Aricent

11th ANNUAL REPORT 2016 -17

Aricent Technologies (Holdings) Limited

Aricent

BOARD OF DIRECTORS

Ms. Nipun Gupta	:	Independent Director
Mr. Vinay Mittal	:	Independent Director
Mr. Ashwani Lal	:	Whole Time Director
Mr. Amit Shashank	:	Director
Mr. Gajendra Singh Chowhan	:	Whole Time Director

Company Secretary

Mr. Parveen Jain

Chief Financial Officer

Mr. Jitendra Grover

Statutory Auditors

Deloitte Haskins & Sells

BOARD COMMITTEES

Audit Committee

Mr. Vinay Mittal, Chairman

Ms. Nipun Gupta

Mr. Ashwani Lal

Stakeholders Relationship Committee

Mr. Vinay Mittal, Chairman

Mr. Ashwani Lal

Mr. Amit Shashank

Nomination & Remuneration Committee

Ms. Nipun Gupta, Chairperson

Mr. Vinay Mittal

Mr. Amit Shashank

CSR Committee

Mr. Ashwani Lal, Chairman

Ms. Nipun Gupta

Mr. Amit Shashank

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Board's Report

Dear Members,

The Board of Directors take immense pleasure in presenting the 11th Annual Report of Aricent Technologies (Holdings) Limited (referred to herein as the "Company") along with the Audited Accounts of the Company for the financial year ended March 31, 2017.

Financial Highlights

The highlights of the Company's standalone financial results for the financial year ended March 31, 2017 are as follows:

(in INR million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	**21,491**	20,553
Other Income	**795**	553
Total Income	**22,286**	21,106
Operating expenditure	**17,986**	16,664
Profit before Interest, Depreciation and Taxes	**4,300**	4,442
Interest	**318**	377
Depreciation and Amortization	**1,016**	1,113
Profit before Tax	**2,966**	2,952
Provision for Income Tax	**1,364**	1,032
Prior year Tax Adjustment	**Nil**	Nil
Profit after Tax	**1,602**	1,920

Indian Accounting Standards

Ministry of Corporate Affairs ('MCA') vide its notification dated February 16, 2015, notified the Indian Accounting Standards ('Ind AS') applicable to certain classes of companies. Accordingly, financial statements for the financial year ended March 31, 2017, have been prepared in compliance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the financial statements for the year ended March 31, 2016, have also been restated as per Ind AS.

Operations Review

Operating in a volatile and uncertain environment, the Company demonstrated the resilience of its business model. During the year, total income on a standalone basis witnessed an increase of Rs. 1180 million from the previous year. Profit before Interest, Depreciation & Taxes has decreased to Rs. 4300 million against Rs. 4442 million in the previous year.

Dividend

Your Directors do not recommend any dividend for the financial year ended March 31, 2017. No amount is recommended for transfer to the General Reserve for the financial year ended March 31, 2017.

Transfer to Capital Redemption Reserve

During the year, the Company transferred Rs. 1245.11 million to the Capital Redemption Reserve Account due to the redemption of Redeemable Optionally Convertible Non-Cumulative 0.001% Preference shares of an equal amount at par.

Deposits

In terms of the provisions of Section 73 and 76 of the Act, read with the relevant applicable Rules, the Company has never accepted any fixed/ public deposits therefore no amount of principal or interest on public deposit was outstanding as on March 31, 2017.

Share Capital

During the year under review, your Company had redeemed 124,511,000 Redeemable Optionally Convertible Non-Cumulative 0.001% Preference Shares ("Preference Shares") of Rs.10/- each at par. As a result, the paid up preference share capital of the Company stands reduced by Rs 1245.11 million. Post redemption, 124,511,000 Preference Shares of face value of Rs. 10/- each were extinguished.

During the year, there was no change in the equity share capital of the Company.

Business Review

The Company is a step down subsidiary of Aricent (formerly known as the "Aricent Group"). Aricent is a leading global engineering services and software company, with specialized expertise in the communications, semiconductors and software market segments. The Company provides outsourced product development, product support services and licensable software frameworks and solutions. Aricent's service offerings provide a comprehensive product life-cycle of services for communications networks, as well as connected devices, applications and mobile services.

Aricent's deep product design, development and engineering services capabilities provide multiple strategic benefits to its clients. 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, Aricent has an unrivalled portfolio of unique software frameworks that accelerates the product development process.

Aricent 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

This software is in areas that include: 4G Long Term Evolution, 3G, Multimedia, Software Defined Networks, Mobile Edge Computing, Switching Routing solutions, Network Functions Virtualization, Self-Organizing Networks, Machine-to-Machine, WiFi, Cloud, SmartGrid and Internet of Things.

Aricent is focusing on the following five service lines:

- Communications
- Semiconductors and Industrial
- Enterprise Software and Consumers
- Product Service and Support
- Innovation

Aricent has a loyal, blue-chip global client base that spans several attractive market segments, including communications equipment providers, communications service providers, semiconductor & embedded systems and software & internet services. These companies frequently operate in an ecosystem that drives innovation on a global scale.

Aricent's deep product engineering knowledge and experience, combined with its domain expertise in connectivity and mobility drive a differentiated capability and offerings, resulting in strategically important, long-term and sticky client relationships.

Quality

During the year under review, the Company renewed TL 9000 certification at corporate level. 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 has rolled out tools like QTrack & SPirateam for entire organization. With an objective to enhance project performance and save effort, result oriented methodologies based on Lean /Kanban were rolled out. 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 Company recognizes the importance of a diverse Board in view of the current volatile business environment. It thus aims at an appropriate mix of independent, non-executive and executive directors to maintain the independence of the Board and separate its functions of governance and management.

