 31, 2019

16. Provisions (continued)

(All amounts in INR million, unless otherwise stated)

| | | | | |
|--------------------------------|--------------|--------------|------------|------------|
| Provision for site restoration | 47 | 28 | 5 | 32 |
| | 47 | 28 | 32 | 55 |
| Total | 1,674 | 1,533 | 178 | 211 |

Movement in provision for warranty and site restoration

| | Provision for warranty | Provision for site restoration |
|-------------------------------------|------------------------|--------------------------------|
| Opening balance 1 April 2017 | 19 | 58 |
| Provision made during the year | 4 | 2 |
| Provisions utilized / written back | - | - |
| Balance as at 31 March 2018 | 23 | 60 |
| Provision made during the year | 4 | 3 |
| Provisions utilized / written back | - | 11 |
| Balance as at 31 March 2019 | 27 | 52 |

17. Income tax

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

Profit and Loss section

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Current tax: | | |
| Current tax charge | 1,251 | 1,333 |
| Prior year tax charge | (1) | (30) |
| | 1,250 | 1,303 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 174 | (79) |
| Income tax expense reported in the Statement of Profit and Loss | 1,424 | 1,224 |

Other Comprehensive Income (OCI) section

Deferred tax related to items recognised in OCI during the year:

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Net loss/(gain) on remeasurements of defined benefit plans | (17) | 2 |
| Effective portion of cash flow hedges | 38 | - |
| Income tax charged to OCI | 21 | 2 |

Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2019 and 31 March 2018:

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Accounting profit before income tax | 3,470 | 3,267 |
| At statutory income tax rate of 34.944% (31 March 2018 : 34.608%) | 1,213 | 1,131 |
| Adjustments in respect of current income tax of previous years | (1) | (30) |
| Deferred tax adjustments as per tax return of prior years | 18 | (46) |
| Tax exemption u/s 10AA | (37) | (13) |
| Tax deduction u/s 80G | (18) | (5) |

Notes forming part of financial statements for the year ended March 31, 2019
17. Income tax (continued)

(All amounts in INR million, unless otherwise stated)

| | | |
|--|--------------|--------------|
| Standard deduction @ 30% on House property income | - | (2) |
| Other non-deductible expenses for tax purpose | 249 | 189 |
| Income tax reported in the Statement of Profit and Loss | 1,424 | 1,224 |

Deferred tax

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Deferred tax asset relates to the following: | | |
| Provision for employee benefits | 601 | 563 |
| Receivables and financial assets carried at amortised cost | 76 | 66 |
| Property, plant and equipment | 192 | 287 |
| Other non-current liabilities | 27 | 23 |
| Others | 2 | 14 |
| Total deferred tax asset (A) | 898 | 953 |
| Deferred tax liability relates to the following: | | |
| Goodwill | 2,873 | 2,796 |
| Cash flow hedge | 72 | 11 |
| Total deferred tax liabilities (B) | 2,945 | 2,807 |
| Deferred tax liabilities recognised (net) (C = (B-A)) | 2,047 | 1,854 |

Current tax liabilities

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Provision for income tax [net of advance tax INR 8,149 million (31 March 2018: INR 6,048 million)] | 271 | 250 | - | - |
| Current tax liabilities [net of advance tax nil (31 March 2018: INR 844 million)] | - | - | - | 336 |
| Total | 271 | 250 | - | 336 |

The movement in deferred tax asset/(liability) has been recorded through Profit and Loss Account, except deferred tax asset related to defined benefit plans, amounting to INR 17 million created through OCI (previous year: INR 2 million liability reversed through OCI) and INR 38 million deferred tax liability related to cash flow hedge reserve created through OCI (previous year nil).

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company would ensure documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by such date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

18. Other liabilities

| | Non current as at | | Current as at | |
|----------------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Statutory liabilities | - | - | 302 | 403 |
| Unearned revenue | - | - | 12 | 86 |
| Advances received from customers | - | - | - | 56 |
| Lease equalization reserve | 47 | - | - | - |
| Deferred rent | 1 | 2 | 2 | 2 |
| Other liabilities | 41 | 41 | 73 | 102 |
| Total | 89 | 43 | 389 | 649 |

19. Trade payables

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Trade payables | | |
| - Due to micro and small enterprises* | 2 | - |
| - Due to related parties (Refer note 33) | 546 | 750 |
| - Others | 637 | 758 |
| Total | 1,185 | 1,508 |

*The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties can be identified on the basis of information available with the Company. There are no overdue amounts payable to parties on account of the principal amounts and/or interest.

20. Revenue from operations

| | Year ended | |
|------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Sale of services | 22,611 | 21,655 |
| Product sale | 153 | 230 |
| Total | 22,764 | 21,885 |

Disaggregated Revenue Information

The table below presents disaggregated revenues from contracts with customers by contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

| Type of Contracts | Year ended | |
|-------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Fixed Price | 2,808 | 2,274 |
| Time and Material | 19,803 | 19,381 |
| Product License | 112 | 185 |
| Maintenance | 41 | 45 |
| Total | 22,764 | 21,885 |

Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

Notes forming part of financial statements for the year ended March 31, 2019

20. Revenue from operations (continued)

(All amounts in INR million, unless otherwise stated)

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year, the Company recognized revenue of INR 63 million arising from opening unearned revenue as of 1 April 2018.

During the year, INR 188 million of unbilled revenue pertaining to fixed price development contracts as of 1 April 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in IND AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where revenue is equal to the invoicing to the customer. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2019, other than those meeting the exclusion criteria mentioned above, is INR 746 million. Out of this, the Company expects to recognize revenue of around 96% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile IND AS 18 Revenue standard instead of IND AS 115 Revenue from Contract with Customers on the financials results of the Company for the year is insignificant. On account of adoption of IND AS 115, as at 31 March 2019, unbilled revenues of INR 258 million (31 March 2018: INR 207 million) has been considered as a non-financial asset.

21. Other income

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Liabilities/provisions no longer required written back | 48 | 5 |
| Interest income (Refer note (i) below) | 61 | 35 |
| Reimbursements | 22 | - |
| Rent income | 46 | 23 |
| Interest on income tax refund | - | 17 |
| Gain on sale of current investment | 6 | 1 |
| Fair value gain on current investment | 4 | - |
| Gain on sale of property, plant and equipment (net) | 298 | 14 |
| Exchange gain (net) | 111 | 460 |
| Government grants | - | - |
| Gain on liquidation of subsidiary (Refer note 33) | - | 6 |
| Miscellaneous income | 13 | 6 |
| Total | 609 | 567 |

Notes forming part of financial statements for the year ended March 31, 2019

21. Other income (continued)

(All amounts in INR million, unless otherwise stated)

Notes:

- (i) Interest income comprises of:

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Unwinding of discount on security deposit | 46 | 31 |
| Interest income on bank deposits | 15 | 3 |
| Interest income on loan to related party (Refer note 33) | - | 1 |
| Total | 61 | 35 |

22. Employee benefits expense

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Salaries and wages | 13,914 | 12,681 |
| Contributions to provident and other funds* | 726 | 619 |
| Share based payments to employees | - | 250 |
| Staff welfare expenses | 229 | 229 |
| Total | 14,869 | 13,779 |

*Contributions amounting to INR 468 million (31 March 2018: INR 377 million) made by the Company towards various defined contribution plans

23. Finance costs

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Interest on finance lease arrangements | 4 | 7 |
| Interest on income tax | 1 | 33 |
| Financial guarantee cost | - | 9 |
| Unwinding of discount | | |
| -on liability portion of convertible preference shares | - | 166 |
| -on asset restoration obligation | 3 | 3 |
| Interest accretion on security deposit received | 2 | 1 |
| Total | 10 | 219 |

24. Depreciation and amortisation expense

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Depreciation of property, plant and equipment (Refer note 3) | 628 | 942 |
| Amortisation of intangible assets (Refer note 4) | 74 | 72 |
| Total | 702 | 1,014 |

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

25. Other expenses

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Consumption of stores and spares | 12 | 8 |
| Power and fuel | 258 | 270 |
| Rent | 787 | 776 |
| Repairs and maintenance | | |
| - Building | 239 | 190 |
| - Plant and equipments | 308 | 287 |
| - Others | 19 | 46 |
| Insurance | 17 | 19 |
| Rates and taxes | 8 | 17 |
| Communication expenses | 117 | 123 |
| Travelling and conveyance | 718 | 701 |
| Training expenses | 39 | 66 |
| Recruitment expenses | 41 | 55 |
| Software development consultancy | 953 | 757 |
| Legal and professional charges | 230 | 251 |
| Expenditure on corporate social responsibility [Refer note (i)] | 59 | 54 |
| Bank charges | 8 | 5 |
| Auditors' remuneration [Refer note (ii)] | 4 | 3 |
| Provision for doubtful receivables (net) | 91 | 99 |
| Provision for doubtful deposits and advances | 3 | 35 |
| Provision for warranty | 4 | 4 |
| Miscellaneous expenses | 407 | 407 |
| Total | 4,322 | 4,173 |

(i) Details of corporate social responsibility expenditure

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Amount required to be spent as per section 135 of the Companies Act, 2013 | 59 | 58 |
| Promoting education including special education and employment enhancing vocational skills | | |
| Project 1 - Aricent Employability Enhancement Programme - NPTEL, IIT Madras | 11 | 14 |
| Project 2 - Aricent Employability Enhancement Programmes - NASSCOM Foundation | 32 | 38 |
| Project 3 - Arise ToT Master Coach Development Programmes - NASSCOM Foundation and Quest Alliance | 4 | - |
| Project 4 - Arise Women Empowerment Program - NASSCOM Foundation | 3 | - |
| Project 5 - Arise Trans(forming) Lives Program - Best Practices with Solidarity Foundation | 3 | - |
| Project 6 - Arise Roshni ka Safar Program- National Association for the Blind | 2 | - |
| Donation to - Kerala Relief fund - Prime Minister's National Relief Fund | 1 | - |
| Other expenses | 3 | 2 |
| Total | 59 | 54 |

Notes forming part of financial statements for the year ended March 31, 2019

25. Other expenses (continued)

(All amounts in INR million, unless otherwise stated)

(ii) Payments to the auditors comprises (net of input tax credit, where applicable):

| | Year ended | |
|---------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Statutory audit fee | 2 | 2 |
| Tax audit fees | 1 | - |
| Other services | 1 | 1 |
| Total | 4 | 3 |

26. Employee benefits**Defined benefit obligation****(i) Provident fund**

The Company makes contributions to the Aricent Employees Provident Fund Trust ("the Trust"), under the rules of this scheme, the Company is required to contribute a specified percentage of payroll costs to the fund. During the year, the Company's contribution under this scheme amounted to INR 272 million (31 March 2018: INR 242 million).

The total liability under the Trust as at 31 March 2019 amounts to INR 6,295 million (31 March 2018: INR 5,469 million) as against total assets of INR 6,555 million (31 March 2018: INR 5,719 million). The funds of the Trust have been invested under various securities as prescribed under the rules of the Trust.

In accordance with the applicable accounting interpretations, employer established provident fund trusts are treated as defined benefits plans, since the Company is obliged to meet the interest shortfall, if any, with respect to covered employees. According to an actuarial valuation, the defined benefit obligation of the interest rate guarantee on the provident fund in respect of employees of the Company as at 31 March 2019 works out to Nil and hence no amount is required to be provided for the guarantee given to meet notified interest rates.

Actuarial assumptions made to determine the interest rate guarantee on provident fund liabilities are as follow:

| | As at 31 March 2019 | As at 31 March 2018 |
|--------------------------|------------------------|------------------------|
| Rate of discounting | 7.20% | 7.50% |
| Rate of return on assets | 8.55% | 8.55% |
| Long term EPFO rate | 8.65% | 8.55% |

(ii) Other defined benefit obligation

The components of the Gratuity plan and Pension plan benefit obligations are shown below:

Present value of defined benefit obligation

| | Gratuity plan year ended | | Pension plan year ended | |
|--|--------------------------|---------------|-------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Balance as at the beginning of the year | 1,234 | 1,115 | 225 | 199 |
| Current service cost | 158 | 151 | 1 | 1 |
| Interest cost | 98 | 76 | 3 | 3 |
| Benefits paid | (182) | (99) | (3) | (4) |
| Exchange loss/(gain) | - | - | (9) | 33 |
| Actuarial (gain)/loss | 52 | (9) | 13 | (7) |
| Acquisitions cost | - | - | - | - |
| Balance as at the end of the year | 1,360 | 1,234 | 230 | 225 |

Fair value of plan assets

| | Gratuity plan year ended | | Pension plan year ended | |
|--|--------------------------|---------------|-------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Balance as at the beginning of the year | 28 | 78 | - | - |
| Expected return on plan assets | 1 | 4 | - | - |

Notes forming part of financial statements for the year ended March 31, 2019
26. Employee benefits (continued)

(All amounts in INR million, unless otherwise stated)

| | | | | |
|--|-----------|-----------|----------|----------|
| Contributions | 210 | 50 | - | - |
| Benefits paid | (182) | (99) | - | - |
| Actuarial gain/(loss) | 2 | (5) | - | - |
| Balance as at the end of the year | 59 | 28 | - | - |

The reconciliation of the present value of obligations and the fair value of plan assets to the assets and liabilities is as below:

| | Gratuity plan as at | |
|---|---------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Fair value of plan assets as at the end of the year* | 59 | 28 |
| Present value of defined benefit obligations as at end of the year | 1,360 | 1,234 |
| Liability recognised in the Balance Sheet as at the end of the year | 1,301 | 1,206 |
| Non-current | 1,205 | 1,086 |
| Current | 96 | 120 |

| | Pension plan as at | |
|---|--------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Fair value of plan assets as at the end of the year | - | - |
| Present value of defined benefit obligations as at end of the year | 230 | 225 |
| Liability recognised in the Balance Sheet as at the end of the year | 230 | 225 |
| Non-current | 215 | 225 |
| Current | 15 | - |

* Plan assets are invested in bank balances and under schemes of insurance.

The net gratuity and pension cost for the below mentioned years is as follows:

| | Gratuity plan year ended | | Pension plan year ended | |
|--------------------------------|--------------------------|---------------|-------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Current service cost | 158 | 151 | 1 | 1 |
| Interest cost | 98 | 76 | 3 | 3 |
| Expected return on plan assets | (1) | (4) | - | - |
| Net actuarial loss/(gain) | 50 | (4) | 13 | (7) |
| Total | 305 | 219 | 17 | (3) |

Amount recognised in the Statement of Profit and Loss:

| | Gratuity plan year ended | | Pension plan year ended | |
|----------------------|--------------------------|---------------|-------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Current service cost | 158 | 151 | 1 | 1 |
| Net interest expense | 97 | 72 | 3 | 3 |
| Total | 255 | 223 | 4 | 4 |

Notes forming part of financial statements for the year ended March 31, 2019

26. Employee benefits (continued)

(All amounts in INR million, unless otherwise stated)

Amount recognised in Other Comprehensive Income:

| | Gratuity plan year ended | | Pension plan year ended | |
|--|--------------------------|---------------|-------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Actuarial loss/(gain) on obligations | 52 | (9) | 13 | (7) |
| Return on plan assets (excluding amounts included in net interest expense) | (2) | 4 | - | - |
| Total | 50 | (5) | 13 | (7) |

Actuarial assumptions

| | Gratuity plan as at | | Pension plan as at | |
|------------------------|---------------------|---------------|--------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Discounting rate | 7.20% | 7.50% | 1.00% | 1.60% |
| Future salary increase | 8.00% | 8.00% | 2.50% | 2.50% |

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

The following payments are expected contributions to the defined benefit plan in future years:

| | Gratuity plan as at | |
|--|---------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Within the next 12 months (next annual reporting period) | 169 | 154 |
| Between 2 and 5 years | 787 | 717 |
| Between 5 and 10 years | 1,102 | 1,051 |
| Total | 2,058 | 1,922 |

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

| | Discount rate as at | | Salary escalation rate as at | |
|-------------------------------------|---------------------|---------------|------------------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Effect on DBO due to 0.25% increase | (24) | (21) | 25 | 23 |
| Effect on DBO due to 0.25% decrease | 25 | 23 | (24) | (21) |

27. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Profit attributable to equity holders for basic earnings | 2,046 | 2,043 |
| Weighted average number of equity shares for basic EPS (in million) | 131 | 131 |
| Basic EPS (absolute value in INR) | 16 | 16 |
| Diluted EPS (absolute value in INR) | 16 | 16 |

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

28. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Determination of functional currency

The determination of functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. In determining the functional currency, judgement is required to determine the currency that mainly reflects the economic substance of the underlying economic event.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 34 for further disclosures.

(c) Income taxes

The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Deferred Taxes

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.