The first term of office of Mr. Vinay Mittal and Ms. Nipun Gupta as Independent Directors expired on April 10, 2017 & June 22, 2017 respectively. The Board has recommended the re-appointment of Mr. Vinay Mittal and Ms. Nipun Gupta as Independent Directors for a second term of three (3) consecutive years. The letter of appointments issued to the Independent Directors are open for inspection at the Registered Office of the Company.

In accordance with Section 152 of the Act, Mr. Amit Shashank, Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company, and being eligible, has offered his candidature for re-appointment.

The proposals of the re-appointment of the Directors are included in the Notice of the ensuing AGM of the Company.

During the year, Mr. Amal Ganguli tendered his resignation from the Directorship of the Company from August 11, 2016. The Board places on record its appreciation for the valuable contribution made by him towards the growth of the Company during his long association with the Company.

Subsequent to the end of financial year, Mr. Anurag Khanna resigned from the post of Chief Financial Officer (CFO) of the Company and Mr. Jitendra Grover was appointed as the CFO in his place.

Pursuant to the provisions of Section 203 of the Act, Mr. Ashwani Lal, Mr. Gajendra Singh Chowhan, Mr. Parveen Jain and Mr. Jitendra Grover are presently associated with the Company in the capacity of Key Managerial Personnel.

Subsidiaries

During the year under review, there was no change in the list of Subsidiaries. As on March 31, 2017, the Company had the following subsidiaries:

1. Aricent Technologies (Beijing) Limited, China (Under liquidation)
2. Aricent Mauritius Engineering Services PCC, Mauritius (AMES), (fka Smartplay Global PCC)
3. Aricent Technologies Private Limited, India (fka Smartplay Technologies (India) Private Limited)
4. Aricent N.A Inc., USA (fka Smartplay Inc.)
5. Smartplay Technologies (Singapore) Pte. Limited, Singapore
6. Smartplay Technologies (Canada) Limited, Canada

The liquidation of the subsidiary company, namely Aricent Technologies (Beijing) Limited, in China is in process under voluntary liquidation norms of Chinese laws. Subsequent to end of financial year, the Company has received the liquidation proceeds from Aricent Technologies (Beijing) Limited. The Liquidation is expected to complete very soon.

As per the provision of Section 129(3) of the Act, where a Company has one or more subsidiaries, it shall, in addition to the financial statements of its own, prepare a consolidated financial statements of the Company and all of the subsidiaries in the same form and manner as that of its own which shall be laid before the Annual General Meeting of the Company along with the laying of its financial statements.

The financial statements of the subsidiary companies 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 companies is set out in Form AOC-1 and attached as **'Annexure A'** to this Report.

Consolidated Financial Statements

The Annual Report also includes the audited consolidated financial statements for the financial year 2016-17.

Particulars of Loans, Guarantees and Investments

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

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 detail forming part of 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:

(a) 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;

(b) 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;

(c) 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;

(d) they have prepared the annual accounts on a going concern basis; and

(e) 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 well-defined 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 related party transactions were in the ordinary course of business and at arm's length and were approved by the Audit Committee. There were no material transactions with related parties during the year that may have 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

The Nomination & Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees, Chairman and individual Directors has to be made.

As a part of 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 Directors for their discussions and evaluation. Further, all Directors conducted a self-appraisal during the previous year and the appraisal forms were placed before the Board and the Nomination and Remuneration Committee. The Board reviewed the performance of individual Directors, Board Committees and overall Board functioning. Performance evaluation of the Independent Directors have also been carried out separately by all the Directors except the Director being evaluated and basis their performance during first term, both Independent Directors were recommended for re-appointment for second term as Independent Directors.

The Directors expressed their satisfaction with the overall evaluation process.

Board Meetings

During the year under review, the Board met four times on May 20, 2016, August 10, 2016, November 09, 2016 and February 24, 2017. Details of the meetings of the Board and its Committees held during the financial year ended March 31, 2017 and Directors' attendance at each meeting are given in **'Annexure D1'** to this Report.

Audit Committee

The Audit Committee comprises of Mr. Vinay Mittal (Chairman), Ms. Nipun Gupta and Mr. Ashwani Lal as the Members. All the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee comprises of Ms. Nipun Gupta (Chairperson), Mr. Vinay Mittal and Mr. Amit Shashank 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 has been approved by the Board based upon the recommendations of the Nomination and Remuneration Committee of the Company. The highlights of the Nomination and Remuneration Policy are given in **'Annexure F'** to this Report.

Corporate Social Responsibility (CSR)

The CSR Committee comprises of Mr. Ashwani Lal (Chairman), Ms. Nipun Gupta and Mr. Amit Shashank 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'** to this Report.

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.aricent.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 2016-17, the Directors, to the best of their knowledge and belief, confirm that the Company has laid down requisite-internal financial controls and that such internal financial controls are adequate to its size and were operating effectively.

Secretarial Audit Report

In accordance with the provision of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board appointed M/s Jayant Gupta & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit for the financial year 2016-17. The Report on Secretarial Audit is attached as **'Annexure H'** to this Report.

The Report does not contain any qualification, reservation or adverse remark.

Auditors and Auditors' Report

M/s Deloitte Haskins and Sells, Chartered Accountants (Firm Registration No. 015125N), were appointed as Statutory Auditors of the Company at the AGM of the Company held on September 29, 2014. Their term of appointment is upto the conclusion of the forthcoming AGM. In accordance with the provisions of Sec 139(1) of the Act, the Board, based on the recommendation of the Audit Committee, proposes to appoint M/s BSR & Co LLP (ICAI Firm Registration No. 10128 W/W- 100022) (hereinafter referred to as BSR) as Statutory Auditors for a period of 5 years, commencing from the conclusion of the ensuing AGM till the conclusion of the 16th AGM of the Company, subject to the ratification of their appointment by the Shareholders at every AGM, if so required under the Act.

In this regard, the Company has received a certificate from BSR to the effect that they are eligible for appointment under the provisions of Section 139 of the Act and they meet the criteria for appointment specified under Section 141 of the Act. The proposal of their appointment is included in the notice of the ensuing AGM.

The Auditors' Report for financial year 2016-17 does not contain any qualification, reservation or adverse remark. 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

During the year under review, there were no material and significant orders passed 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 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. Internal Complaints Committees have also been set up to redress complaints received regarding sexual harassment at work place.

The Company has not received any sexual harassment complaint during the financial year 2016-17.

Acknowledgement

Your Directors would like to thank the Company's Employees, Customers, Vendors, Investors and other institutions for their support. We also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments/ Agencies for their co-operation.

For and on behalf of the Board of Directors

Sd/-	Sd/-
Gajendra Singh Chowhan	**Ashwani Lal**
Whole-time Director	Whole-time Director
DIN-07520267	DIN-06985241

Place : Gurugram
Date : August 10, 2017

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, 2017

(Amount in **INR** million)

Sl. No.	Particulars	Details of the Subsidiary Companies					
1.	Name of the subsidiary	Aricent Technologies (Beijing) Limited, China (Under Liquidation)	Aricent Mauritius Engineering Services PCC, Mauritius (AMES) (fka SmartPlay Global PCC)	Aricent Technologies Private Limited, India (fka Smartplay Technologies (India) Private Limited) (WOS of AMES)	Aricent N.A. Inc., USA (fka SmartPlay Inc.) (WOS of AMES)	SmartPlay Technologies (Singapore) Pte. Limited, Singapore (WOS of AMES)	SmartPlay Technologies (Canada) Limited., Canada (WOS of AMES)
		Subsidiary	Subsidiary	Step down Subsidiary	Step down Subsidiary	Step down Subsidiary	Step down Subsidiary
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	1 RMB = 9.40	1 USD = 64.81	INR	1 USD = 64.81	1 SGD = 46.37	1 CAD = 48.58
4.	Share capital	140.7	4.3	0.1	0.3	0.2	0.2
5.	Reserves & surplus	(133.8)	548.2	612.8	155.9	(4.3)	(0.9)
6.	Total assets	5.9	761.3	999.2	424.8	2.3	0.0
7.	Total liabilities	(1.1)	208.8	386.3	268.6	6.4	0.6
8.	Investments	Nil	3.8	Nil	Nil	Nil	Nil
9.	Turnover	Nil	Nil	1,919.7	1,997.8	3.7	Nil
10.	Profit/(loss) before taxation	0.0	34.3	192.5	68.4	(0.1)	(0.4)
11.	Provision for taxation	Nil	Nil	82.7	16.5	Nil	Nil
12.	Profit/(loss) after taxation	0.0	34.3	109.8	51.9	(0.1)	(0.4)
13.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
14.	% of shareholding	100%	50.3%*	50.3%*	50.3%*	50.3%*	50.3%*

* During financial year 2015-16, the Company acquired 50.3% beneficial interest in Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC) along with its four subsidiaries in India, US, Singapore and Canada. In addition, the Company also holds 50% management shares in Aricent Mauritius Engineering Services PCC carrying voting rights but do not carry any beneficial economic interest, except for a right to the nominal capital paid as subscription.

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 Monetory Savings (INR)
1	Green Power Purchase	In the financial year 2016-17, the Company enhanced the procurement of green power by 24.7% of total electricity consumption. The Company procured 7644 MWh of Green Power as per the power purchase agreements.	887,040
2	Behavioral change	a) 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. b) The improvements obtained through changes in process and cultural transformation like (i) General lighting on the floor was turned off during the lunch breaks (ii) Increasing the set temperature of the HVAC systems, (iii) Saving in Power Consumption 37% as compared to FY15-16	72,144,311
3.	Other Initiatives	Multiple energy efficiency initiatives were undertaken during the year (i) Replacement of old computers with 1075 AIO units that are 50% more efficient in conservation of energy (ii) Reduced consumption of Paper beakers, (iii) 16% Reduction from last year in paper for stationary (iv) Better toiletries management	1,986,543

The Company makes evaluation on a continuous basis to explore new technologies and techniques to make the infrastructure more energy efficient. However, the operations of the Company are not energy intensive.

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.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- 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 client 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 and Development.

(in INR million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
R & D Expenditure	**1,325**	1,400
Total R&D Expenditure as % of Total Income	**5.9%**	6.6%

(v) Foreign Exchange earnings and outgo

(in INR million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Foreign Exchange Earnings	**18,173**	17,987
Foreign Exchange Outgo	**5,547**	4,849

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 INR 102,00,000 for the year or Top Ten emloyees 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 (years)	Previous Employment and Designation
1	Gajendra Singh Chowhan	Whole Time Director	17,881,952	B.Sc	25	01-Apr-2007	48	Vice President, Flextronics Software Systems Limited
2	Rakesh Vij	Chief Business Officer - Communications	16,643,717	B.E	24	01-Apr-2007	48	Director - Business Development, Flextronics Software Systems Limited
3	Chandra Reddy	Chief Engineering Officer	14,791,066	M.E	21	22-Jul-2013	48	General Manager - Wipro Technologies
4	J Subramanian .	Vice President - Engineering	10,922,334	B.E	31	01-Apr-2007	53	Assistant Vice President, Flextronics Software Systems Limited
5	Sudhir Kumar Reddy	Chief Information Officer	10,838,900	B.E, M.Sc	26	01-May-2014	48	Senior Vice President, Mindtree Ltd.
6	Ashwani Lal	Whole Time Director	10,539,928	MCA	28	01-Apr-2007	51	Assistant Vice President, Flextronics Software Systems Limited
7	Rakesh Kumar Srivastava	Sales and Business Support Leader	9,340,333	M.Sc	23	01-Apr-2007	44	Senior Engineering Project Manager, Flextronics Software Systems Limited
8	Rajaneesh Kini R	Service Line Leader	9,239,711	B.Tech, MS	18	20-Feb-2012	40	Delivery Head, Wipro Ltd.
9	Aashish Singh	Vice President - HR	9,068,494	B.E, MBA	11	04-Feb-2016	45	Vice President, First Advantage Global Operating Center Private limited
10	Daniel Anil Kumar	Vice President -Procurement	8,697,053	B.E	26	19-Mar-2012	47	Group Procurement Operation Director, Logica