(e) Estimation of defined benefits and compensated leave of absence

The present value of the gratuity, pension and leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination

Notes forming part of financial statements for the year ended March 31, 2019

28. Significant accounting judgements, estimates and assumptions (continued) (All amounts in INR million, unless otherwise stated)
of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity and pension obligations are given in Note 26.

29. Operating lease commitments

The Company leases certain facilities under non-cancellable operating leases. Rental expenses for operating leases for the year ended 31 March 2019 is INR 787 million (31 March 2018: INR 776 million). The operating leases expire in various years through January 2023.

Expected future minimum commitments for non-cancellable leases are as follows:

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Within one year | 88 | 94 |
| After one year but not more than five years | 113 | 120 |
| More than five years | - | - |

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the year ended 31 March 2019 is INR 57 million (31 March 2018: INR 92 million).

30. Share based payments

a. Stock options

Description of the plan

Certain employees of the Company were granted non-tradable Stock Options and Restricted Stock Units of Aricent's (the Company's erstwhile ultimate parent company) shares. These Stock Options granted to employees vest, subject to certain conditions, over the vesting period. The plan was discontinued during year ended 31 March 2018. During the previous year ended 31 March 2018, the ultimate parent company has allocated INR 246 million to the Company with respect to cost of these Stock Options granted to the Company's employees. The Company has charged off this amount in its Statement of Profit and Loss.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the previous year:

| | 31 March 2018 | |
|---------------------------|---------------|-------------|
| | Number | WAEP in INR |
| Outstanding at 1 April | 9,795,314 | 73.52 |
| Opening adjustment | 342,940 | |
| Granted during the year | 40,000 | 105.31 |
| Forfeited during the year | (4,449,467) | 82.47 |
| Exercised during the year | (610,100) | 68.96 |
| Expired during the year | (5,118,687) | 64.53 |
| Outstanding at 31 March | - | - |
| Exercisable at 31 March | - | - |

There is no weighted average remaining contractual life for the share options outstanding as at 31 March 2019 and 31 March 2018.

The weighted average fair value of options granted during the year is nil (31 March 2018: INR 39.45).

The range of exercise prices for options outstanding at the end of the year was NIL (31 March 2018: nil).

Notes forming part of financial statements for the year ended March 31, 2019

30. Share based payments (continued)

(All amounts in INR million, unless otherwise stated)

The following tables list the inputs to the models used for the plan for the previous year:

| | 31 March 2018 |
|--|---------------|
| Dividend yield (%) | 0% |
| Expected volatility (%) | 34.37% |
| Risk-free interest rate (%) | 1.85% |
| Expected life of share options (years) | 6.35 |
| Weighted average share price (INR) | 105.31 |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

b. Restricted Stock Units

The plan was discontinued during year ended 31 March 2018. During the previous year ended 31 March 2018 the erstwhile ultimate parent company had allocated INR 4 million of expense to the Company with respect to cost of Restricted Stock Units granted to the Company's employee. The Company has charged off this amount in its Statement of Profit and Loss.

Movement of Restricted Stock Unit during the previous year

| Particulars | 31 March 2018 | 31 March 2018 |
|--------------------------------|---------------|---------------|
| | Number | WAEP (in INR) |
| Non vested as on 31 March 2017 | 20,000 | 107 |
| Opening adjustment | 20,000 | |
| Awarded | - | - |
| Vested | (20,000) | 105 |
| Forfeited | (20,000) | 105 |
| Non vested as on 31 March 2018 | - | - |

The weighted average remaining contractual life for the Restricted Stock units outstanding as at 31 March 2018 was Nil.

31. Commitments and contingencies

- a. **Capital commitments:** The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to INR 24 million (31 March 2018 INR 39 million).
- b. **Other commitments:** The Company has other commitments for purchase/sale orders which are issued after considering requirements in accordance with the operating cycle, for purchase/sale of goods and services and for employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts which might have a material impact on the financial statements.
- c. **Claims disputed by the Company:**

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Income tax matters [gross of INR 82 million (31 March 2018: INR 7 million) paid under protest] | 3,753 | 3,345 |
| Other claims | | |
| Customs duty | - | 8 |
| Sales tax matters [gross of INR 4 million (31 March 2018: INR 4 million) paid under protest] | 7 | 7 |

Based on legal opinion and judicial precedents, the management is of the view that the above mentioned litigations are not legally tenable and no provisions are required.

d. Bangalore campus matters

The Company in 2003 had executed an Agreement with a landowner and a developer ("Developer"), for the development, lease and purchase of land facility ("Property") at Bangalore. Under said Agreement, the Company had an option to purchase the Property, after completion of two years of lease term. The Company took possession of the Property, but formal lease deed was not executed between the parties. In 2005, the Developer filed a suit to evict the Company and to recover arrears of rent and damages (2005 Suit). In 2007, the Company filed suit for specific performance for acquisition of property (2007 Suit) as per terms of the original Agreement. In 2010, the Developer filed another eviction suit and claimed damages (2010 Suit) related to portion of property acquired by it from landowner in 2010. All these suits were consolidated by the City Civil Court, Bangalore and underwent trial for many years of protracted litigation and were

Notes forming part of financial statements for the year ended March 31, 2019

31. Commitments and contingencies (continued)

(All amounts in INR million, unless otherwise stated)

adjudicated against Company on each of the 2005, 2007 and 2010 suits vide Orders dated April 13, 2016. In these rulings, the City Civil Court held that the Company was not entitled to specific performance of the purchase option in the Agreement and also ordered to pay arrears of rent and damages and to vacate the Property.

Against the said Orders dated April 13, 2016 in 2005 suit, 2007 suit and 2010 suit, the Company filed three Appeals at the Hon'ble High Court of Karnataka. In the two appeals against the Orders in 2005 Suit and 2010 Suit, the Company sought protection against Eviction Order and also against the damages awarded against the Company. Third appeal was filed against the Order in 2007 suit, wherein Company's suit for specific performance for execution of sale deed in favour of the Company was dismissed. The Hon'ble High Court admitted Company's all appeals and also granted an interim injunction (stay) against impugned eviction Orders dated April 13, 2016, subject to payment of an amount as ordered by the City Civil Court to the Developer. The Company paid INR 331 Million to the Developer as per the Orders of the Hon'ble High Court. In compliance of Hon'ble High Court Orders, the Company is also making monthly payment of an amount equivalent to INR 2 Million to the Developer. However, all the amount paid/payable to the Developer (i.e. initial amount and the monthly payments) are subject to final outcome of the Appeals filed by the Company. In August 2018, the Company has received copies of the cross Appeals filed by the Developer against the Orders dated April 13, 2016 passed in 2005 suit and 2010 suit, seeking damages at the higher rate as against the rate granted by the City Civil Court in the Orders dated April 13, 2016.

Based on legal opinion, the Company believes that it has a good case and possibility of resolution of the matter against the Company is remote. Further, the Company does not believe that the resolution of these matters will have a material adverse effect on the Company's Statement of Balance Sheets or Statement of Profit and Loss, or Statement of Cash Flows.

e. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of India demanding service tax on reimbursements made by the Company to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for Company's employees traveling abroad from fiscal year 2007 through 2010. Additionally, in the above notices the service tax authorities have included all amounts incurred in the foreign currency by Company, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, the Company has received similar notices covering the period April 2010 to June 2017. The total tax for such years stands at INR 2548 million. This amount does not include interest which is approximately INR 3641 million upto 31st March 2019.

For years upto 2014 the Company has also received orders from Commissioner of Service Tax confirming above tax demand and also imposing interest and a penalty equivalent to 100% of service tax demanded. The Company has filled Appeal with the Tribunal (CESTAT) against the above order from Commissioner of Service Tax.

In April 2017, the CESTAT has issued order granting stay of demand for the fiscal years 2007 to 2012 till disposal of appeal. In respect of demand determined for FY13 and FY14, pursuant to amendment in law the Company made a mandatory pre-deposit of INR 49 million before filing appeal before the CESTAT. The recovery of balance amount is stayed till disposal of appeal.

For the period April 2014 to June 2017 the Service tax authorities have only issued show cause notice and the Company has filed response before the Commissioner of Service Tax against the same. The proposed tax demands in such notice is for INR 373 million which is included in total tax mentioned above.

The service tax department claims these services in above mentioned years qualify as an import of service and that under Section 66A/66B of the Finance Act of India, a service tax is due and owing. The Company believes that Section 66A/66B is not applicable and accordingly no service tax and consequently no interest is due on these particular services. Since the Company has not suppressed any facts, it is the Company's position based on legal advice that tax authorities case for penalty would not sustain. Based on legal advice, judicial precedents and reply being filed by legal counsel which supports the Company's position, the Company is of the view that outcome of this matter will not have a material adverse effect on the Company's Balance Sheet, Statement of Profit and Loss or Cash Flow Statement.

32. Segment information

The Company develops software products and provides software consulting services for use in the telecommunications industry. Out of the total revenue of the Company, 75% (31 March 2018: 77%) of the revenue is generated from inter-company transactions. For the purpose of making decisions about resource allocation and performance assessment, the Chief Operating Decision Maker monitors the operating results in totality on company-level basis. Hence, the company constitutes a single segment.

As the Company also exports its products and services, the secondary segment for the Company is based on the location of its customers. Information on the geographic segments is as follows:

| Location | Revenue for the year ended | |
|-------------------|----------------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Domestic | 4,726 | 4,060 |
| Americas | 743 | 531 |
| Europe | 2,631 | 2,737 |
| Mauritius | 14,357 | 14,079 |
| Rest of the world | 307 | 478 |
| Total | 22,764 | 21,885 |

Information on operating income, net income, assets and liabilities cannot be provided by location of customers as such information is not realistically allocable and identifiable.

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

33. Related party transactions

In the normal course of business, the Company enters into transactions at arm's length with affiliated companies, its ultimate holding company and key managerial personnel.

The names of the related parties of the Company and the nature of relationship is as follows:

| S.No. | Nature of relationship | Name of the party |
|-------|--|---|
| a. | Holding company | Aricent Holdings Mauritius Limited |
| b. | Enterprise having substantial interest in the Company | Altran Technologies (Ultimate holding company w.e.f. 20 March 2018) Aricent (Ultimate holding company upto 19 March 2018) Aricent Holdings (upto 19 March 2018) Aricent Technologies |
| c. | Subsidiary companies (Wholly owned) | Aricent Technologies Private Limited [w.e.f. 8 August 2018] Aricent Technologies (Beijing) Limited (liquidated with effect from 10 August 2017) |
| d. | Subsidiary companies (Direct holding) | Aricent Mauritius Engineering Services PCC [upto 7 August 2018] |
| e. | Subsidiary companies (Indirect holding) | Aricent Technologies Private Limited [upto 7 August 2018] Aricent N.A. Inc. [upto 7 August 2018] SmartPlay Technologies (Singapore) Pte Limited [upto 7 August 2018] SmartPlay Technologies (Canada) Limited [upto 7 August 2018] |
| f. | Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company (with whom the Company has transactions) | Aricent Holdings Mauritius India Limited Aricent Technologies Mauritius Ltd. Aricent Technologies Australia Pvt Ltd Aricent US Inc. Aricent Mauritius Engineering Services PCC [w.e.f. 8 August 2018] Aricent N.A. Inc. [w.e.f. 8 August 2018] SmartPlay Technologies (Singapore) Pte Limited [w.e.f. 8 August 2018] SmartPlay Technologies (Canada) Limited [w.e.f. 8 August 2018] Altran Deutschland S.A.S & Co. KG Altran Technologies India Pvt. Ltd Altran US Corp Aricent Technologies Malaysia SDN BHD Frog Design BV Frog Design Group UK Ltd Frog Design Srl Aricent Technologies UK Limited Aricent Technologies US Inc. Frog Design, Inc. Aricent Software US Inc. Aricent Holdings Luxembourg S.a.r.l. Aricent Technologies Sweden AB Aricent Vietnam Company Ltd. Aricent Poland Sps Z.O.O Frog Industrial Design (Shanghai) Company Limited Frog Design Europe GmbH |

Notes forming part of financial statements for the year ended March 31, 2019

33. Related party transactions (continued)

(All amounts in INR million, unless otherwise stated)

| S.No. | Nature of relationship | Name of the party |
|-------|---|---|
| | | Aricent Belgium SPRL |
| | | Aricent Technology (Shenzhen) Co Limited |
| | | Aricent Japan Limited |
| | | Aricent Israel Ltd. |
| | | Aricent Ireland Private Ltd. |
| | | Aricent Spain S.L.U., Spain |
| g. | Key managerial personnel of the Company | Whole time directors: Ashwani Lal Krishna Chandra Reddy (w.e.f. 14 August 2018) Gajendra Singh Chowhan (resigned from the board effectively from 6 July 2018) Independent directors: Vinay Mittal Nipun Gupta Others: Mr. Parveen Jain (Company Secretary) Anurag Khanna (CFO effectively from 12 February 2016 and resigned effectively from 10 August 2017) Jitendra Grover (CFO effectively from 10 August 2017) |
| h. | Trusts set-up by the Company | Aricent Employees Provident Fund Trust Aricent Technologies Gratuity Trust Aricent Technologies Superannuation Trust |

Disclosure of transactions between the Company and related parties and the status of outstanding balances are as under:

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| a. Holding company | | |
| Transactions during the year | | |
| Redemption of redeemable optionally convertible preference shares | - | 1,552 |
| b. Subsidiary companies | | |
| Transactions during the year | | |
| Revenue from operations | 336 | 243 |
| Expenses (software development consultancy) | 245 | 415 |
| Expenses incurred by the Company on behalf of related parties | 8 | 7 |
| Purchase of investments | 160 | - |
| Loans repaid by subsidiary | - | 50 |
| Other income (interest income on loan) | - | 1 |
| Other income (liquidation of subsidiary) | - | 6 |
| Balance outstanding at the year end | | |
| Trade payables | 216 | 323 |
| Trade receivables | 12 | 117 |

Notes forming part of financial statements for the year ended March 31, 2019
33. Related party transactions (continued)

(All amounts in INR million, unless otherwise stated)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| c. Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company | | |
| Transactions during the year | | |
| Revenue from operations | 16,710 | 16,568 |
| Expenses (software development consultancy) | 333 | 2 |
| Expenses incurred by related parties on behalf of the Company | 65 | 106 |
| Expenses incurred by the Company on behalf of related parties | 396 | 362 |
| Purchase of fixed assets by the Company on behalf of related parties | 41 | 28 |
| Balance outstanding as at the year end | | |
| Trade payables | 296 | 175 |
| Trade receivables | 8,731 | 8,363 |
| d. Enterprise having substantial interest in the Company | | |
| Transactions during the year | | |
| Revenue from operations | 2 | - |
| Expense incurred by related parties on behalf of the Company | 2 | 250 |
| Expenses incurred by the Company on behalf of related parties | 5 | 177 |
| Balance outstanding as at the year end | | |
| Trade payables | 35 | 252 |
| e. Trusts set-up by the Company | | |
| Transactions during the year | | |
| Contributions made during the year | 690 | 654 |
| Balance outstanding as at the year end | | |
| Contributions payable at the year end | 60 | 56 |
| f. Key managerial personnel | | |
| Compensation during the year | | |
| Short-term employee benefits | 30 | 28 |
| Post-employment gratuity and medical benefits | 2 | 3 |
| Other long-term benefits | 11 | 9 |
| Commission | 2 | 2 |
| Fee for attending board committee meetings | - | - |
| Balance outstanding as at the year end | | |
| Commission payable | 2 | 2 |
| Employee related liabilities | 1 | 5 |

34. Fair values

The carrying values of the financial instruments by categories is as follows:

| | Carrying amount as at | |
|--|-----------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| FINANCIAL ASSETS | | |
| Financial assets measured at amortised cost | | |
| Loans | 329 | 329 |
| Trade receivables | 9,735 | 9,562 |

Notes forming part of financial statements for the year ended March 31, 2019

34. Fair values (continued)

(All amounts in INR million, unless otherwise stated)

| | | |
|--|---------------|---------------|
| Cash and cash equivalents | 1,113 | 482 |
| Other bank balances | 26 | 4 |
| Other financial assets | 506 | 440 |
| Financial assets measured at fair value through Profit and Loss | | |
| Investments in mutual funds | 204 | - |
| Foreign exchange forward and option contracts | 108 | 59 |
| Financial assets - derivatives designated as hedging instruments | | |
| Foreign exchange forward contracts | 110 | - |
| Total | 12,131 | 10,876 |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at amortised cost | | |
| Borrowings | 60 | 62 |
| Trade payables | 1,185 | 1,508 |
| Other financial liabilities | 960 | 1,290 |
| Financial liabilities measured at fair value through profit or loss | | |
| Foreign exchange forward and option contracts | 15 | 34 |
| Financial liabilities - derivatives designated as hedging instruments | | |
| Foreign exchange forward contracts | 2 | - |
| Total | 2,222 | 2,894 |

Fair value hierarchy

Ind AS establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Ind AS are described below:

Level 1 — inputs are based upon quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible as of the measurement date.

Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations for the asset or liability that are derived principally from or corroborated by market data for which the primary inputs are observable, including forward interest rates, yield curves, credit risk and exchange rates.

Level 3 — inputs for the valuations are unobservable and are based on management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques such as option pricing models and discounted cash flow models.

The following table summarises the financial assets and financial liabilities measured at fair value on a recurring basis:

| | Level 1 | Level 2 | Level 3 |
|---|---------|---------|---------|
| As at 31 March 2019 | | | |
| Financial assets at fair value | | | |
| Foreign exchange forward and option contracts | - | 218 | - |
| Investments in mutual funds | 204 | - | - |
| Financial liabilities at fair value | | | |
| Foreign exchange forward and option contracts | - | 17 | - |
| As at 31 March 2018 | | | |
| Financial assets at fair value | | | |
| Foreign exchange forward and option contracts | - | 59 | - |
| Investments in mutual funds | - | - | - |
| Financial liabilities at fair value | | | |
| Foreign exchange forward and option contracts | - | 34 | - |

Notes forming part of financial statements for the year ended March 31, 2019

34. Fair values (continued)

(All amounts in INR million, unless otherwise stated)

The following methods and assumptions were used by the Company in estimating the fair value of its financial assets and liabilities:

The Company classifies all forward contracts and option contracts in Level 2 as quoted prices can be corroborated based on observable market transactions of spot currency rate and forward currency prices.

Short-term investments in mutual funds are fair valued based on the Net Asset Values (NAVs). The Company classifies the fair value under Level 1 as the NAVs of mutual fund are quoted on a daily basis.

35. Derivatives

The Company manages foreign currency exchange rate risk through the use of derivative financial instruments comprised of forwards contracts and option contracts. All such derivative financial instruments are reported in the balance sheets at fair value with the changes in fair value of the derivative financial instrument recognised in the Statement of Profit and Loss for derivatives not designated as hedging instruments; and in other comprehensive income for derivatives designated as hedging instruments. The Company does not use derivative financial instruments for trading or speculative purposes.

During the year ended 31 March 2019 (31 March 2018: Nil) the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecast sale transactions. The underlying hedged transactions for balance in cash flow hedge reserve as at 31 March 2019 are expected to occur and reclassified to the statement of profit and loss within 12 months.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging investment, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The total gross notional amount by type of derivative financial instruments as at 31 March 2019 and 2018 are as follows:

| | | Forward Contracts Outstanding position | | | |
|--|----------|--|---------------|------------|------------|
| | | Notional Coverage | | US Dollars | |
| Year | Currency | 2019 | 2018 | 2019 | 2018 |
| US Dollar ("USD") (contracts to sell USD/buy INR) | | | | | |
| - designated as hedge instruments | INR | 6,045 | - | 83 | - |
| - not designated as hedge instruments | INR | 7,663 | 12,589 | 111 | 191 |
| Total | | 13,708 | 12,589 | 194 | 191 |

| | | Option Contracts Outstanding position | | | |
|---|----------|---------------------------------------|------------|------------|----------|
| | | Notional Coverage | | US Dollars | |
| Year | Currency | 2019 | 2018 | 2019 | 2018 |
| US Dollar ("USD") (Contract to sell USD/buy INR) | | | | | |
| - not designated as hedge instruments | INR | 421 | 292 | 6 | 5 |
| Total | | 421 | 292 | 6 | 5 |

The movement in cash flow hedge reserve is as follows:

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Balance at the beginning of the year | - | - |
| Change in the fair value of effective portion of cash flow hedges - gain/(loss) | (92) | - |
| Deferred tax on fair value of effective portion of cash flow hedges | 32 | - |
| Gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions | (16) | - |
| Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | 6 | - |
| Balance at the end of the year | (70) | - |

Net foreign exchange gains include loss of INR 16 million and INR nil transferred from cash flow hedging reserve for the years ended 31 March 2019 and 2018, respectively.

Net gain on derivative instruments of INR 108 million recognised in cash flow hedging reserve as at 31 March 2019, is expected to be transferred to the Statement of Profit and Loss by 31 March 2020. The maximum period over which the exposure to cash flow variability has been hedged is through 31 March 2020.

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

36. Financial risk management objectives and policies

The Company's business activities are exposed to a variety of financial risks, namely market risks, liquidity risk and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management policy and framework. These are periodically reviewed by the senior management of the Company to identify and assess key risks and formulate strategies for mitigation of those risks. The Audit Committee provides the overall direction on risk management and oversees the Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from the changes in foreign currency exchange rates, interest rates and price risk. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(i) Foreign currency exchange rate risk

In the normal course of business, the Company is exposed to market risk arising from changes in currency exchange rates. The Company uses derivative financial instruments to manage exposures to foreign currency. The Company's objective for utilising derivative financial instruments is to mitigate the risks from these exposures.

The following table analyses foreign currency risk from financial instruments as of 31 March 2019:

| | U.S. Dollars | Other currencies | Total |
|-----------------------------|--------------|------------------|--------|
| Total financial assets | 9,732 | 622 | 10,354 |
| Total financial liabilities | 1,268 | 190 | 1,458 |

The following table analyses foreign currency risk from financial instruments as of 31 March 2018:

| | U.S. Dollars | Other currencies | Total |
|-----------------------------|--------------|------------------|-------|
| Total financial assets | 8,664 | 488 | 9,152 |
| Total financial liabilities | 914 | 185 | 1,099 |

The Company is mainly exposed to changes in U.S. Dollars. 5% appreciation / depreciation of U.S. Dollars with respect to INR would result in increase / decrease in the Company's profit by approximately INR 423 million and INR 388 million for the year ended 31 March 2019 and 31 March 2018 respectively.

(ii) Price risk

There is no major price risk.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company does not have any significant items related to interest rate risk therefore it is not impacted by interest rate risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, since the majority of the Company's revenue is generated from group companies. All trade receivables other than from group companies are reviewed and assessed for default on a regular basis. Historical experience of the Company for collecting receivables is that credit risk is low. Refer note 2.14 for accounting policy on impairment of trade receivables.

Other financial assets

The Company maintains exposure in cash and cash equivalents and derivative instrument with financial institutions. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. The Company's maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of each class of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2019 and 31 March 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury function reviews the liquidity position on an ongoing basis.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Notes forming part of financial statements for the year ended March 31, 2019

(All amounts in INR million, unless otherwise stated)

36. Financial risk management objectives and policies (continued)

| | Carrying amount | Contractual cash flow | 0-1 year | 1-5 years | More than 5 years |
|-----------------------------|-----------------|-----------------------|--------------|-----------|-------------------|
| As at 31 March 2019 | | | | | |
| Finance lease obligations | 60 | 70 | 19 | 51 | - |
| Trade payables | 1,185 | 1,185 | 1,185 | - | - |
| Other financial liabilities | 977 | 980 | 962 | 18 | - |
| Total | 2,222 | 2,235 | 2,166 | 69 | - |
| | Carrying amount | Contractual cash flow | 0-1 year | 1-5 years | More than 5 years |
| As at 31 March 2018 | | | | | |
| Finance lease obligations | 62 | 70 | 29 | 41 | - |
| Trade payables | 1,508 | 1,508 | 1,508 | - | - |
| Other financial liabilities | 1,324 | 1,328 | 1,310 | 18 | - |
| Total | 2,894 | 2,906 | 2,847 | 59 | - |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

37. Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maximise stakeholders' value.

As of 31 March 2019, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

38. Impairment

Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2019 (31 March 2018: Nil).

Investment in subsidiaries is tested for impairment and no impairment charges were identified for the year ended 31 March 2019 (31 March 2018: Nil).

39. The Company has established a separate Provident Fund Trust ("the Trust") to manage the provident fund of its employees. The Trust had made long term investments in secured and unsecured debentures of Infrastructure Leasing and Financial Services and its subsidiaries ("IL&FS") when the credit rating of these securities was "AAA". Total investment in these debentures outstanding in the books of Trust as of 31 March 2019 amounted to INR 643 million. Due to default in repayment of dues by IL&FS to its lenders, various credit rating agencies have subsequently downgraded the credit rating of these securities. The Government of India and the National Company Law Tribunal has taken cognizance of this matter. After considering the fact that these investments are long term, major portion of investment is secured and complete and reliable information is currently not available with respect to the financial position of the IL&FS Group, no reserve for these investments has been made in the financial statements. The Company along with the Trust, however, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.

40. Rounding off

The financial statements are presented in INR million. Those items which are required to be disclosed and which are not represented in the financial statements due to rounding off to nearest million are given as follows:

| Note | Description | 31 March 2019 | 31 March 2018 |
|-----------|--|---------------|---------------|
| 4 | Intangible asset | | |
| | Disposals | - | 0.48 |
| 25 | Other expenses | | |
| | Tax audit fees | * | 0.50 |
| 33 | Related party transactions | | |
| | Fee for attending board committee meetings | 0.12 | 0.29 |

*no impact of rounding in 31 March 2019.

Notes forming part of financial statements for the year ended March 31, 2019

41. The financial statements were approved for issue by the Board of Directors on 20 August 2019.

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Vinay Mittal
Director
DIN – 05107333

Place : Gurugram
Date : 20th August 2019

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

INDEPENDENT AUDITOR 'S REPORT

To The Members of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements ("the financial statements") of **ARICENT TECHNOLOGIES (HOLDINGS) LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Germany.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance, Consolidated Total Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India . The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 financial controls 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 and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid Consolidated Financial Statement,
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), Consolidated Statement of Changes in equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) The reports on the accounts of the Germany branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- (e) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

- (i) 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 Group did not have any pending litigation other than those reported in note no. 34 to the consolidated financial statements, which would impact its consolidated financial position;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor's Education and Protection Fund by the Group.

For T R Chadha & Co LLP

Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-

Aashish Gupta

(Partner)

(Membership No. 097343)

Place : Gurugram

Date : 20th August, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2019 we have audited the internal financial controls over financial reporting of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED (hereinafter referred to as “Company”) and its subsidiary company, which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (“the 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 the respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary company, which is a company incorporated in India, 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of branch auditor referred to in the Other Matters paragraph below, the Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Germany branch, is based solely on the corresponding report of the auditor of such branch.

Our opinion is not modified in respect of the above matter.

For T R Chadha & Co LLP

Chartered Accountants

(Firm’s Registration No. 006711N/N500028)

Sd/-

Aashish Gupta

(Partner)

(Membership No. 097343)

Place : Gurugram

Date : 20th August, 2019

Consolidated Balance Sheet as at 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | Notes | As at 31 March 2019 | As at 31 March 2018 |
|---|-------|------------------------|------------------------|
| I ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1,333 | 1,625 |
| Capital work-in-progress | 3 | 11 | 14 |
| Goodwill | 4 | 7,803 | 9,355 |
| Intangible assets | 4 | 717 | 1,304 |
| Financial assets | | | |
| (i) Loans | 5 | 292 | 320 |
| (ii) Other financial assets | 6 | 41 | - |
| Current tax assets | 17 | 129 | 101 |
| Deferred tax assets - net | 17 | 40 | 37 |
| Other non-current assets | 7 | 593 | 590 |
| Total non-current assets | | 10,959 | 13,346 |
| Current assets | | | |
| Financial assets | | | |
| (i) Trade receivables | 8 | 10,187 | 9,959 |
| (ii) Cash and cash equivalents | 9 | 1,186 | 602 |
| (iii) Bank balances other than (ii) above | 10 | 27 | 6 |
| (iv) Loans | 5 | 39 | 744 |
| (v) Investments in mutual funds | 11 | 204 | - |
| (vi) Other financial assets | 6 | 714 | 828 |
| Current tax assets | 17 | - | 166 |
| Other current assets | 7 | 735 | 783 |
| Total current assets | | 13,092 | 13,088 |
| Total assets | | 24,051 | 26,434 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 1,312 | 1,312 |
| Other equity | 13 | 15,722 | 15,370 |
| Total equity attributable to equity holders of the Company | | 17,034 | 16,682 |
| Non-controlling interests | | - | 1,174 |
| Total equity | | 17,034 | 17,856 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 14 | 45 | 38 |
| (ii) Other financial liabilities | 15 | 15 | 14 |
| Provisions | 16 | 1,764 | 1,621 |
| Current tax liabilities | 17 | 271 | 258 |
| Deferred tax liabilities (net) | 17 | 2,255 | 2,256 |
| Other non-current liabilities | 18 | 89 | 264 |
| Total non-current liabilities | | 4,439 | 4,451 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 14 | 15 | 24 |
| (ii) Trade payables | 19 | 984 | 1,358 |
| (iii) Other financial liabilities | 15 | 980 | 1,425 |
| Provisions | 16 | 191 | 222 |
| Current tax liabilities | 17 | - | 338 |
| Other current liabilities | 18 | 408 | 760 |
| Total current liabilities | | 2,578 | 4,127 |
| Total equity and liabilities | | 24,051 | 26,434 |

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Parveen Jain

Company Secretary

Sd/-

Jitendra Grover

Chief Financial Officer

Place : Gurugram

Date : 20th August 2019

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | Notes | For the year ended | |
|--|-------|--------------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| INCOME | | | |
| Revenue from operations | 20 | 23,994 | 24,032 |
| Other income | 21 | 650 | 639 |
| Total income | | 24,644 | 24,671 |
| EXPENSES | | | |
| Employee benefits expense | 22 | 15,970 | 15,869 |
| Finance costs | 23 | 10 | 238 |
| Depreciation and amortisation expense | 24 | 896 | 1,301 |
| Other expenses | 25 | 4,190 | 4,166 |
| Total expenses | | 21,066 | 21,574 |
| Profit before tax | | 3,578 | 3,097 |
| Current tax | 17 | 1,337 | 1,323 |
| Deferred tax | 17 | 107 | (164) |
| Income tax expense | | 1,444 | 1,159 |
| Profit for the year | | 2,134 | 1,938 |
| Other comprehensive income | | | |
| A. Items that will be reclassified to profit or loss in subsequent periods | | | |
| Exchange differences on translation of foreign operations | | 61 | 15 |
| Effective portion of cash flow hedges | 31 | 108 | - |
| Income tax effect | 17 | (38) | - |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 131 | 15 |
| B. Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Re-measurement gains/(losses) on defined benefit plans | 32 | (68) | 22 |
| Income tax effect | 17 | 19 | (5) |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | (49) | 17 |
| Other comprehensive income for the year (A+B) | | 82 | 32 |
| Total comprehensive income for the year | | 2,216 | 1,970 |
| Profit for the year attributable to: | | 2,134 | 1,938 |
| Equity shareholders of the Company | | 2,080 | 1,993 |
| Non-controlling interest | | 54 | (55) |
| Total comprehensive income for the year, net of tax attributable to: | | 2,216 | 1,970 |
| Equity shareholders of the Company | | 2,132 | 2,027 |
| Non-controlling interest | | 84 | (57) |
| Earnings per equity share: | | | |
| (1) Basic (absolute value in INR) | 26 | 16 | 15 |
| (2) Diluted (absolute value in INR) | 26 | 16 | 15 |

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Parveen Jain

Company Secretary

Sd/-

Jitendra Grover

Chief Financial Officer

Place : Gurugram

Date : 20th August 2019

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

(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

| | Number of shares | INR in million |
|---|--------------------|----------------|
| Equity shares of INR 10 each issued, subscribed and fully paid | | |
| At 1 April 2017 | 131,196,104 | 1,312 |
| Change during the year | - | - |
| At 31 March 2018 | 131,196,104 | 1,312 |
| Change during the year | - | - |
| At 31 March 2019 | 131,196,104 | 1,312 |