B. Employed for a part of the year and in receipt of remuneration not less than Rs. 8,50,000 per month.

S. No.	Name	Designation	Remuneration Received (Rs.)	Qualification (s)	Exp. (Yrs)	Date of Commencement of Employment	Age (yrs)	Previous Employment and Designation
1	Rajeev Jamburao	Vice President - Global Workforce Management Leader	8,217,942	B.E	24	17-Aug-2015	46	Senior Vice President, Emphasis Technology Private Ltd.
2	Ravi Kumar Chirugudu	Vice President - Global Engg. Leader	9,699,309	M.E	27	05-Aug-2016	49	Assistant Vice President, HCL Technologies Ltd.
3	Arpana Sikka Mehra	Vice President - HR	2,100,563	PG-Mgmt	19	16-Feb-2017	44	Vice President -HR, Xerox Business Services India LLP

Notes:

1. The Gross remuneration shown above comprises of salary, allowances, incentives & monetary value of perquisites as per Income Tax Rules, and Company's contribution to Provident Fund
2. The above does not include provision for gratuity and provision for leave encashment
3. All appointment are contractual and are governed by letter of employment and Company's Rules
4. None of the employee are related to any director of the Company.
5. 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.
6. The particulars of employees working outside India is not included in this list, such particulars shall be made available to any shareholder on a specific request made by him in writing.

Annexure D to the Board's Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

(as on the Finanncial Year ended on March 31, 2017)

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

I REGISTRATION & OTHER DETAILS:

i	CIN	U65993DL2006PLC149728
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: info@aricent.com, Website: www.aricent.com
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	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 425 8998 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 (Beijing) Limited Unit C, 2/F, Building A1 No. 9 Jiuxianqiao East Rd Beijing, China, 100016 China	Not Applicable	Subsidiary	100%	2(87)(ii)
3	Aricent Mauritius Engineering Services PCC (fka SmartPlay Global PCC) St. Louis Business Centre, CNR Desroches & St. Louis Streets, Port Louis, Mauritius	Not Applicable	Subsidiary*	50.3%	2(87)(ii)
4	Aricent Technologies Private Limited (fka Smartplay Technologies (India) Private Limited) 1113, 11th Floor, Arunachal Building, 19, Barakhamba Road, New Delhi -110001	U72200KA2005PTC035937	Subsidiary#	50.3%	2(87)(ii)
5	Aricent N.A (fka Smartplay Inc.) 2580 North First Street, Suite 480 Sanjose, CA 95131	Not Applicable	Subsidiary#	50.3%	2(87)(ii)
6	Smartplay Technologies (Singapore) Pte. Ltd. 81, UBI Avenue-4, Singapore- 408830	Not Applicable	Subsidiary#	50.3%	2(87)(ii)
7	Smartplay Technologies Canada Limited 44 Chipman Hill Suite 1000 Saint John NB E2L 2A9	Not Applicable	Subsidiary#	50.3%	2(87)(ii)

* During financial year 2015-16, the Company acquired 50.3% beneficial interest in Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC) along with its four subsidiaries in India, US, Singapore and Canada. In addition, the Company also holds 50% management shares in Aricent Mauritius Engineering Services PCC carrying voting rights but do not carry any beneficial economic interest, except for a right to the nominal capital paid as subscription.

\# Wholly Owned Subsidiaries of Aricent Mauritius Engineering Services PCC (fka SmartPlay Global PCC).

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, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% 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 Corp.	23,476,578	105,429,478	28,906,056	98.25	23,476,578	105,429,478	128,906,056	98.25	-
d) Bank/ Financial Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**23,476,578**	**105,429,478**	**128,906,056**	**98.25**	**23,476,578**	**105,429,478**	**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**	**23,476,578**	**105,429,478**	**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) FIIs	-	-	-	-	-	-	-	-	-
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**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates	150,733	4,050	154,783	0.12	181,363	4,050	185,413	0.14	0.02
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1562685	279651	1842336	1.40	1548576	272419	1820995	1.39	-0.01
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	236446	19440	255886	0.20	226728	19440	246168	0.19	-0.01
c) Others									
i) Clearing Members	162	0	162	0.00	162	0	162	0.00	0.00
ii) Non Resident Indians (NRI)	32,924	0	32,924	0.03	14,143	0	14,143	0.01	-0.02
iii) NRI Non- Repatriation	0	0	0	0.00	21,640	0	21,640	0.02	0.02
iv) NBFC	972	0	972	0.00	972	0	972	0.00	0.00
v) Trusts	2532	0	2532	0.00	102	0	102	0.00	0.00
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	**1,986,454**	**303,141**	**2,289,595**	**1.75**	**1,993,686**	**295,909**	**2,289,595**	**1.75**	**0.00**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,986,907**	**303,141**	**2,290,048**	**1.75**	**1,994,139**	**295,909**	**2,290,048**	**1.75**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**25,463,485**	**105,732,619**	**131,196,104**	**100**	**25,470,717**	**105,725,387**	**131,196,104**	**100**	

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the begginning 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 01.04.2016 to 31.03.2017

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

Sl. No	Name of the Share Holder	Shareholding at the begginning of the Year 01-04-2016		Cumulative Shareholding at the end of the year 31-03-2017		Changes during the year
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company	
1	Kredere Wealth Partner Private Limited	0	0.00	32400	0.02	32400
2	Ajay Kumar	26365	0.02	29047	0.02	2682
3	Dushyant Natwarlal Dalal	25920	0.02	25920	0.02	0
4	Bhaichand Amoluk Consultancy Services LLP	20250	0.02	20250	0.02	0
5	Punit Kumar	6000	0.00	20000	0.02	14000
5	Arun Jain	19440	0.01	19440	0.01	0
7	K S Mohan Ramnathen	19035	0.01	19035	0.01	0
8	Dushyant Natwarlal Dalal & Puloma Dushyant Dalal	18630	0.01	18630	0.01	0
9	Shah Darshana	16896	0.01	16896	0.01	0
10	Jitendra B. Jhaveri	16200	0.01	16200	0.01	0

(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 Promoters 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
Indebtness 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		Total Amount
1	**Gross salary**	Mr. Ashwani Lal	Mr. Gajendra Singh Chowhan (August 10, 2016 to March 31, 2017)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,781,574	8,685,040	15,466,614
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	2,188,920	1,489,821	3,678,740
	(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)	**8,970,494**	**10,174,860**	**19,145,354**
	Ceiling as per the Act	INR 315.11 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			Total Amount
1	Independent Directors	**Amal Ganguli (April 01 2016 to August 11,2016)**	**Vinay Mittal**	**Nipun Gupta**	
	(a) Fee for attending Board & Committee meetings	40,000	160,000	120,000	**320,000**
	(b) Commission (For FY 2015-16)	1,000,000	1,000,000	1,000,000	**3,000,000**
	(c) Others, please specify				
	Total (1)	**1,040,000**	**1,160,000**	**1,120,000**	**3,320,000**
2	Other Non Executive Directors	**Amit Shashank (May 20, 2016 to March 31, 2017**	**-**	**-**	**-**
	(a) Fee for attending Board & Committee meetings	-	**-**	**-**	**-**
	(b) Commission	-	**-**	**-**	**-**
	(c) Others, please specify.	-	**-**	**-**	**-**
	Total (2)	-	**-**	**-**	**-**
	Total (B)=(1+2)	**1,040,000**	**1,160,000**	**1,120,000**	**3,320,000**
	Total Managerial Remuneration				**22,465,354**
	Overall Ceiling as per the Act.	INR 346.63 Million (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

C. **Remuneration to Key Managerial Personnel (KMP) other than Managing Director/Manager/Whole-time Director**

(Amount in INR)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary (CS)	**Chief Financial Officer (CFO)**	**Total Amount**
1	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	5,939,973	5,329,461	11,269,434
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		345,527	345,527
	(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	**5,939,973**	**5,674,988**	**11,614,961**

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, 2017 and Director's attendance at each meeting

Sl. No.	Type of Meeting	Number of meetings held	Date of Meetings	Number of meetings attended					
				Amal Ganguli*	Vinay Mittal	Nipun Gupta	Amit Shashank#	Ashwani Lal	Gajendra Singh Chowhan$
1	Board Meetings	4	20.05.2016 10.08.2016 09.11.2016 24.02.2017	1	4	3	1	4	2
2	Audit Committee Meetings	2	10.08.2016 24.02.2017	1	2	1	NA	2	NA
3	Nomination & Remuneration Committee Meetings	3	20.05.2016 10.08.2016 24.02.2017	1	3	3	0	NA	NA
4	Stakeholders Relationship Committee Meetings	1	24.02.2017	NA	1	NA	NA	1	NA
5	CSR Committee Meetings	2	10.08.2016 24.02.2017	NA	NA	2	1	2	NA
6	Share Transfer Committee Meetings	7	20.05.2016 28.06.2016 10.08.2016 04.11.2016 12.01.2017 24.02.2017 08.03.2017	NA	1	NA	2	7	5
7	Operations Committee Meetings	6	26.05.2016 28.06.2016 10.08.2016 28.09.2016 12.01.2017 29.03.2017	NA	1	NA	2	6	4

*: Resigned from Directorship of the Company with effect from August 11, 2016.
#: Appointed as Director of the Company with effect from May 20, 2016.
$: Appointed as Whole-time Director of the Company with effect from August 10, 2016.

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

(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 2016-17

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	Development of Software and Software related services Sales and Marketing Services General and Administrative Services	Contract dated Apr 1st, 2008 as amended on Apr 1, 2010 which is ongoing. Contract dated Apr 1st, 2008 as amended on Apr 1, 2010 which is ongoing. Contract dated Apr 1st, 2008 as amended on Apr 1, 2010 which is ongoing.	i) ATHL will provide services related to development of software or software related services from time to time. ii) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard. iii) ATHL will be responsible for complete project management and will provide general and administrative services, sales and marketing services on behalf of ATML and claim re-imbursement. iv) ATHL to submit invoices on regular basis for the services provided for each project as per the SOW and ATML shall pay the same within the agreed timelines.	Not Applicable as contracts was entered under the ordinary course of business and on arm length's basis	Nil
2	Aricent Holdings Luxembourg S.a.r.l ("AHL")	Fellow Subsidiary	Development of Software and Software related services Sales and Marketing Services General and Administrative Services	Contract dated 1st Apr, 2009 and is still ongoing Contract dated Apr 1st, 2009 as amended on Apr 1, 2013 which is ongoing. Contract dated Apr 1st, 2009 as amended on Apr 1, 2013 which is ongoing.	i) ATHL will provide services related to development of software or software related services from time to time. ii) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard. iii) ATHL will be responsible for complete project management and will provide general and administrative services, sales and marketing services on behalf of AHL and claim re-imbursement. iv) ATHL to submit invoices on regular basis for the services provided for each project as per the SOW and AHL shall pay the same within the agreed timelines.	Not Applicable as contracts was entered under the ordinary course of business and on arm length's basis	Nil