(b) Other equity

For the year ended 31 March 2019:

| | Attributable to the equity holders | | | | | | | | Total | Non-controlling interests |
|---|---|----------------------------|-------------------|----------------------------|-----------------|---|---------------------------|--------------------------------------|---------|---------------------------|
| | Equity component of redeemable optionally convertible preference shares | Other equity | | | | Items of OCI | | | | |
| | | Securities premium reserve | Retained earnings | Capital redemption reserve | Capital reserve | Deemed contribution from parent company | Cash flow hedging reserve | Foreign currency translation reserve | | |
| | | | | | | | | | | |
| | | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | | |
| As at 1 April 2018 | - | 500 | 11,282 | 3,544 | - | 33 | - | 11 | 15,370 | 1,174 |
| Profit for the year | - | - | 2,080 | - | - | - | - | - | 2,080 | 54 |
| Other comprehensive income | - | - | (49) | - | - | - | 70 | - | 21 | - |
| Effects of exchange changes during the year | - | - | - | - | - | - | - | 61 | 61 | - |
| Total | - | - | 2,031 | - | - | - | 70 | 61 | 2,162 | 54 |
| Transferred to non-controlling interests | - | - | - | - | - | - | - | (30) | (30) | 30 |
| Swap transaction (refer note 27) | - | - | - | - | (3,038) | - | - | - | (3,038) | - |
| Transfer to capital reserve | - | - | - | - | 1,300 | - | - | (42) | 1,258 | (1,258) |
| At 31 March 2019 | - | 500 | 13,313 | 3,544 | (1,738) | 33 | 70 | - | 15,722 | - |

For the year ended 31 March 2018:

| | Attributable to the equity holders | | | | | | | | Total | Non-controlling interests |
|--|---|----------------------------|-------------------|----------------------------|-----------------|---|---------------------------|--------------------------------------|---------|---------------------------|
| | Equity component of redeemable optionally convertible preference shares | Other equity | | | | Items of OCI | | | | |
| | | Securities premium reserve | Retained earnings | Capital redemption reserve | Capital reserve | Deemed contribution from parent company | Cash flow hedging reserve | Foreign currency translation reserve | | |
| | | | | | | | | | | |
| | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13) | | | |
| As at 1 April 2017 | 1,663 | 500 | 9,163 | 1,992 | - | 24 | - | 2 | 13,344 | 1,231 |
| Profit for the year | - | - | 1,993 | - | - | - | - | - | 1,993 | (55) |
| Other comprehensive income | - | - | 15 | - | - | - | - | - | 15 | (8) |
| Financial guarantee costs for the year | - | - | - | - | - | 9 | - | - | 9 | - |
| Effects of exchange changes during the year | - | - | - | - | - | - | - | 15 | 15 | - |
| Total | - | - | 2,008 | - | - | 9 | - | 15 | 2,032 | (63) |
| Transfer to capital redemption reserve | - | - | (1,552) | - | - | - | - | - | (1,552) | - |
| Adjustment of equity component of redeemable optionally convertible preference share capital | (1,663) | - | 1,663 | - | - | - | - | - | - | - |
| Transferred from retained earnings | - | - | - | 1,552 | - | - | - | - | 1,552 | - |
| Transferred to non-controlling interests | - | - | - | - | - | - | - | (6) | (6) | 6 |
| At 31 March 2018 | - | 500 | 11,282 | 3,544 | - | 33 | - | 11 | 15,370 | 1,174 |

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

Place : Gurugram

Date : 20th August 2019

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Parveen Jain

Company Secretary

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Jitendra Grover

Chief Financial Officer

Consolidated Statement of Cash Flow for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

| | For the year ended | |
|---|--------------------|----------------|
| | 31 March 2019 | 31 March 2018 |
| A Cash flow from operating activities | | |
| Profit before income tax | 3,578 | 3,097 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortisation expense | 896 | 1,301 |
| (Gain)/loss on sale of property, plant and equipment (net) | (299) | (16) |
| Gain on liquidation | - | (6) |
| Provision for doubtful receivables (net) | 91 | 101 |
| Provision for doubtful deposits and advances | 3 | 35 |
| Gain on sale of current investment (net) | (6) | (1) |
| Unrealised gain on current investments (net) | (4) | - |
| Liabilities/provisions no longer required written back | (50) | (7) |
| Effects of exchange changes on translation of assets and liabilities | 61 | 15 |
| Interest income (including fair value change in financial instruments) | (68) | (85) |
| Finance costs (including fair value change in financial instruments) | 9 | 196 |
| Operating cash flows before working capital changes | 4,211 | 4,630 |
| Movements in working capital : | | |
| Increase in trade receivables | (608) | (2,521) |
| Increase in other assets and financial assets | (225) | (18) |
| (Decrease)/Increase in trade payable and financial liabilities | (674) | 425 |
| (Decrease)/Increase in other liabilities and provisions | (44) | 486 |
| Cash generated from operations | 2,660 | 3,002 |
| Income taxes paid | (1,496) | (953) |
| Net cash flow from operating activities (A) | 1,164 | 2,049 |
| B Cash flow from investing activities: | | |
| Purchase of property, plant and equipment including intangible assets and CWIP | (547) | (522) |
| Proceeds from sale of property, plant and equipment including intangible assets | 406 | 19 |
| Deposits with original maturity over three months, matured/(placed) with banks | - | 4 |
| Investment in subsidiary company, net of cash settled | (249) | - |
| Proceeds from liquidation of investment in subsidiary company | - | 6 |
| Loan to related parties | - | (31) |
| Purchase of mutual funds | (1,310) | (250) |
| Redemption of mutual funds | 1,116 | 251 |
| Interest received on loan to related parties | 22 | 45 |
| Net cash flow used in investing activities (B) | (562) | (478) |
| C Net cash flow from financing activities: | | |
| Payment towards finance lease obligation | (18) | (42) |
| Repayment of loan from related parties | - | (97) |
| Interest on loan from related parties | - | (5) |
| Redemption of preference shares | - | (1,552) |
| Net cash flow used in in financing activities (C) | (18) | (1,696) |

(continued)

| | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| D Net increase/(decrease) in cash and cash equivalents (A + B + C) | 584 | (125) |
| Cash and cash equivalents at the beginning of the year | 602 | 727 |
| Cash and cash equivalents at the end of the year | 1,186 | 602 |

Notes to the Statement of cash flows:

| | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| (a) Cash and cash equivalents | | |
| Components of cash and cash equivalents | | |
| Balances with banks | 1,186 | 602 |
| Balances per statement of cash flows | 1,186 | 602 |
| (b) Movement in financial liabilities* | | |
| Opening balance | - | 1,483 |
| Repayment of loan from related parties | - | (97) |
| Interest on loan from related parties | - | 5 |
| Interest paid on loan from related parties | - | (5) |
| Repayment of borrowings | - | (1,552) |
| Other non cash transaction | - | |
| Unwinding of discount - on liability portion of convertible preference shares | - | 166 |
| Closing balance | - | - |

*Amendment to Ind AS 7: Effective 1 April 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

In terms of our report attached

For T R Chadha & Co LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Sd/-

Aashish Gupta

Partner

Membership No. 097343

Place : Gurugram

Date : 20th August 2019

For and on behalf of the Board of Directors

Sd/-

Ashwani Lal

Whole Time Director

DIN – 06985241

Sd/-

Parveen Jain

Company Secretary

Sd/-

Vinay Mittal

Director

DIN – 05107333

Sd/-

Jitendra Grover

Chief Financial Officer

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

1 CORPORATE INFORMATION

The principal line of business of Aricent Technologies (Holdings) Limited ('the Company'), and its subsidiaries (collectively referred to as 'the Group') has been, and its focus and core capability continue to be, software engineering services and solutions for the communications industry. The Group provides a comprehensive portfolio of innovation capabilities that combine customer insights, strategy, design, software engineering and systems integration that enables its clients to develop differentiated user experiences while at the same time accelerating time-to-market and optimising service operations.

The consolidated financial statements for the year ended 31 March 2019 were approved by the Board of Directors and authorised for issue on 20 August 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with Section 133 of the Companies Act, 2013 ('the Act'), and other relevant provisions of the Act.

b) Basis of preparation and presentation

These consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Consolidated Balance Sheet corresponds to the classification provisions contained in Ind AS 1 Presentation of Financial Statements. For clarity, various items are aggregated in the Consolidated Statement of Profit and Loss and Consolidated Balance Sheet. These items are disaggregated separately in the Notes, where applicable.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except otherwise stated.

c) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for certain financial assets and financial liabilities that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

d) Principles of consolidation

The consolidated financial statements have been prepared in accordance with the principles and procedures

prescribed for the preparation and presentation of such financial statements.

The consolidated financial statements have been prepared on following basis:

- (i) The financial statements of each company in the Group has been combined on a line-by-line basis by adding the book values of all items of assets, liabilities, incomes and expenses after eliminating inter-company balances/ transactions and unrealised profits in full.
- (ii) The difference between the cost to the Company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill.
- (iii) The consolidated financial statements are prepared by using uniform accounting policies for similar significant transactions and other events in similar circumstances. The financial statements of the subsidiaries are adjusted for the accounting principles and policies followed by the Group.
- (iv) Non-controlling interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders. Non-controlling interest in the net assets of consolidated subsidiaries consist of:
 - The amount of equity attributable to non-controlling interest holders at the date on which investment in a subsidiary is made, and
 - The minority share of movements in equity since the date parent subsidiary relationship came into existence.
- (v) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by each company in the Group for its separate financial statements.

2.2 Use of estimates

The preparation of the consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of property, plant and equipment.

The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to changes in these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Current versus non-current classification

The Group presents assets and liabilities in the Consolidated

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

Balance Sheet based on current/ non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Current assets include the current portion of non-current assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Current liabilities include the current portion of non-current liabilities.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.5 Foreign currency

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the Consolidated Statement of Profit and Loss are also recognised in OCI or the Consolidated Statement of Profit and Loss, respectively).

2.6 Cash and cash equivalents (for purposes of the cash flow statement)

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.8 Revenue recognition

Effective 1 April 2018, the Group adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at 1 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of IND AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the services rendered:

a. Time and materials contracts

Revenues and costs relating to time and materials, transaction-based or volume-based contracts are recognized as the related services are rendered.

b. Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project labour costs incurred to date as a percentage of total estimated project labour costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Group is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred for which recoverability is probable.

c. Products

Revenue on software product licenses where the customer obtains a "right to use" are recognized when the customer obtains control of the specified asset usually on delivery of the software license to the customer. However, where the delivery is subject to acceptance from the customer the revenue is recognized on receipt of acceptance from the customer. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed.

d. Maintenance contracts

With respect to fixed-price maintenance contracts, where services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

e. Others

Any change in scope or price is considered as a contract modification. The Group account for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price. The Group account for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Group estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which we may be entitled. Revenues are shown net of allowances/ returns, value added tax, goods and services tax and applicable discounts and allowances.

The Group accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Group's historical experience.

The Group assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Group does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Unbilled revenue on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.9 Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, and non-refundable taxes, duties or levies, and any other directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

The Group capitalises the cost of equipment purchased for specific clients, which is reimbursed by clients over the period

of a project and does not capitalise equipment for which the client has borne the cost.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.10 Intangible assets

Goodwill arising from amalgamation is measured at cost less accumulated impairment loss.

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

2.11 Depreciation and amortisation

Depreciation on property, plant and equipment is provided on the straight-line method over the estimated useful lives of the assets. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged below, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

The Group has used the following useful lives to provide depreciation on its property, plant and equipment:

Category of property, plant and equipment

| Category of property, plant and equipment | Useful life estimated |
|---|-----------------------|
| Buildings ⁽¹⁾ | 30 |
| Plant and equipments | |
| Air conditioners | 5 |
| Others ⁽¹⁾ | 7 |
| Computer equipments ⁽¹⁾ | 3 |
| Furniture and fixtures ⁽¹⁾ | 5 |
| Office equipments | 2-5 |
| Motor vehicles ⁽¹⁾ | 3 |
| Software | 3-5 |
| Customer contract | 1.5 |
| Customer relationship | 8 |
| Trademark | 3 |
| Non-compete | 5 |

(1) For these classes of assets based on technical advice taking into account the nature, the estimated usage, the operating conditions of the asset, past history of replacement, anticipated technological changes, and maintenance support, etc., the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence useful lives for these assets are lower than the useful lives prescribed under the Companies Act, 2013.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives (not being greater than the useful life envisaged in the Companies Act, 2013) unless it is reasonably expected that the Group will obtain ownership by the end of the lease term, in which case the useful lives applicable for similar assets owned by the Group are applied.

Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from property, plant and equipment is provided up to the date of sale, deduction or discardment as the case may be.

Cost of equipments purchased for specific clients is depreciated over the useful lives or the contract period, whichever is shorter.

Leasehold improvements are amortised over the period of the lease, including the optional period of lease.

2.12 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated Statement of Profit and Loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably expected that the Group will obtain ownership by the end of the lease term, in which case the useful lives applicable for similar assets owned by the Group are applied.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The Group has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the Consolidated Statement of Profit and Loss.

2.13 Financial instruments

Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Derivatives embedded in all other host contract are separated only if the economic characteristics and risk of the embedded derivatives are not closely related to economic characteristics and risk of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contract are not separated.

Subsequent measurement

a) Non-derivative financial instruments

(i) *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) *Financial liabilities*

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration, recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

carrying amounts approximate the fair value due to the short maturity of these instruments.

b) Derivative financial instruments

The Group holds foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Cash flow Hedge

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

c) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

De-recognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Fair value measurement

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate fair value due to the short maturity of those instruments.

2.15 Impairment

a) Financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

b) Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

(ii) *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Consolidated Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Consolidated Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.16 Employee benefits

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits under a provident fund, in which both the employee and the Company make monthly contributions equal to a specified percentage of the covered employee's salary, which at 31 March 2019, was 12% of the employee's base salary. These contributions are made to a fund set up and administered by a board of trustees. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the government. The Company has an obligation to fund any shortfall on the yield of the trust's investments below the administered rates. To the extent that the Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rates the plan has been considered as a defined benefit plan. The Company recognises its contribution and any such shortfall as an expense in the year incurred.

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees

on retirement, death while in service or on termination of employment, of an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The Company contributes all the ascertained liabilities to a fund set up by the Company and administered by a board of trustees. The present value of such obligation is determined by an actuarial valuation based on the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date.

Re-measurements comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. All other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss as employee benefit expenses.

The Company maintains a defined benefit pension plan in respect of employees transferred from Lucent Technologies GmbH ('Lucent') in terms of an agreement executed on February 18, 2003 whereby certain pension benefit obligations were transferred to the Company. The annual contribution to the plan is based on an actuarial valuation and is charged to the Consolidated Statement of Profit and Loss.

Long-term compensated absences are recognised as a liability based on an actuarial valuation carried out at each balance sheet date and short-term compensated absences are recognised as a liability on an undiscounted accrual basis.

As a part of acquisition of Aricent Mauritius Engineering Services PCC ("AMES"), the Group assumed liabilities of Aricent Technologies Private Limited ("ATPL") for its employee benefits. The Group in its Consolidated Balance Sheet has recorded a liability for gratuity plan based on the actuarial valuation. The gratuity liability of ATPL is unfunded. The employee of ATPL are not covered by the gratuity fund set up by the Company for its employees.

ATPL is registered with Regional Fund Commissioner for employee provident fund scheme, which is a defined contribution scheme. Contribution made by employees under this scheme is matched by an equal contribution made by ATPL.

2.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Warranty provisions

Provisions for warranty-related costs are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Site restoration obligation

The Group records a provision for site restoration costs to be incurred for the restoration of leased land and building at the end of the lease period. Site restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Consolidated Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.18 Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.19 Taxes

a) Current tax

Current tax expense is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognised in other comprehensive income. Current

income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

b) Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

c) Minimum Alternate Tax (MAT)

MAT payable is recognised as an asset in the year in which credit in respect of MAT paid in earlier years becomes eligible and is set off in the year in which the Group becomes liable to pay income taxes at the enacted tax rates as indicated in the Income Tax Act, 1961. Further, a MAT credit is recognised only if there is a reasonable certainty that these assets will be realised in the future and their carrying values are reviewed for appropriateness at each balance sheet date.

d) Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Balance Sheet.

2.20 Share-based payments

Certain employees of the Group are granted non-tradable Restricted Stock Units (the "RSU") and Stock Options of Aricent's (the Group's ultimate parent company) shares. These RSU and Stock Options granted to employees vest, subject to certain conditions, over the vesting period. The ultimate parent company allocates to the Group the cost of these Stock Options and RSU granted to the Group's employees. The Group charges off this amount in its Consolidated Statement of Profit and Loss.

2.21 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

2.22 Earnings per share

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

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

2.24 Material events

Material adjusting events occurring after the balance sheet date are taken into cognizance.

2.25 Recent accounting developments

Standards issued but not yet effective:

The Ministry of Corporate Affairs through Companies (Indian Accounting Standard) (Amendments) Rules, 2018 has notified the new and amendments to Ind AS. The amendments are applicable from 1 April 2019 for the Group.

a. Ind AS 116 Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Group is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

b. Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The Group is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

c. Amendment to Ind AS 12, Income taxes

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the financial statements.

d. Amendment to Ind AS 19, plan amendment, curtailment or settlement

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity :
(i) To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
(ii) To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the financial statements.