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:
3	Aricent Technologies Pvt. Limited ("ATPL")	Fellow Subsidiary	Master Service Agreement	Contract dated Sep 18th, 2015 which is ongoing.	i) ATHL will provide services related to development of software or software related services from time to time. ii) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard. iii) ATHL will be responsible for complete project management and will provide support and IT related services, to ATPL and claim re-imbursement. iv) ATHL to submit invoices on regular basis for the services provided for each project as per the SOW and ATPL shall pay the same within the agreed timelines.	Not Applicable as contracts was entered under the ordinary course of business and on arm length's basis	Nil

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Gajendra Singh Chowhan	**Ashwani Lal**
Place : Gurugram	Whole-time Director	Whole-time Director
Date : August 10, 2017	DIN 07520267	DIN 06985241

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 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:

- To recommend to the Board a policy relating to remuneration for Whole-time Directors, KMP and Senior Management
- To recommend to the Board the appointment and removal of Directors and KMP
- To formulate a process for evaluation of Directors.

b. Appointment criteria and qualifications

- 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:

- The Committee shall carry out evaluation of performance of every Director at regular interval (yearly)

d. Remuneration of KMP

- The remuneration / compensation / commission etc. to Whole-time Director 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.
- The remuneration and commission to be paid to Whole-time Director shall be as per the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.
- 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. In case remuneration increase is higher than the slab approved by the Shareholders, then, it shall be subject to Shareholder's approval.
- Based upon Annual Appraisal Policy of each year, HR shall prepare a Compensation Review Process and Guidelines for Whole-time Director 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.

Annexure G to the Board's Report

Annual Report on Aricent Corporate Social Responsibility (CSR) projects and activities undertaken for the financial year 2016-17
(pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014)

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

The CSR Policy of the Company was approved by the Board and CSR Committee in the financial year 2014-15. During the Financial year 2016-17, the CSR team, aligned with the CSR Policy, continued working on 'Promoting Education including Special Education and Employment Enhancing Vocational Skills', one of the areas mentioned in Schedule VII of Companies Act, 2013.

The Financial Year 2016-17 has been marked with the remarkable development in the CSR programmes vis a vis beneficiary reach, programmatic intervention and future sustainability of the program. This year, the CSR program reached to more than 44000+ direct beneficiaries across the country owing to an extension of Aricent's CSR programme and partnerships. The partnership signed with Indian Institute of Technology, Madras and NASSCOM Foundation was further enhanced by expanding the programmatic reach and extending support for effective governance of the program.

The Employability Enhancement Program, now christened as Arise by Aricent, continues running in online and on-campus modes for developing a vast knowledge pool for engineering domain and creating employable skills for the engineering students of the Tier II & III engineering colleges. This year, Arise by Aricent - Online Program has offered aid to more than 38000 financially needy Engineering students of 400 colleges across the country whereas the on-campus programme is upskilling more than 5000 engineering students. Both these programs are catering to underprivileged Engineering students, out of whom a majority belongs to the remote areas of the country such as Tiruvannamalai, Trichy, Vellore, Coimbatore, Hosur, Salem, Rai Bareli, Jabalpur and so on. The on-campus programme designed to create greater employability opportunities is firmed up by the success of the pilot started last year wherein, CSR program was able to trained 2700+ students and placed more than 1200 in well-known MNCs like Amazon, Dell, Tech Mahindra and Wipro among others with higher pay packages.

The programme is continuously expanding footprints by supporting 100 women engineering students for undertaking a course in Advance Computing designed to bridging skill-gap in India's IT-ITeS sector in the long term. The CSR Mentorship Program, initiated this year, is also creating a niche by offering expert mentoring by the seasoned Aricent Engineers for building students' capacity on the industry related requirements.

Details of the programmes undertaken are provided in the subsequent sections and deal with the manner in which the amount was spent during the financial year 2016-17.

2. **The composition of CSR Committee**

The current composition of CSR Committee is as follows:

S. No.	Name of Member	Designation
1	Mr. Ashwani Lal (Whole time Director)	Chairman
2	Mr. Amit Shashank (Director)	Member
3	Ms. Nipun Gupta (Independent Director)	Member

3. Average Net Profit of the company for the last 3 financial years for the purpose of computation of CSR: **INR 2,812.4 million**
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): **INR 56.2 million**
5. Details of CSR spent during the financial year: **INR 39.1 million**
   a. Total amount approved for the financial year: **INR 56.3 million** (includes Rs. 2.3 Million earmarked as administrative expenses)
   b. Amount unspent, if any: **INR 17.2 million**
   c. **Manner in which the amount was spent in the financial year 2016-17 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 local area or 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 on Projects (2) Overheads (INR in Million)**	**Cumulative expenditure up to the reporting period (INR in Million)**	**Amount spent: direct or through Implementing agency (Detail)**
1	Project -1, Arise by Aricent - NPTEL, online project supports sponsorship for students' certification exams in Engineering. Through this, the project enables both greater learning and an opportunity to certify themselves such that employability is enhanced. The program has supported more than 25000 students in this year.	Promoting education, including special education and employment enhancing vocational skills	PAN India, in remote areas Tiruvannamalai, Trichy, Vellore, Coimbatore, Hosur, Salem, Rai Bareli, Jabalpur and so on	12	Direct: 12.0 Indirect: 0.6	12.6	Implementation through Agencies Indian Institute of Technology, Madras is running this project which was set up as per The Institutes of Technology Act, 1961 enacted by parliament. It is considered as one of the most prestigious institute for technological education.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	Detail of CSR project/activity	Sector(s) covered within schedule VII	Projects / Programs local area or 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 on Projects (2) Overheads (INR in Million)	Cumulative expenditure up to the reporting period (INR in Million)	Amount spent: direct or through Implementing agency (Detail)
2	Project -2, Arise by Aricent, on-campus program is working to equip engineering students of tier 2 & 3 cities with skills such as JAVA, Testing, Software Development, DBMS as well as behavioural skills required to enhance their employment opportunities and effective placement /adjustment at work place. The program is training 5000 plus students studying in 18 engineering colleges.	Same as above	Karnataka, Tamil Nadu, Telangana and Delhi-NCR regions	38.9	Direct: 23.3 Indirect: 1.2	24.5	Implementation through Agencies 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 Centum, iPrimed and MindMap to work on the programs spread in 3 locations
3	Project – 3, Arise by Aricent, Advance Computing is training 100 women engineering students for undertaking a course in Advance Computing (Android). This project will enable bridging of skill-gap in India's IT-ITeS sector in the long term, especially for women.	Same as above	Delhi – NCR	3.1	Direct: 1.9 Indirect: 0.1	2.0	Implementation through Agencies, NASCOMM Foundation –responsible for fund utilization, monitoring the implementation by identified training providers and CSR impact reporting of the project in partnership with Centre for Development of Advanced Computing (C-DAC) which is a national initiative of the Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology (MC&IT), Government of India.

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**

The unspent amount is due to the reason that the CSR Projects identified for the financial year 2016-17 i.e. Arise by Aricent-On-Campus and the Program for Advance Computing were dovetailed into the academic calendar and needs of identified Engineering colleges/training institution/students and are still going on. After closing the pilot phase of Arise by Aricent On-Campus program, the CSR team spent substantive time in reviewing the program in close association with all stakeholders and adjusting it to the academic needs of the beneficiary engineering students. Afterward, the program was initiated in the 6 semesters so that students could be given more time to practice real time projects and get oriented with employable skills which will ultimately benefits in their placement. Other project, Arise by Aricent - Advance Computing, being a new program in partnership with a Government agency: Centre for Development of Advanced Computing (C-DAC) also took substantial time in reaching to a consensus on implementation design, terms & conditions and commencement of the program. The On-campus program is bringing positive response and much appreciation from the students, teachers and college managements so it was worth spending time in planning and realigning the program to the academic needs.

The CSR programs are now much stabilized with a very good reach to grassroots and benefiting students and teachers and bridging the knowledge divide existing in the industry and the academic domains. The Company believes that the underspending issue will be resolved by aligning the program implementation of financial year with the academic scheduling of the programme in the Financial year 2017-18.

7. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Sd/-
Gajendra Singh Chowhan
Whole-time Director
DIN: 07520267

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

Annexure H of the Board's report

Secretarial Audit Report for the financial year ended March 31, 2017

(Pursuant to the provision of 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, 2017, 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, 2017 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 Scheme and compliances thereunder.

   I have also examined compliance with the applicable the applicable clause of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI). Also, the provisions of The Listing Agreements with Stock Exchange 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 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 (including shorter notices duly ratified by Independent Directors), 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 the Company has redeemed 12,45,11,000Redeemable Optionally Convertible Non-Cumulative 0.001% Preference Shares of Rs. 10/- each.

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 : June 22, 2017

Annexure to Secretarial Audit Report of ATHL for financial year ended March 31, 2017

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 : June 22, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **ARICENT TECHNOLOGIES (HOLDINGS) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 branchlocated at Germany.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the Germany branch auditor on financial information of the Germany branch referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

We did not audit the financial information of one branch included in the standalone Ind AS financial statements of the Company whose financial information reflect total assets of Rs. 308.15 Million as at 31st March, 2017 and total revenues of Rs. 453.34 Million for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial information of this branch have been audited by branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

The Comparative financial information for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of one branch included in this standalone Ind AS have been audited by the branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the Germany branch auditor on the separate financial information of the Germany branch, referred to in the Other Matters paragraph above we report, to the extent applicable 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 and proper returns adequate for the purposes of our audit have been received from the Germany branch not visited by us.

    c) The reports on the accounts of the Germany branch office of the Company audited under Section 143(8) of the Act by Germany branch auditor 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the Germany branch not visited by us.

    e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

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

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

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

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

        iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 015125N)

Sd/-
Khazat A. Kotwal
(Partner)
(Membership No.103707)

Place : Gurugram
Date : 10 August 2017

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")

We have audited the internal financial controls over financial reporting of **Aricent Technologies (Holdings) Limited** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date. Further, the Company has one branch located outside India and reporting on the adequacy and operating effectiveness of internal controls over financial reporting is not applicable to such branch.

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 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 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Sd/-
Khazat A. Kotwal
(Partner)
(Membership No.103707)

Place : Gurugram
Date : 10 August 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of most of the fixed assets at reasonable intervals. According to the information and explanation given to us, 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 registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities and generally been regular in depositing undisputed Service Tax.

We are informed that the Excise Duty is not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax,Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes. Details of dues of Income-tax, Service Tax, Sales Tax and Customs Duty which have not been deposited as on March 31, 2017 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* (Rs. In Million)	Amount Unpaid (Rs. In Million)
Income Tax Act, 1961	Income Tax	Assessing Officer (AO)	2006-07	1172.26	1172.26
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2005-06, 2008-09, 2010-11	2.33	2.05
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2004-05, 2006-07, 2008-09, 2009-10	101.48	96.48
Finance Act 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	FY 07 to FY 12, 2012-13, 2013-14	4,348.78 ** (including penalty of 2,174.39)	4,299.42 ***
Sales Tax Act	Sales tax	Karnataka Appellate Tribunal	2009-10	7.44	3.74
Customs Act, 1962	Customs duty	Central, Excise & Service Tax Appellate Tribunal, Bangalore	2006-07	7.81	3.40
Customs Act, 1962	Customs duty	Central, Excise & Service Tax Appellate Tribunal, New Delhi	2008-09	0.31	0.26