2.26 Previous year figures have been reclassified to confirm to this year's classification.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

3. Property, plant and equipment and Capital work-in-progress (All amounts in INR million, unless otherwise stated)

| Particulars | Freehold land | Building | Leasehold improvement - Owned | Leasehold improvement - Under finance lease | Plant and equipment | Computer equipments - Owned | Computer equipments - Under finance lease | Furniture and fixtures | Office equipments | Vehicles | Total | Capital work-in-progress |
|---------------------------------|---------------|----------|-------------------------------|---|---------------------|-----------------------------|---|------------------------|-------------------|----------|-------|--------------------------|
| Cost or deemed cost | | | | | | | | | | | | |
| As at 1 April 2017 | 9 | 74 | 968 | 152 | 333 | 2,087 | 97 | 255 | 221 | 4 | 4,200 | 47 |
| Additions | - | - | 5 | - | 6 | 298 | - | 1 | 20 | - | 330 | 377 |
| Disposals | - | - | - | - | 2 | 37 | - | 15 | - | - | 54 | - |
| Assets capitalised | - | - | - | - | - | - | - | - | - | - | - | 410 |
| As at 31 March 2018 | 9 | 74 | 973 | 152 | 337 | 2,348 | 97 | 241 | 241 | 4 | 4,476 | 14 |
| Additions | - | - | 76 | 19 | 24 | 223 | 45 | 25 | 36 | 4 | 452 | 538 |
| Disposals | 9* | 74* | 22 | 122 | 46 | 69 | - | 17 | 25 | - | 384 | - |
| Assets capitalised | - | - | - | - | - | - | - | - | - | - | - | 541 |
| As at 31 March 2019 | - | - | 1,027 | 49 | 315 | 2,502 | 142 | 249 | 252 | 8 | 4,544 | 11 |
| Accumulated depreciation | | | | | | | | | | | | |
| As at 1 April 2017 | - | 12 | 244 | 58 | 140 | 1,182 | 84 | 103 | 118 | 2 | 1,943 | - |
| Charge for the year | - | 6 | 134 | 19 | 72 | 608 | - | 56 | 63 | 1 | 959 | - |
| On disposals | - | - | - | - | - | 37 | - | 14 | - | - | 51 | - |
| As at 31 March 2018 | - | 18 | 378 | 77 | 212 | 1,753 | 84 | 145 | 181 | 3 | 2,851 | - |
| Charge for the year | - | 4 | 110 | 40 | 24 | 371 | 16 | 42 | 25 | 2 | 634 | - |
| On disposals | - | 22* | 16 | 87 | 39 | 69 | - | 17 | 24 | - | 274 | - |
| As at 31 March 2019 | - | - | 472 | 30 | 197 | 2,055 | 100 | 170 | 182 | 5 | 3,211 | - |
| Carrying value | | | | | | | | | | | | |
| As at 31 March 2019 | - | - | 555 | 19 | 118 | 447 | 42 | 79 | 70 | 3 | 1,333 | 11 |
| As at 31 March 2018 | 9 | 56 | 595 | 75 | 125 | 595 | 13 | 96 | 60 | 1 | 1,625 | 14 |

*During the year the Company has sold its land and building to a third party for a consideration of INR 377 million. The amount of INR 315 million is recognised as profit on sale of land and building under other income.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

4. Intangible assets

| Particulars | Goodwill | Software | Trade name | Customer relationships | Non-compete | Customer contract | Total |
|---------------------------------------|--------------|------------|------------|------------------------|-------------|-------------------|---------------|
| Cost or deemed cost | | | | | | | |
| As at 1 April 2017 | 9,355 | 302 | 115 | 1,710 | 83 | 179 | 11,744 |
| Additions | - | 84 | - | - | - | - | 84 |
| Disposals/adjustments | - | - | - | - | - | - | - |
| As at 31 March 2018 | 9,355 | 386 | 115 | 1,710 | 83 | 179 | 11,828 |
| Additions | - | 89 | - | - | - | - | 89 |
| Disposals/adjustments (Refer note 27) | 1,552 | 33 | - | 644 | 31 | 67 | 2,327 |
| As at 31 March 2019 | 7,803 | 442 | 115 | 1,066 | 52 | 112 | 9,590 |
| Amortisation | | | | | | | |
| As at 1 April 2017 | - | 204 | 63 | 353 | 28 | 179 | 827 |
| Charge for the year | - | 73 | 38 | 214 | 17 | - | 342 |
| On disposals | - | - | - | - | - | - | - |
| As at 31 March 2018 | - | 277 | 101 | 567 | 45 | 179 | 1,169 |
| Charge for the year | - | 74 | 13 | 162 | 13 | - | 262 |
| On disposals (Refer note 27) | - | 33 | - | 242 | 19 | 67 | 361 |
| As at 31 March 2019 | - | 318 | 114 | 487 | 39 | 112 | 1,070 |
| Carrying value | | | | | | | |
| As at 31 March 2019 | 7,803 | 124 | 1 | 579 | 13 | - | 8,520 |
| As at 31 March 2018 | 9,355 | 109 | 14 | 1,143 | 38 | - | 10,659 |

Net Book Value

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|-------------------|------------------------|------------------------|
| Goodwill | 7,803 | 9,355 |
| Intangible assets | 717 | 1,304 |
| Total | 8,520 | 10,659 |

Impairment:

Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2019 (31 March 2018: Nil).

5. Loans

| | Non-current as at | | Current as at | |
|---|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Security deposits | | | | |
| Unsecured, considered good | 292 | 320 | 39 | 13 |
| Unsecured, considered doubtful | 15 | 15 | 37 | 43 |
| Less: Provision for doubtful deposits | (15) | (15) | (37) | (43) |
| | 292 | 320 | 39 | 13 |
| Other loans | | | | |
| Unsecured, considered good | | | | |
| Loan to related parties (Refer note 35) | - | - | - | 731 |
| Total | 292 | 320 | 39 | 744 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

6. Other financial assets

| | Non-current as at | | Current as at | |
|---|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Other financial assets (at amortised cost) | | | | |
| Unbilled revenue | - | - | 482 | 454 |
| Earmarked balances with banks* | 41 | - | - | - |
| Interest accrued on bank deposits but not due | - | - | 2 | - |
| Receivable from related parties (Refer note 35) | - | - | - | 306 |
| Other | - | - | 12 | 9 |
| Total other financial assets (at amortised cost) | 41 | - | 496 | 769 |
| Derivative instruments at fair value through profit or loss | | | | |
| Foreign exchange forward and option contracts | - | - | 108 | 59 |
| Total derivative instruments at fair value through profit or loss | - | - | 108 | 59 |
| Derivative instruments designated as hedging instruments at fair value through other comprehensive income | | | | |
| Foreign exchange forward contracts | - | - | 110 | - |
| Total derivative instruments designated as hedging instruments fair value through other comprehensive income | - | - | 110 | - |
| Total | 41 | - | 714 | 828 |

*Represents margin money against various guarantees issued by banks on behalf of the Group. These deposits are not available for use by the Group as it cannot be withdrawn till the guarantee is open.

Break up of financial assets carried at fair value through profit or loss

| | Current as at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Foreign exchange forward and option contracts (Refer note 6) | 108 | 59 |
| Investments in mutual funds (refer note 11) | 204 | - |
| Total | 312 | 59 |

Break up of financial assets carried at amortised cost

| | Non-current as at | | Current as at | |
|---------------------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Loans (Refer note 5) | 292 | 320 | 39 | 744 |
| Trade receivable (Refer note 8) | - | - | 10,187 | 9,959 |
| Cash and cash equivalents (Note 9) | - | - | 1,186 | 602 |
| Other bank balances (Refer note 10) | - | - | 27 | 6 |
| Other financial assets (Refer note 6) | 41 | - | 496 | 769 |
| Total | 333 | 320 | 11,935 | 12,080 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

7. Other assets

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Capital advances: | | | | |
| Others | 394 | 356 | - | - |
| Advances (other than capital advances): | | | | |
| Advance to suppliers | - | - | - | 11 |
| Advances to employee | - | - | 64 | 115 |
| | 394 | 356 | 64 | 126 |
| Balances with government authority | 111 | 116 | 17 | 134 |
| Deferred lease expense on security deposits paid | 60 | 90 | 28 | 33 |
| Prepaid expenses | - | - | 295 | 234 |
| Unbilled revenue | - | - | 259 | 216 |
| Security deposits | 28 | 28 | - | - |
| Others | - | - | 72 | 40 |
| Total | 593 | 590 | 735 | 783 |

8. Trade receivables

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Unsecured, considered good | | |
| Trade receivables - related parties (Refer note 35) | 9,100 | 8,589 |
| Trade receivables - others | 1,087 | 1,370 |
| Unsecured, considered doubtful | | |
| Trade receivables - others | 235 | 144 |
| Less: Provision for doubtful debts | (235) | (144) |
| Total | 10,187 | 9,959 |

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies in which any director interested.

Of the total trade receivables balance 89% as at 31 March 2019 (86% as at 31 March 2018) is due from group companies. There are no external customers who represents more than 10% of the total balance of the trade receivables.

9. Cash and cash equivalents

| | As at | |
|----------------------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Cash and cash equivalents | | |
| Balances with banks: | | |
| - Bank balances | 1,186 | 602 |
| Total | 1,186 | 602 |

10. Other bank balances

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Restricted deposit held as security against guarantees (to mature within 12 months from the reporting date)* | 27 | 6 |
| Total | 27 | 6 |

*Represents margin money against various guarantees issued by banks on behalf of the Group. These deposits are not available for use by the Group as it cannot be withdrawn till the guarantee is open.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

11. Investments

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Investments in mutual funds - quoted carried at fair value through profit and loss | | |
| 34,894.162 units (31 March 2018: Nil) in SBI Liquid Fund Regular - Growth | 102 | - |
| 369,432.968 units (31 March 2018: Nil) in ICICI Prudential Liquid Fund Regular - Growth | 102 | - |
| Carrying value | 204 | - |
| Total | 204 | - |
| Aggregate book value of quoted investments | 200 | - |
| Aggregate market value of quoted investments | 204 | - |

12. Share capital

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Authorised | | |
| 140,000,000 (31 March 2018 – 140,000,000) equity shares of INR 10 each | 1,400 | 1,400 |
| 1,500,000,000 (31 March 2018 – 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each | 15,000 | 15,000 |
| | 16,400 | 16,400 |
| Issued, subscribed and fully paid-up | | |
| 131,196,104 (31 March 2018 - 131,196,104) equity shares of INR 10 each | 1,312 | 1,312 |
| Total | 1,312 | 1,312 |

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---------------------------------|---------------------|----------------|---------------------|----------------|
| | Number | INR in million | Number | INR in million |
| Equity shares | | | | |
| At the commencement of the year | 131,196,104 | 1,312 | 131,196,104 | 1,312 |
| At the end of the year | 131,196,104 | 1,312 | 131,196,104 | 1,312 |

Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of INR 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---------------------|----------------|---------------------|----------------|
| | Number | INR in million | Number | INR in million |
| Equity shares of INR 10 each fully paid up held by | | | | |
| (a) Aricent Holdings Mauritius Limited, Mauritius, the holding company | 105,429,478 | 1,054 | 105,429,478 | 1,054 |
| (b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company | 23,476,578 | 235 | 23,476,578 | 235 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

12. Share capital (continued)
Particulars of shareholders holding more than 5% shares of a class of shares

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---------------------|--------------------------------|---------------------|--------------------------------|
| | Number | % of total shares in the class | Number | % of total shares in the class |
| Equity shares of INR 10 each fully paid up held by | | | | |
| (a) Aricent Holdings Mauritius Limited, Mauritius, the holding company | 105,429,478 | 80.36% | 105,429,478 | 80.36% |
| (b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company | 23,476,578 | 17.89% | 23,476,578 | 17.89% |

There are no bonus issue and buy back of equity shares during the period of five years immediately preceding the reporting date.

13. Other equity

| | As at | |
|---|----------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Capital redemption reserve | | |
| At the commencement of the year | 3,544 | 1,992 |
| Add: Transferred from retained earnings | - | 1,552 |
| At the end of the year | 3,544 | 3,544 |
| Securities premium reserve | | |
| At the commencement of the year | 500 | 500 |
| At the end of the year | 500 | 500 |
| Retained earnings | | |
| At the commencement of the year | 11,282 | 9,163 |
| Add: Profit for the year | 2,080 | 1,993 |
| Add: Transfer of equity portion of preference share capital | - | 1,663 |
| Add: Other comprehensive income | (49) | 15 |
| Less: Transfer to capital redemption reserve | - | (1,552) |
| At the end of the year | 13,313 | 11,282 |
| Cash flow hedge reserve | | |
| At the commencement of the year | | |
| Changes during the year (net) | 70 | - |
| At the end of the year | 70 | - |
| Capital reserve | | |
| At the commencement of the year | - | - |
| Changes during the year (net) | (1,738) | - |
| At the end of the year | (1,738) | - |
| Deemed contribution from parent company | | |
| At the commencement of the year | 33 | 24 |
| Add: Financial guarantee costs for the year | - | 9 |
| At the end of the year | 33 | 33 |
| Foreign currency translation reserve | | |
| At the commencement of the year | 11 | 2 |
| Add: Effects of exchange changes during the year | 61 | 15 |
| Less: Transferred to non controlling interest | (30) | (6) |
| Less: Transferred to capital reserve | (42) | - |
| At the end of the year | - | 11 |
| Total | 15,722 | 15,370 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

13. Other equity (continued)**Nature of reserves****a. Capital redemption reserve**

The Group has recognised capital redemption reserve on redemption of preference shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the preference share redeemed.

b. Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve.

c. Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to capital redemption reserve, dividends or other distributions paid to shareholders.

d. Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

e. Capital reserve

The Group has recorded excess of net assets over non-controlling interest and payment of differential value related to swap of investments under capital reserve (Refer Note 27).

f. Deemed contribution from the parent company

Certain banks have issued bank guarantees on behalf of the Group to various parties such as sales tax department, customers etc. Aricent Technologies, Cayman Islands (intermediate holding company) and Aricent Technologies Mauritius Limited (group company) has issued stand-by letters of credit to these banks on behalf of the Group. As these companies do not charge any amount for issuing such letter of credit, the financial guarantee has been fair valued and has been presented as deemed contribution from the parent company with a corresponding debit in finance cost.

g. Foreign currency translation reserve

For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve.

14. Borrowings

| | Non-current as at | | Current as at | |
|---------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Finance lease obligations | 45 | 38 | 15 | 24 |
| Total | 45 | 38 | 15 | 24 |

Note:

Certain items of leasehold improvements and computer equipments have been obtained on finance lease basis. The total future minimum lease payments at the balance sheet date, the element of interest included in such payments and the present value of these minimum lease payments are as follows:

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| (a) Total future minimum lease payments | 51 | 41 | 19 | 29 |
| (b) Future interest included in (a) above | 6 | 3 | 4 | 5 |
| (c) Present value of future minimum lease payments [(a) - (b)] | 45 | 38 | 15 | 24 |

The maturity profile of finance lease obligations is as follows:

| Period | Minimum lease payments as at | | Present value as at | |
|----------------------------|------------------------------|---------------|---------------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Payable within 1 year | 19 | 29 | 15 | 24 |
| Payable between 1-5 years | 51 | 41 | 45 | 38 |
| Payable later than 5 years | - | - | - | - |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

15. Other financial liabilities

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Other financial liabilities at amortised cost | | | | |
| Employee related liabilities | - | - | 921 | 1,314 |
| Payable towards purchase of property, plant and equipment | - | - | 42 | 77 |
| Security deposits | 15 | 14 | - | - |
| Total other financial liabilities at amortized cost | 15 | 14 | 963 | 1,391 |
| Derivative instruments at fair value through profit or loss | | | | |
| Foreign exchange forward and option contracts | - | - | 15 | 34 |
| Total derivative instruments at fair value through profit or loss | - | - | 15 | 34 |
| Derivative instruments designated as hedging instruments at fair value through other comprehensive income | | | | |
| Foreign exchange forward contracts | - | - | 2 | - |
| Total derivative instruments designated as hedging instruments at fair value through other comprehensive income | - | - | 2 | - |
| Total | 15 | 14 | 980 | 1,425 |

Break up of financial liabilities carried at fair value through profit or loss

| | Non-current as at | | Current as at | |
|---|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Foreign exchange forward and option contracts | - | - | 15 | 34 |
| Total | - | - | 15 | 34 |

Break up of financial liabilities carried at amortised cost

| | Non-current as at | | Current as at | |
|---------------------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Borrowings (Note 14) | 45 | 38 | 15 | 24 |
| Trade payables (Note 19) | - | - | 984 | 1,358 |
| Other financial liabilities (Note 15) | 15 | 14 | 963 | 1,391 |
| Total | 60 | 52 | 1,962 | 2,773 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

16. Provisions

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Provision for employee benefits | | | | |
| Gratuity (Refer note 32) | 1,275 | 1,150 | 104 | 126 |
| Pension plan (Refer note 32) | 215 | 225 | 15 | - |
| Compensated absences | 227 | 218 | 39 | 40 |
| | 1,717 | 1,593 | 158 | 166 |
| Other provisions | | | | |
| Provision for warranty | - | - | 27 | 23 |
| Provision for site restoration | 47 | 28 | 6 | 33 |
| | 47 | 28 | 33 | 56 |
| Total | 1,764 | 1,621 | 191 | 222 |

Movement in provision for warranty and site restorations

| | Provision for warranty | Provision for site restoration |
|------------------------------------|------------------------|--------------------------------|
| As at 1 April 2017 | 19 | 58 |
| Provision made during the year | 4 | 3 |
| Provisions utilized / written back | - | - |
| As at 31 March 2018 | 23 | 61 |
| Provision made during the year | 4 | 3 |
| Provisions utilized / written back | - | 11 |
| As at 31 March 2019 | 27 | 53 |

17. Income tax

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

Profit and Loss section

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Current tax: | | |
| Current tax charge | 1,336 | 1,388 |
| Prior year tax charge | 1 | (65) |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 107 | (164) |
| Income tax expense reported in the Statement of Profit and Loss | 1,444 | 1,159 |

Other Comprehensive Income (OCI) section

Deferred tax related to items recognised in OCI during the year :

| Particulars | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Net loss/(gain) on remeasurements of defined benefit plans | (19) | 5 |
| Effective portion of cash flow hedges | 38 | - |
| Income tax charged to OCI | 19 | 5 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

17. Income tax (continued)
Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2019 and 31 March 2018:

| Particulars | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Accounting profit before income tax | 3,578 | 3,097 |
| At statutory income tax rate of 34.944% (31 March 2018: 34.608%) | 1,250 | 1,072 |
| Adjustments in respect of current income tax of previous years | (1) | (65) |
| Deferred tax adjustments as per tax return of prior years | 18 | (34) |
| Tax exemption u/s 10AA | (37) | (13) |
| Tax deduction u/s 80G | (18) | (5) |
| Standard deduction | - | (2) |
| Differences in tax rates | (29) | (13) |
| Other non-deductible expenses for tax purpose | 261 | 219 |
| Income tax reported in the Statement of Profit and Loss | 1,444 | 1,159 |

Deferred tax

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Deferred tax asset relates to the following: | | |
| Provision for employee benefits | 631 | 599 |
| Receivables and financial assets carried at amortised cost | 77 | 66 |
| Property, plant and equipment | 201 | 297 |
| Other non-current liabilities | 27 | 23 |
| Others | 1 | 20 |
| Total deferred tax asset (A) | 937 | 1,005 |
| Deferred tax liability relates to the following: | | |
| Goodwill | 2,873 | 2,796 |
| Intangible assets | 207 | 418 |
| Cash flow hedge | 72 | 10 |
| Total deferred tax liabilities (B) | 3,152 | 3,224 |
| Deferred tax liabilities recognised (net) (C = (B-A)) | 2,215 | 2,219 |

Current tax liabilities

| | Non-current as at | | Current as at | |
|--|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Provision for income tax [net of advance tax INR 8,149 million (31 March 2018: INR 6,048 million)] | 271 | 258 | - | - |
| Current tax liabilities [net of advance tax nil (31 March 2018: INR 862 million)] | - | - | - | 338 |
| | 271 | 258 | - | 338 |

Current tax assets

| | Non-current as at | | Current as at | |
|---|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Advance tax [net of provision INR 150 million (31 March 2018: INR 139 million)] | 129 | 101 | - | - |
| Advance tax [net of provision nil (31 March 2018: INR 392 million)] | - | - | - | 166 |
| | 129 | 101 | - | 166 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

17. Income tax (continued)

The movement in net deferred tax asset / (liability) has been recorded through the Statement of Profit and Loss, except deferred tax asset related to remeasurements of defined benefit plans, amounting to INR 19 million (31 March 2018: reversal of deferred tax asset of INR 5 million) created through OCI; and deferred tax liability related to cash flow hedge reserve, amounting to INR 38 million (31 March 2018: nil) created through OCI.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Group will be able to realise the benefits of those deductible differences in future.

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company would ensure documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by such date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

18. Other liabilities

| | Non-current as at | | Current as at | |
|----------------------------|-------------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Lease equalization reserve | 47 | - | - | - |
| Statutory liabilities | - | - | 321 | 507 |
| Unearned revenue | - | - | 12 | 89 |
| Advances from customers | - | - | - | 59 |
| Deferred rent | 1 | 2 | 2 | 2 |
| Other liabilities | 41 | 262 | 73 | 103 |
| Total | 89 | 264 | 408 | 760 |

19. Trade payables

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Trade payables | | |
| - Due to micro and small enterprises* | 2 | - |
| - Due to related parties (refer note 35) | 336 | 527 |
| - Others | 646 | 831 |
| Total | 984 | 1,358 |

*The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties can be identified on the basis of information available with the Group. There are no overdue amounts payable to parties on account of the principal amounts and/or interest.

20. Revenue from operations

| | Year ended | |
|-------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Software services | 23,841 | 23,802 |
| Software products | 153 | 230 |
| Total | 23,994 | 24,032 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

20. Revenue from operations (continued)
Disaggregated Revenue Information

The table below presents disaggregated revenues from contracts with customers by contract-type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

| Type of Contracts | Year ended | |
|-------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Fixed Price | 3,066 | 2,720 |
| Time and Material | 20,775 | 21,082 |
| Product License | 112 | 185 |
| Maintenance | 41 | 45 |
| Total | 23,994 | 24,032 |

Trade Receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year, the Group recognized revenue of INR 66 million arising from opening unearned revenue as of 1 April 2018.

During the year, INR 194 million of unbilled revenue pertaining to fixed price development contracts as of 1 April 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in IND AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where revenue is equal to the invoicing to the customer. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2019, other than those meeting the exclusion criteria mentioned above, is INR 746 million. Out of this, the Group expects to recognize revenue of around 96% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile IND AS 18 Revenue standard instead of IND AS 115 Revenue from Contract with Customers on the financials results of the Group for the year is insignificant. On account of adoption of IND AS 115, as at 31 March 2019, unbilled revenues of INR 259 million (31 March 2018: INR 213 million) has been considered as a non-financial asset.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

21. Other income

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Liabilities/provisions no longer required written back | 50 | 7 |
| Interest income (Refer note (i) below) | 83 | 88 |
| Reimbursements | 22 | - |
| Rent income | 46 | 23 |
| Interest on income tax refund | 13 | 17 |
| Gain on sale of current investment (net) | 6 | 1 |
| Fair value gain on current investment | 4 | - |
| Gain on sale of property, plant and equipment (net) | 299 | 16 |
| Exchange gain (net) | 113 | 475 |
| Gain on liquidation of subsidiary | - | 6 |
| Miscellaneous income | 14 | 6 |
| Total | 650 | 639 |

Notes:

- (i) Interest income comprises of:

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Unwinding of discount on security deposits | 46 | 31 |
| Interest income on bank deposits | 15 | 3 |
| Interest income on loan to related party (Refer note 35) | 22 | 54 |
| Total | 83 | 88 |

22. Employee benefits expense

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Salaries and wages | 14,966 | 14,699 |
| Contributions to provident and other funds* | 763 | 676 |
| Share based payments to employees | - | 250 |
| Staff welfare expenses | 241 | 244 |
| Total | 15,970 | 15,869 |

*Contributions amounting to INR 485 million (31 March 2018: INR 434 million) made by the Group towards various defined contribution plans.

23. Finance costs

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Interest on finance lease arrangements | 4 | 21 |
| Interest on loan from related parties (Refer note 35) | - | 5 |
| Interest on income tax | 1 | 33 |
| Financial guarantee cost | - | 9 |
| Interest accretion on security deposit received | 2 | 1 |
| Unwinding of discount | | |
| - on liability portion of convertible preference shares | - | 166 |
| - on asset restoration obligation | 3 | 3 |
| Total | 10 | 238 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

24. Depreciation and amortisation expense

| | Year ended | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Depreciation of property, plant and equipment (refer note 3) | 634 | 959 |
| Amortisation of intangible assets (refer note 4) | 262 | 342 |
| Total | 896 | 1,301 |

25. Other expenses

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Consumption of stores and spares | 13 | 8 |
| Power and fuel | 260 | 271 |
| Rent | 792 | 787 |
| Repairs and maintenance | | |
| - Building | 240 | 192 |
| - Plant and equipments | 308 | 287 |
| - Others | 19 | 46 |
| Insurance | 17 | 20 |
| Rates and taxes | 8 | 18 |
| Communication expenses | 120 | 125 |
| Travelling and conveyance | 747 | 749 |
| Training expenses | 39 | 66 |
| Recruitment expenses | 41 | 57 |
| Software development consultancy | 747 | 427 |
| Legal and professional charges | 258 | 349 |
| Expenditure on corporate social responsibility (Refer note (i) below) | 59 | 56 |
| Bank charges | 8 | 6 |
| Auditors' remuneration (Refer note (ii) below) | 5 | 5 |
| Provision for doubtful receivables (net) | 91 | 101 |
| Provision for doubtful deposits and advances | 3 | 35 |
| Provision for warranty | 4 | 4 |
| Corporate charges | - | 142 |
| Miscellaneous expenses | 411 | 415 |
| Total | 4,190 | 4,166 |

(i) Details of corporate social responsibility expenditure

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Amount required to be spent as per section 135 of the Companies Act, 2013 | 59 | 60 |
| Promoting education including special education and employment enhancing vocational skills | | |
| Project 1 - Aricent Employability Enhancement Programme - NPTEL, IIT Madras | 11 | 14 |
| Project 2 - Aricent Employability Enhancement Programmes - NASSCOM Foundation | 32 | 40 |
| Project 3 - Arise ToT Master Coach Development Programmes - NASSCOM Foundation and Quest Alliance | 4 | - |
| Project 4 - Arise Women Empowerment Program - NASSCOM Foundation | 3 | - |
| Project 5 - Arise Trans(forming) Lives Program - Best Practices with Solidarity Foundation | 3 | - |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

25. Other expenses (continued)

| | | |
|---|-----------|-----------|
| Project 6 - Arise Roshni ka Safar Program- National Association for the Blind | 2 | - |
| Donation to - Kerala Relief fund - Prime Minister's National Relief Fund | 1 | - |
| Other expenses | 3 | 2 |
| Total | 59 | 56 |

(ii) Payments to the auditors comprises (net of input tax credit, where applicable):

| | Year ended | |
|---------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Statutory audit fee | 3 | 3 |
| Tax audit fee | 1 | - |
| Other services | 2 | 2 |
| Total | 6 | 5 |

26. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | Year ended | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Profit attributable to equity holders for basic earnings | 2,080 | 1,993 |
| Weighted average number of equity shares for basic EPS (in million) | 131 | 131 |
| Basic EPS (absolute value in INR) | 16 | 15 |
| Diluted EPS (absolute value in INR) | 16 | 15 |

27. Group information**Information about subsidiaries**

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

| Name | Principal activities | Country of incorporation | % of equity interest as at | |
|---|----------------------|--------------------------|----------------------------|---------------|
| | | | 31 March 2019 | 31 March 2018 |
| Aricent Mauritius Engineering Services PCC | Chip design services | Mauritius | - | 50.30 |
| Aricent Technologies Private Limited | Chip design services | India | 100.00 | 50.30 |
| Aricent N.A. Inc. | Chip design services | United States | - | 50.30 |
| SmartPlay Technologies (Singapore) Pte. Limited | Chip design services | Singapore | - | 50.30 |
| SmartPlay Technologies (Canada) Limited | Chip design services | Canada | - | 50.30 |

During the year the Group for the purpose of achieving operational efficiencies, synergies, management effectiveness and focus on strengthening Indian operations has disinvested its entire stake of 50.3% in Aricent Mauritius Engineering Services PCC ("AMES") by way of swap of shares wherein AMES bought its entire shares held by ATHL in accordance with prevailing laws of Mauritius; and that the consideration for the shares so bought back by AMES was discharged by way of transfer of shares held by AMES in its wholly owned subsidiary Aricent Technologies Private limited ("ATPL"). With respect to differential value arrived on the basis of valuation report, the Group remitted USD 2,390,000 to AMES. This transaction was effected on August 8, 2018. Consequently, the Group has derecognized the net assets as on August 7, 2018 of consolidated AMES (excluding net assets of ATPL), and 100% of the carrying value of non-controlling interest as on August 7, 2018 in the Group's Consolidated Financial Statements. The excess of net assets over non-controlling interest and payment of differential value of USD 2.39 million is recorded directly in equity under capital reserve.

Holding company

The holding company of Aricent Technologies (Holdings) Limited is Aricent Holdings Mauritius Limited which is incorporated in the Republic of Mauritius. The ultimate holding company of Aricent Technologies (Holdings) Limited is Altran Technologies which is incorporated in France.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

28. Statutory group information

| Name of the entity in the Group | Net Assets, i.e., total assets minus total liabilities | | Share in profit/(loss) | | Share in other comprehensive income/(loss) | | Share in total comprehensive income/(loss) | |
|--|--|---------------|------------------------------------|--------------|--|-------------|--|--------------|
| | As % of consolidated net assets | INR million | As % of consolidated profit/(loss) | INR million | As % of consolidated other comprehensive income/(loss) | INR million | As % of consolidated total comprehensive income/(loss) | INR million |
| Parent | | | | | | | | |
| Aricent Technologies (Holdings) Limited | | | | | | | | |
| Balance as at 31 March 2019 | 96% | 18,521 | 94% | 2,046 | 116% | 24 | 94% | 2,070 |
| Balance as at 31 March 2018 | 91% | 16,451 | 97% | 2,043 | 53% | 9 | 97% | 2,052 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| 1. Aricent Technologies Private Limited | | | | | | | | |
| Balance as at 31 March 2019 | 4% | 806 | 6% | 131 | (16%) | (3) | 6% | 128 |
| Balance as at 31 March 2018 | 4% | 678 | 2% | 57 | 47% | 8 | 3% | 65 |
| Foreign | | | | | | | | |
| 1. Aricent Mauritius Engineering Services PCC | | | | | | | | |
| Balance as at 31 March 2019 | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | 4% | 795 | 2% | 38 | - | - | 2% | 38 |
| 2. Aricent N.A. Inc. | | | | | | | | |
| Balance as at 31 March 2019 | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | 1% | 127 | (1%) | (29) | - | - | (1%) | (29) |
| 3. SmartPlay Technologies (Singapore) Pte. Limited | | | | | | | | |
| Balance as at 31 March 2019 | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | 0% | (5) | 0% | (0) | - | - | - | (0) |
| 4. SmartPlay Technologies (Canada) Limited | | | | | | | | |
| Balance as at 31 March 2019 | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | 0% | (1) | - | (0) | - | - | - | (0) |
| Total - 31 March 2019 | 100% | 19,327 | 100% | 2,177 | 100% | 21 | 100% | 2,198 |
| Total - 31 March 2018 | 100% | 18,045 | 100% | 2,108 | 100% | 17 | 100% | 2,125 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

28. Statutory group information (continued)

| Name of the entity in the Group | Net Assets, i.e., total assets minus total liabilities | Share in profit and loss | Share in other comprehensive income and loss | Share in total comprehensive income and loss |
|--|---|-----------------------------|--|--|
| | INR million | INR million | INR million | INR million |
| Adjustment arising out of consolidation (A) | | | | |
| As at 31 March 2019 | (2,293) | (43) | 61 | 18 |
| As at 31 March 2018 | (189) | (171) | 15 | (156) |
| Minority interest (B) | | | | |
| Indian subsidiary | | | | |
| Aricent Technologies Private Limited | | | | |
| Balance as at 31 March 2019 | - | - | - | - |
| Balance as at 31 March 2018 | (337) | (29) | (4) | (33) |
| Foreign subsidiary | | | | |
| Aricent Mauritius Engineering Services PCC | | | | |
| Balance as at 31 March 2019 | - | - | - | - |
| Balance as at 31 March 2018 | (395) | (19) | - | (19) |
| Aricent N.A. Inc. | | | | |
| Balance as at 31 March 2019 | - | - | - | - |
| Balance as at 31 March 2018 | (63) | 14 | - | 14 |
| SmartPlay Technologies (Singapore) Pte. Limited | | | | |
| Balance as at 31 March 2019 | - | - | - | - |
| Balance as at 31 March 2018 | 2 | - | - | - |
| SmartPlay Technologies (Canada) Limited | | | | |
| Balance as at 31 March 2019 | - | - | - | - |
| Balance as at 31 March 2018 | - | - | - | - |
| Total (B) - 31 March 2019 | - | - | - | - |
| Total (B) - 31 March 2018 | (793) | (34) | (4) | (38) |
| Other consolidation adjustment attributable to Non controlling interest (C) | | | | |
| Balance as at 31 March 2019 | - | (54) | (30) | (84) |
| Balance as at 31 March 2018 | (381) | 90 | 6 | 96 |
| Total - 31 March 2019 (D = B+C) | - | 54 | 30 | 84 |
| Total - 31 March 2018 (D = B+C) | (1,174) | (56) | (2) | (58) |
| Consolidated net assets/ profit | | | | |
| As at 31 March 2019 | 17,034 | 2,080 | 52 | 2,132 |
| As at 31 March 2018 | 16,682 | 1,993 | 34 | 2,027 |

29. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

29. Significant accounting judgements, estimates and assumptions (continued)
Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Determination of functional currency

The determination of functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. In determining the functional currency, judgement is required to determine the currency that mainly reflects the economic substance of the underlying economic event.

(b) Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired, and liabilities and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 37 for further disclosures.

(c) Income taxes

The Group is subject to income tax laws as applicable in India and other countries. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Deferred taxes

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Group will be able to realise the benefits of those deductible differences in future.

(e) Estimation of defined benefits and compensated leave of absence

The present value of the gratuity, pension and leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

29. Significant accounting judgements, estimates and assumptions (continued)

of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity and leave encashment obligations are given in Note 32.

30. Operating lease commitments

The Group leases certain facilities under non-cancellable operating leases. Rental expenses for operating leases for the year ended 31 March 2019 is INR 792 million (31 March 2018: INR 787 million). The operating leases expire in various years through January 2023.

Expected future minimum commitments for non-cancellable leases are as follows:

| | As at | |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Within one year | 88 | 94 |
| After one year but not more than five years | 113 | 120 |
| More than five years | - | - |

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the year ended 31 March 2019 is INR 57 million (31 March 2018: INR 92 million).

31. Derivatives**Derivatives not designated as hedging instruments**

The Group manages foreign currency exchange rate risk through the use of derivative financial instruments comprised of forwards contracts and option contracts. All such derivative financial instruments are reported in the balance sheets at fair value with the changes in fair value of the derivative financial instrument recognised in the Statement of Profit and Loss for derivatives not designated as hedging instruments; and in other comprehensive income for derivatives designated as hedging instruments. The Group does not use derivative financial instruments for trading or speculative purposes.

During the year ended 31 March 2019 (31 March 2018: Nil) the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecast sale transactions. The underlying hedged transactions for balance in cash flow hedge reserve as at 31 March 2019 are expected to occur and reclassified to the statement of profit and loss within 12 months.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging investment, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The total gross notional amount by type of derivative financial instruments as of 31 March 2019 is as follows:

Forward Contracts Outstanding

(Amounts in millions)

| | Currency to Sell | Notional Coverage | US Dollars |
|---|---------------------|----------------------|---------------|
| US dollar (contracts to sell USD/buy INR) | | | |
| - designated as hedging instruments | USD | INR 6,045 | 83 |
| - not designated for hedge instruments | USD | INR 7,851 | 113 |

Option/Range Forward Contracts Outstanding

(Amounts in millions)

| | Currency to Sell | Notional Coverage | US Dollars |
|--|---------------------|----------------------|---------------|
| US Dollars (contracts to sell USD/buy INR) | | | |
| - not designated for hedge instruments | USD | INR 421 | 6 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

31. Derivatives (continued)

The total gross notional amount by type of derivative financial instruments as of 31 March 2018 is as follows:

Forward Contracts Outstanding

(Amounts in millions)

| | Currency to Sell | Notional Coverage | US Dollars |
|---|-----------------------------|------------------------------|-----------------------|
| US dollar (contracts to sell USD/buy INR) | | | |
| - not designated for hedge instruments | USD | INR 12,589 | 191 |

Option/Range Forward Contracts Outstanding

(Amounts in millions)

| | Currency to Sell | Notional Coverage | US Dollars |
|--|-----------------------------|------------------------------|-----------------------|
| US Dollars (contracts to sell USD/buy INR) | | | |
| - not designated for hedge instruments | USD | INR 292 | 5 |

The movement in cash flow hedging reserve for derivatives designated as hedging instruments is as follows:

| | 31 March 2019 | 31 March 2018 |
|---|----------------------|----------------------|
| Balance at the beginning of the year | - | - |
| Change in the fair value of effective portion of cash flow hedges - (gain)/loss | (92) | - |
| Deferred tax on fair value of effective portion of cash flow hedges | 32 | - |
| Gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions | (16) | - |
| Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | 6 | - |
| Balance at the end of the year | (70) | - |

Net foreign exchange gains include loss of INR 16 million and INR nil transferred from cash flow hedging reserve for the years ended 31 March 2019 and 2018, respectively.

Net gain on derivative instruments of INR 108 million recognised in cash flow hedging reserve as at 31 March 2019, is expected to be transferred to the Statement of Profit and Loss by 31 March 2020. The maximum period over which the exposure to cash flow variability has been hedged is through 31 March 2020.

32. Employee benefits
Defined benefit obligation
(i) Provident fund

The Company makes contributions to the Aricent Employees Provident Fund Trust ("the Trust"), under the rules of this scheme, the Company is required to contribute a specified percentage of payroll costs to the fund. During the year, the Company's contribution under this scheme amounted to INR 272 million (31 March 2018: INR 242 million).

The total liability under the Trust as at 31 March 2019 amounts to INR 6,295 million (31 March 2018: INR 5,469 million) as against total assets of INR 6,555 million (31 March 2018: INR 5,719 million). The funds of the Trust have been invested under various securities as prescribed under the rules of the Trust.

In accordance with the applicable accounting interpretations, employer established provident fund trusts are treated as defined benefits plans, since the Company is obliged to meet the interest shortfall, if any, with respect to covered employees. According to an actuarial valuation, the defined benefit obligation of the interest rate guarantee on the provident fund in respect of employees of the Company as at 31 March 2019 works out to Nil and hence no amount is required to be provided for the guarantee given to meet notified interest rates.

Actuarial assumptions made to determine the interest rate guarantee on provident fund liabilities are as follow:

| | As at | |
|--------------------------|----------------------|----------------------|
| | 31 March 2019 | 31 March 2018 |
| Rate of discounting | 7.20% | 7.50% |
| Rate of return on assets | 8.55% | 8.55% |
| Long term EPFO rate | 8.65% | 8.55% |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

32. Employee benefits (continued)

(ii) Other defined benefit obligation

The components of the Gratuity plan and Pension plan benefit obligations are shown below:

Present value of defined benefit obligation

| | Gratuity plan | | Pension plan | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Balance as at the beginning of the year | 1,304 | 1,184 | 225 | 199 |
| Current service cost | 172 | 170 | 1 | 1 |
| Past Service cost | - | 3 | - | - |
| Interest cost | 104 | 80 | 3 | 3 |
| Benefits paid | (199) | (113) | (3) | (4) |
| Exchange gain | - | - | (9) | 33 |
| Actuarial (gain)/loss | 57 | (20) | 13 | (7) |
| Balance as at the end of the year | 1,438 | 1,304 | 230 | 225 |

Fair value of plan assets

| | Gratuity plan | | Pension plan | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Balance as at the beginning of the year | 28 | 78 | - | - |
| Expected return on plan assets | 1 | 4 | - | - |
| Contributions | 210 | 50 | - | - |
| Benefits paid | (182) | (99) | - | - |
| Actuarial gain/(loss) | 2 | (5) | - | - |
| Balance as at the end of the year | 59 | 28 | - | - |

The reconciliation of the present value of obligations and the fair value of plan assets to the assets and liabilities is as below:

| | Gratuity plan | | Pension plan | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Fair value of plan assets as at the end of the year* | 59 | 28 | - | - |
| Present value of defined benefit obligations as at end of the year | 1,438 | 1,304 | 230 | 225 |
| Liability recognised in the Balance Sheet as at the end of the year | 1,379 | 1,276 | 230 | 225 |
| Non-current | 1,275 | 1,150 | 215 | 225 |
| Current | 104 | 126 | 15 | - |

* Plan assets are invested in bank balances and under schemes of insurance.

The net gratuity and pension cost for the below mentioned years is as follows:

| | Gratuity plan | | Pension plan | |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Current service cost | 172 | 170 | 1 | 1 |
| Past Service cost | - | 3 | - | - |
| Interest cost | 104 | 80 | 3 | 3 |
| Expected return on plan assets | (1) | (4) | - | - |
| Net actuarial (gain)/loss | 55 | (15) | 13 | (7) |
| Total | 330 | 234 | 17 | (3) |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

32. Employee benefits (continued)
Amount recognised in statement of profit and loss:

| | Gratuity plan | | Pension plan | |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Current service cost | 172 | 170 | 1 | 1 |
| Past Service cost | - | 3 | - | - |
| Net interest expense | 103 | 76 | 3 | 3 |
| Total | 275 | 249 | 4 | 4 |

Amount recognised in other comprehensive income:

| | Gratuity plan | | Pension plan | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Actuarial (gain)/ loss on obligations | 57 | (20) | 13 | (7) |
| Return on plan assets (excluding amounts included in net interest expense) | (2) | 5 | - | - |
| Total | 55 | (15) | 13 | (7) |

Actuarial assumptions

| | Gratuity plan | | Pension plan | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Discounting rate | 7.20% | 7.50% | 1.00% | 1.60% |
| Future salary increase | 8.00% | 8.00% | 2.50% | 2.50% |

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

The following payments are expected contributions to the defined benefit plan in future years:

| | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Within the next 12 months (next annual reporting period) | 178 | 161 |
| Between 2 and 5 years | 843 | 770 |
| Between 5 and 10 years | 1,174 | 1,134 |
| Total | 2,195 | 2,065 |

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

| | Discount rate | | Salary escalation rate | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Effect on DBO due to 0.25% increase | (25) | (22) | 26 | 24 |
| Effect on DBO due to 0.25% decrease | 26 | 24 | (25) | (22) |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

33. Share based payments**a. Stock options****Description of the plan**

Certain employees of the Company were granted non-tradable Stock Options and Restricted Stock Units of Aricent's (the Company's erstwhile ultimate parent company) shares. These Stock Options granted to employees vest, subject to certain conditions, over the vesting period. The plan was discontinued during year ended 31 March 2018. During the previous year ended 31 March 2018, the ultimate parent company has allocated INR 246 million to the Company with respect to cost of these Stock Options granted to the Company's employees. The Group has charged off this amount in its Statement of Profit and Loss.

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the previous year:

| | Year ended 31 March 2018 | |
|---------------------------|---------------------------------|--------------------|
| | Number | WAEP in INR |
| Outstanding at 1 April | 9,795,314 | 73.52 |
| Opening adjustment | 342,940 | |
| Granted during the year | 40,000 | 105.31 |
| Forfeited during the year | (4,449,467) | 82.47 |
| Exercised during the year | (610,100) | 68.96 |
| Expired during the year | (5,118,687) | 64.53 |
| Outstanding at 31 March | - | - |
| Exercisable at 31 March | - | - |

There is no weighted average remaining contractual life for the share options outstanding as at 31 March 2019 and 31 March 2018.

The weighted average fair value of options granted during the year Nil (31 March 2018: INR 39.45).

The range of exercise prices for options outstanding at the end of the year was Nil (31 March 2018 Nil).

The following tables list the inputs to the models used for the plan for the previous years.

| | As at 31 March 2018 |
|---|----------------------------|
| Dividend yield (%) | 0% |
| Expected volatility (%) | 34.37% |
| Risk-free interest rate (%) | 1.85% |
| Expected life of share options/SARs (years) | 6.35 |
| Weighted average share price (INR) | 105.31 |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

b. Restricted stock units

The plan was discontinued during year ended 31 March 2018. During the year ended 31 March 2018 the erstwhile ultimate parent company allocated INR 4 million of expense to the Company with respect to cost of Restricted Stock Units granted to the Company's employee. The Company has charged off this amount in its Statement of Profit and Loss.

Movement of restricted stock units during the previous year:

| | 31 March 2018 | 31 March 2018 |
|--------------------------------|----------------------|----------------------|
| | Number | WAEP |
| Non vested as at 1 April 2017 | 20,000 | 107 |
| Opening adjustment | 20,000 | |
| Awarded | - | - |
| Vested | (20,000) | 105 |
| Forfeited | (20,000) | 105 |
| Non vested as at 31 March 2018 | - | - |

The weighted average remaining contractual life for the Restricted Stock units outstanding as at 31 March 2018: Nil.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

34. Commitments and contingencies

- a. **Capital commitments:** The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to INR 24 million (previous year INR 39 million).
- b. **Other commitments:** The Company has other commitments for purchase/sale orders which are issued after considering requirements in accordance with the operating cycle, for purchase/sale of goods and services and for employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts which might have a material impact on the financial statements.
- c. **Claims disputed by the Group:**

| | As at | |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Income tax matters [gross of INR 82 million (31 March 2018: INR 7 million) paid under protest] | 3,753 | 3,345 |
| Other claims | | |
| Customs duty | - | 8 |
| Sales tax matters [gross of INR 4 million (31 March 2018: INR 4 million) paid under protest] | 7 | 7 |

Based on legal opinion and judicial precedents, the management is of the view that the above mentioned litigations are not legally tenable and no provisions are required.

d. Bangalore campus matters

The Company in 2003 had executed an Agreement with a landowner and a developer ("Developer"), for the development, lease and purchase of land facility ("Property") at Bangalore. Under said Agreement, the Company had an option to purchase the Property, after completion of two years of lease term. The Company took possession of the Property, but formal lease deed was not executed between the parties. In 2005, the Developer filed a suit to evict the Company and to recover arrears of rent and damages (2005 Suit). In 2007, the Company filed suit for specific performance for acquisition of property (2007 Suit) as per terms of the original Agreement. In 2010, the Developer filed another eviction suit and claimed damages (2010 Suit) related to portion of property acquired by it from landowner in 2010. All these suits were consolidated by the City Civil Court, Bangalore and underwent trial for many years of protracted litigation and were adjudicated against Company on each of the 2005, 2007 and 2010 suits vide Orders dated April 13, 2016. In these rulings, the City Civil Court held that the Company was not entitled to specific performance of the purchase option in the Agreement and also ordered to pay arrears of rent and damages and to vacate the Property.

Against the said Orders dated April 13, 2016 in 2005 suit, 2007 suit and 2010 suit, the Company filed three Appeals at the Hon'ble High Court of Karnataka. In the two appeals against the Orders in 2005 Suit and 2010 Suit, the Company sought protection against Eviction Order and also against the damages awarded against the Company. Third appeal was filed against the Order in 2007 suit, wherein Company's suit for specific performance for execution of sale deed in favour of the Company was dismissed. The Hon'ble High Court admitted Company's all appeals and also granted an interim injunction (stay) against impugned eviction Orders dated April 13, 2016, subject to payment of an amount as ordered by the City Civil Court to the Developer. The Company paid INR 331 Million to the Developer as per the Orders of the Hon'ble High Court. In compliance of Hon'ble High Court Orders, the Company is also making monthly payment of an amount equivalent to INR 2 Million to the Developer. However, all the amount paid/payable to the Developer (i.e. initial amount and the monthly payments) are subject to final outcome of the Appeals filed by the Company. In August 2018, the Company has received copies of the cross Appeals filed by the Developer against the Orders dated April 13, 2016 passed in 2005 suit and 2010 suit, seeking damages at the higher rate as against the rate granted by the City Civil Court in the Orders dated April 13, 2016.

Based on legal opinion, the Company believes that it has a good case and possibility of resolution of the matter against the Company is remote. Further, the Company does not believe that the resolution of these matters will have a material adverse effect on the Company's Statement of Balance Sheet or Statement of Profit and Loss, or Statement of Cash Flows.

e. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of India demanding service tax on reimbursements made by the Company to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for Company's employees traveling abroad from fiscal year 2007 through 2010. Additionally, in the above notices the service tax authorities have included all amounts incurred in the foreign currency by Company, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, the Company has received similar notices covering the period April 2010 to June 2017. The total tax for such years stands at INR 2,548 million. This amount does not include interest which is approximately INR 3,641 million upto 31st March 2019.

For years upto 2014 the Company has also received orders from Commissioner of Service Tax confirming above tax demand and also imposing interest and a penalty equivalent to 100% of service tax demanded. The Company has filled Appeal with the tribunal (CESTAT) against the above order from Commissioner of Service Tax.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

34. Commitments and contingencies (continued)

In April 2017, the CESTAT has issued order granting stay of demand for the fiscal years 2007 to 2012 till disposal of appeal. In respect of demand determined for FY13 and FY14, pursuant to amendment in law the Company made a mandatory pre-deposit of INR 49 million before filing appeal before the CESTAT. The recovery of balance amount is stayed till disposal of appeal.

For the period April 2014 to June 2017 the Service tax authorities have only issued show cause notice and the Company has filed response before the Commissioner of Service Tax against the same. The proposed tax demands in such notice is for INR 373 million which is included in total tax mentioned above.

The service tax department claims these services in above mentioned years qualify as an import of service and that under Section 66A/66B of the Finance Act of India, a service tax is due and owing. The Company believes that Section 66A/66B is not applicable and accordingly no service tax and consequently no interest is due on these particular services. Since the Company has not suppressed any facts, it is the Company's position based on legal advice that tax authorities case for penalty would not sustain. Based on legal advice, judicial precedents and reply being filed by legal counsel which supports the Company's position, the Company is of the view that outcome of this matter will not have a material adverse effect on the Company's Balance Sheet, Statement of Profit and Loss or Cash Flow Statement.

35. Related party transactions

In the normal course of business, the Group enters into transactions at arm's length with affiliated companies, its ultimate holding company and key managerial personnel.

The names of the related parties of the Group and the nature of relationship is as follows:

| S.No. | Nature of relationship | Name of the party |
|-------|---|---|
| a. | Holding company | Aricent Holdings Mauritius Limited |
| b. | Enterprise having substantial interest in the Group | Altran Technologies (Ultimate holding company w.e.f. 20 March 2018) Aricent (Ultimate holding company upto 19 March 2018) Aricent Holdings (upto 19 March 2018) Aricent Technologies |
| c. | Fellow subsidiaries and other companies which do not exercise control or significant influence over the Group | Aricent Holdings Mauritius India Limited Aricent Technologies Mauritius Ltd. Aricent Technologies Australia Pvt Ltd Aricent US Inc. Aricent Mauritius Engineering Services PCC [w.e.f. 8 August 2018] Aricent N.A. Inc. [w.e.f. 8 August 2018] SmartPlay Technologies (Singapore) Pte Limited [w.e.f. 8 August 2018] SmartPlay Technologies (Canada) Limited [w.e.f. 8 August 2018] Altran Deutschland S.A.S & Co. KG Altran Technologies India Pvt. Ltd Altran US Corp Aricent Technologies Malaysia SDN BHD Frog Design BV Frog Design Group UK Ltd Frog Design Srl Aricent Technologies UK Limited Aricent Technologies US Inc. Frog Design, Inc. Aricent Software US Inc. Aricent Holdings Luxembourg S.a.r.l. Aricent Technologies Sweden AB Aricent Vietnam Company Ltd. Aricent Poland Sps Z.O.O Frog Industrial Design (Shanghai) Company Limited Frog Design Europe GmbH |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

35. Related party transactions (continued)

| S.No. | Nature of relationship | Name of the party |
|-------|------------------------------|---|
| | | Aricent Belgium SPRL |
| | | Aricent Technology (Shenzhen) Co Limited |
| | | Aricent Japan Limited |
| | | Aricent Israel Ltd. |
| | | Aricent Ireland Private Ltd. |
| | | Aricent Spain S.L.U., Spain |
| d. | Key managerial personnel | Whole time directors: Ashwani Lal Krishna Chandra Reddy (with effect from 14 August 2018) Gajendra Singh Chowhan (resigned from the board effectively from 6 July 2018) Independent directors: Vinay Mittal Nipun Gupta Others: Mr. Parveen Jain (Company Secretary) Anurag Khanna (CFO effectively from 12 February 2016 and resigned effectively from 10 August 2017) Jitendra Grover (CFO effectively from 10 August 2017) |
| e. | Trusts set-up by the Company | Aricent Employees Provident Fund Trust Aricent Technologies Gratuity Trust Aricent Technologies Superannuation Trust |

Disclosure of transactions between the Group and related parties and the status of outstanding balances are as under:

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| a. Holding company | | |
| Transactions during the year | | |
| Redemption of redeemable optionally convertible preference shares | - | 1,552 |
| b. Fellow subsidiaries and other companies which do not exercise control or significant influence over the Group | | |
| Transactions during the year | | |
| Revenue from operations | 17,256 | 16,968 |
| Expenses (Software development consultancy) | 333 | 2 |
| Expenses incurred by related parties on behalf of the Group | 65 | 108 |
| Expenses incurred by the Group on behalf of related parties | 401 | 363 |
| Purchase of property, plant and equipment by the Group on behalf of related parties | 41 | 28 |
| Loan from related parties repaid | - | 97 |
| Loan to related parties | - | 29 |
| Interest expense on loan from related parties | - | 5 |
| Interest income on loan to related parties | 22 | 54 |
| Balance outstanding as at the year end | | |
| Trade payables | 301 | 275 |
| Loan to related parties | - | 731 |

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

35. Related party transactions (continued)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| Trade receivables | 9,100 | 8,589 |
| Other receivables from related parties | - | 280 |
| c. Enterprise having substantial interest in the Group | | |
| Transactions during the year | | |
| Revenue from operations | 2 | - |
| Expense incurred by related parties on behalf of the Group | 2 | 250 |
| Expenses incurred by the Group on behalf of related parties | 5 | 328 |
| Balance outstanding as at the year end | | |
| Trade payables | 35 | 252 |
| Receivables from related parties | - | 26 |
| d. Trusts set-up by the Company | | |
| Transactions during the year | | |
| Contributions made during the year | 690 | 654 |
| Balance outstanding as at the year end | | |
| Contributions payable at the year end | 60 | 56 |
| e. Key managerial personnel | | |
| Compensation during the year | | |
| Short-term employee benefits | 30 | 28 |
| Post-employment gratuity and medical benefits | 2 | 3 |
| Other long-term benefits | 11 | 9 |
| Commission | 2 | 2 |
| Fee for attending board committee meetings | - | - |
| Balance outstanding as at the year end | | |
| Commission payable | 2 | 2 |
| Employee related liabilities | 1 | 5 |

36. Segment information

The Group develops software products and provides software consulting services for use in the telecommunications industry. Out of the total revenue of the Group, 72% (31 March 2018: 71%) of the revenue is generated from inter-company transactions. For the purpose of making decisions about resource allocation and performance assessment, the Chief Operating Decision Maker monitors the operating results in totality on group-level basis. Hence, the Group constitutes a single segment.

As the Group also exports its products and services, the secondary segment for the Group is based on the location of its customers.

Information on the geographic segments is as follows:

| Location | Revenue | |
|-------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Domestic | 4,924 | 4,549 |
| Americas | 1,258 | 1,792 |
| Europe | 2,631 | 2,740 |
| Mauritius | 14,875 | 14,472 |
| Rest of the world | 306 | 479 |
| Total | 23,994 | 24,032 |

Information on operating income, net income, assets and liabilities cannot be provided by location of customers as such information is not realistically allocable and identifiable.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

37. Fair values

The carrying values of the financial instruments by categories are as follows:

| | Carrying amount as at | |
|--|-----------------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| FINANCIAL ASSETS | | |
| Financial assets measured at amortised cost | | |
| Loans | 331 | 1,064 |
| Trade receivables | 10,187 | 9,959 |
| Cash and cash equivalents | 1,186 | 602 |
| Other bank balances | 27 | 6 |
| Other financial assets | 537 | 769 |
| Financial assets measured at fair value through the Statement of Profit and Loss | | |
| Investments in mutual funds | 204 | - |
| Foreign exchange forward and option contracts | 108 | 59 |
| Financial assets - derivatives designated as hedging instruments | | |
| Foreign exchange forward contracts | 110 | - |
| Total | 12,690 | 12,459 |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at amortised cost | | |
| Borrowings | 60 | 62 |
| Trade payables | 984 | 1,358 |
| Other financial liabilities | 978 | 1,405 |
| Financial liabilities measured at fair value through the Statement of Profit and Loss | | |
| Foreign exchange forward and option contracts | 15 | 34 |
| Financial liabilities - derivatives designated as hedging instruments | | |
| Foreign exchange forward contracts | 2 | - |
| Total | 2,039 | 2,859 |

Fair values

Ind AS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Ind AS are described below:

Level 1 — inputs are based upon quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible as of the measurement date.

Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations for the asset or liability that are derived principally from or corroborated by market data for which the primary inputs are observable, including forward interest rates, yield curves, credit risk and exchange rates.

Level 3 — inputs for the valuations are unobservable and are based on management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques such as option pricing models and discounted cash flow models.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

37. Fair values (continued)

The following table summarises the financial assets and financial liabilities measured at fair value on recurring basis:

| | Level 1 | Level 2 | Level 3 |
|---|---------|---------|---------|
| As of 31 March 2019 | | | |
| Financial assets at fair value | | | |
| Foreign exchange forward and option contracts | - | 218 | - |
| Investments in mutual funds | 204 | - | - |
| Financial liabilities at fair value | | | |
| Foreign exchange forward and option contracts | - | 2 | - |
| As of 31 March 2018 | | | |
| Financial assets at fair value | | | |
| Foreign exchange forward and option contracts | - | 59 | - |
| Financial liabilities at fair value | | | |
| Foreign exchange forward and option contracts | - | 34 | - |

The following methods and assumptions were used by the Group in estimating the fair value of its financial assets and liabilities:

- The Group classifies all forward contracts and option contracts in Level 2 as quoted prices can be corroborated based on observable market transactions of spot currency rate and forward currency prices.
- Short-term investments in mutual funds are fair valued based on the Net Asset Values (NAVs). The Group classifies the fair value under Level 1 as the NAVs of mutual fund are quoted on a daily basis.

38. Financial risk management objectives and policies

The Group's business activities are exposed to a variety of financial risks, namely market risks, liquidity risk, and credit risk. The Group's senior management has the overall responsibility for establishing and governing the Group's risk management policy and framework. These are periodically reviewed by the senior management of the Group to identify and assess key risks and formulate strategies for mitigation of those risks. The Audit Committee provides the overall direction on risk management and oversees the Group's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from the changes in foreign currency exchange rates, interest rates, credit, liquidity and price risks. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(i) Foreign currency exchange rate risk

In the normal course of business, the Group is exposed to market risk arising from changes in currency exchange rates. The Group uses derivative financial instruments to manage exposures to foreign currency. The Group's objective for utilizing derivative financial instruments is to mitigate the risks from these exposures.

The following table analyses foreign currency risk from financial instruments as of 31 March 2019:

| Particulars | U.S. Dollars | Other currencies | Total |
|-----------------------------|--------------|------------------|--------|
| Total financial assets | 10,144 | 622 | 10,766 |
| Total financial liabilities | 1,272 | 190 | 1,462 |

The following table analyses foreign currency risk from financial instruments as of 31 March 2018:

| Particulars | U.S. Dollars | Other currencies | Total |
|-----------------------------|--------------|------------------|--------|
| Total financial assets | 10,069 | 490 | 10,559 |
| Total financial liabilities | 1,383 | 186 | 1,569 |

The Group is mainly exposed to changes in U.S. Dollars. 5% appreciation / depreciation of U.S. Dollars with respect to INR would result in increase / decrease in the Group's profit by approximately INR 444 million (31 March 2018: INR 435 million).

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

38. Financial risk management objectives and policies (continued)
ii. Price risk

There is no major price risk.

iii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group does not have any significant items related to interest rate risk therefore it is not impacted by interest rate risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, since the majority of the Group's revenue is generated from group companies. All trade receivables other than from group companies are reviewed and assessed for default on a regular basis. Historical experience of the Group for collecting receivables is that credit risk is low. Refer note 2.15 for accounting policy on impairment of trade receivables.

Other financial assets

The Group maintains exposure in cash and cash equivalents, money market liquid mutual funds and derivative instrument with financial institutions. The Group has set counter-parties limits based on multiple factors including financial position, credit rating, etc.

The Group's maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of each class of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2019 and 31 March 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Group's treasury function reviews the liquidity position on an ongoing basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

| Particulars | Carrying amount | Contractual cash flow | 0-1 year | 1-5 years | More than 5 years |
|-----------------------------|-----------------|-----------------------|--------------|-----------|-------------------|
| As at 31 March 2019 | | | | | |
| Finance lease obligations | 60 | 70 | 19 | 51 | - |
| Trade payables | 984 | 984 | 984 | - | - |
| Other financial liabilities | 995 | 998 | 980 | 18 | - |
| | 2,039 | 2,052 | 1,983 | 69 | - |
| Particulars | Carrying amount | Contractual cash flow | 0-1 year | 1-5 years | More than 5 years |
| As at 31 March 2018 | | | | | |
| Finance lease obligations | 62 | 70 | 29 | 41 | - |
| Trade payables | 1,358 | 1,358 | 1,358 | - | - |
| Other financial liabilities | 1,439 | 1,443 | 1,425 | 18 | - |
| | 2,859 | 2,871 | 2,812 | 59 | - |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes forming part of the consolidated financial statements for the year ended 31 March 2019

(All amounts in INR million, unless otherwise stated)

39. Capital management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maximise stakeholders' value.

As of 31 March 2019, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

- 40.** The Company has established a separate Provident Fund Trust ("the Trust") to manage the provident fund of its employees. The Trust had made long term investments in secured and unsecured debentures of Infrastructure Leasing and Financial Services and its subsidiaries ("IL&FS") when the credit rating of these securities was "AAA". Total investment in these debentures outstanding in the books of Trust as of 31 March 2019 amounted to INR 643 million. Due to default in repayment of dues by IL&FS to its lenders, various credit rating agencies have subsequently downgraded the credit rating of these securities. The Government of India and the National Company Law Tribunal has taken cognizance of this matter. After considering the fact that these investments are long term, major portion of investment is secured and also considering that complete and reliable information is currently not available with respect to the financial position of the IL&FS Group, no reserve for these investments is required in the financial statements. The Company along with the Trust, however, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.

41. Rounding off

The financial statements are presented in INR million. Those items which are required to be disclosed and which are not represented in the financial statements due to rounding off to nearest million are given as follows:

| Note No. | Description | 31 March 2019 | 31 March 2018 |
|-----------|---|---------------|---------------|
| 4 | Intangible Asset | | |
| | Disposals | - | 0.48 |
| 16 | Other financial assets | | |
| | Interest accrued but not due on bank deposits | - | 0.26 |
| 25 | Other expenses | | |
| | Tax audit fees | * | 0.50 |
| 35 | Related party transactions | | |
| | Fee for attending board committee meetings | 0.12 | 0.29 |

* no impact of rounding in 31 March 2019.

42. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 20 August 2019.

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Vinay Mittal
Director
DIN – 05107333

Place : Gurugram
Date : 20th August 2019

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

[illegible]

REGISTERED OFFICE:
OTHER FACILITIES:

5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi – 110 001, India.
Tel.: +91-11-2374-7336

- Facility 1: Tower 4 (Ground, 11th & 12th floor) & Tower 5 (Ground floor to 13th floor), Tower 6 (Portion at Ground floor, 1st to 3rd floor) Candor TechSpace IT/ITES SEZ, Sector - 48, Gurgaon - 122018, Haryana, India.
- Facility 2: 2nd to 6th Floor, ASV Chandilya Tower, No: 263/3B1A1, Door No. 5/397, Rajiv Gandhi Salai (OMR), Okkiyam Thoraipakkam Village, Chennai-600096, Tamil Nadu, India.
- Facility 3: No.18/1, Outer Ring Road, Panathur Post, Bangalore-560103,Karnataka, India.
- Facility 4: Ground to 6th Floor , Vector Block, Prestige Technology-Park-III, Sy no. 110/1,110/2, & 110/3, Amane Bellandure Village, Outer Ring Road, Bangalore- 560103, Karnataka, India.
- Facility 5: 8th Floor, Block Capella, Plot No. 17, The V, Software Units Layout, Madhapur, Hyderabad – 500081, Andhra Pradesh, India.
- Facility 6: 7th Floor, Block C, Hanudev Infopark Pvt. Ltd., SF No. 558/2, Udaiyampalayam Road, Nava India, Coimbatore, 641028, Tamil Nadu, India.
- Facility 7: 13th Floor(LW1), Vega Building, Plot 17, Software Units Layout, Madhapur, Hyderabad – 500081, Andhra Pradesh, India.

AUDITORS:

M/s. T R Chadha & Co. LLP, Chartered Accountants, (Registration No. 006711N/N500028), 359, Udyog Vihar, Phase-II, Gurugram-122016, Haryana.

**REGISTRAR & SHARE
TRANSFER AGENTS:**

M/s Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited), Karvy Selenium Tower No. B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500032, Telangana, India.



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