*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 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* (Rs. In Million)	Amount Unpaid (Rs. In Million)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2002-03, 2003-04 and 2004-05	69.10	67.16
		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, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (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, 1934and hence reporting under clause (xvi) of the Order is not applicable to the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Sd/-
Khazat A. Kotwal
(Partner)
(Membership No.103707)

Place : Gurugram
Date : 10 August 2017

Balance Sheet as at March 31, 2017

in INR million

	Note	As at March 31, 2017	March 31, 2016	1 April, 2015
I ASSETS				
Non-current assets				
Property, plant and equipment	3	2,226	2,596	2,009
Capital work-in-progress	3	47	42	417
Goodwill		4,874	4,874	4,874
Intangible assets	4	97	53	136
Financial assets				
(i) Investment in subsidiaries	5	5,449	5,774	-
(ii) Loans	6	404	365	255
(iii) Other financial assets	7	-	5	3
Other non-current assets	8	551	575	865
Total non-current assets		**13,648**	**14,284**	**8,559**
Current assets				
Financial assets				
(i) Investments in mutual funds	5	-	200	517
(ii) Trade receivables	9	6,757	4,381	4,988
(iii) Cash and cash equivalents	10	573	1,149	4,166
(iv) Bank balances other than (iii) above	11	8	4	504
(v) Loans	6	43	92	205
(vi) Other financial assets	7	323	141	271
Other current assets	8	887	876	784
Total current assets		**8,591**	**6,843**	**11,435**
Total assets		**22,239**	**21,127**	**19,994**
II EQUITY AND LIABILITIES				
Equity				
Equity share capital	12a	1,312	1,312	1,312
Redeemable optionally convertible preference shares	12b	1,663	1,663	1,663
Other equity	13	11,415	9,868	7,935
Total equity		**14,390**	**12,843**	**10,910**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	14	62	1,417	2,377
(ii) Other financial liabilities	15	-	-	73
Provisions	16	1,394	1,231	1,136
Deferred tax liabilities (net)	17	1,931	1,553	1,209
Other non-current liabilities	18	41	-	-
Total non-current liabilities		**3,428**	**4,201**	**4,795**
Current liabilities				
Financial liabilities				
(i) Borrowings	14	1,385	1,116	670
(ii) Trade payables	19	1,050	1,043	1,384
(iii) Other financial liabilities	15	1,299	1,238	1,563
Provisions	16	221	188	306
Other current liabilities	18	466	498	366
Total current liabilities		**4,421**	**4,083**	**4,289**
Total equity and liabilities		**22,239**	**21,127**	**19,994**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

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 : August 10 2017

Statement of Profit and Loss for the year ended March 31, 2017

in INR million

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations	20	21,491	20,553
Other income	21	795	553
Total income		**22,286**	**21,106**
EXPENSES			
Employee benefits expense	22	13,227	12,724
Finance costs	23	318	377
Depreciation and amortisation expense	24	1,016	1,113
Other expenses	25	4,759	3,940
Total expenses		**19,320**	**18,154**
Profit before tax		**2,966**	**2,952**
Tax expense			
Current tax	17	961	686
Deferred tax	17	403	346
Income tax expense		**1,364**	**1,032**
Profit for the year (A)		**1,602**	**1,920**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years			
Re-measurement (losses)/gains on defined benefit plans		(92)	3
Income tax effect	17	29	2
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		**(63)**	**5**
Total comprehensive income for the year (A+B)		**1,539**	**1,925**
Earnings per equity share (of INR 10 each):			
(1) Basic (absolute value in INR)	26	12	15
(2) Diluted (absolute value in INR)	26	12	15

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

For and on behalf of the Board of Directors

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Whole Time Director
DIN – 06985241

Sd/-
Vinay Mittal
Director
DIN – 05107333

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Statement of Changes in Equity for the year ended 31 March 2017

(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 2015	131,196,104	1,312
Change during the year	-	-
At 31 March 2016	131,196,104	1,312
Change during the year	-	-
At 31 March 2017	131,196,104	1,312

(b) Other equity

For the year ended 31 March 2017:

	Equity component of redeemable optionally convertible preference shares	Other equity				Total
		Securities premium reserve	Surplus in the Statement of Profit and Loss	Capital redemption reserve	Deemed contribution from the parent company	
	(Note 12 b)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	
At 31 March 2016	**1,663**	**500**	**8,605**	**747**	**16**	**11,531**
Profit for the year	-	-	1,602	-	-	**1,602**
Other comprehensive income	-	-	(63)	-	-	**(63)**
Total comprehensive income	**-**	**-**	**1,539**	**-**	**-**	**1,539**
Transfer to capital redemption reserve	-	-	(1,245)	-	-	**(1,245)**
Transferred from surplus in the Statement of Profit and Loss	-	-	-	1,245	-	**1,245**
Financial guarantee cost for the year	-	-	-	-	8	**8**
At 31 March 2017	**1,663**	**500**	**8,899**	**1,992**	**24**	**13,078**

For the year ended 31 March 2016:

	Equity component of redeemable optionally convertible preference shares	Other equity				Total
		Securities premium reserve	Surplus in the Statement of Profit and Loss	Capital redemption reserve	Deemed contribution from the parent company	
	(Note 12 b)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	
As at 1 April 2015	**1,663**	**500**	**7,422**	**5**	**8**	**9,598**
Profit for the year	-	-	1,920	-	-	**1,920**
Other comprehensive income	-	-	5	-	-	**5**
Total comprehensive income	**-**	**-**	**1,925**	**-**	**-**	**1,925**
Transfer to capital redemption reserve	-	-	(742)	-	-	**(742)**
Transferred from surplus in the Statement of Profit and Loss	-	-	-	742		**742**
Financial guarantee cost for the year	-	-	-	-	8	**8**
At 31 March 2016	**1,663**	**500**	**8,605**	**747**	**16**	**11,531**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Statement of Cash Flows for the Year ended March 31, 2017

in INR million

		For the year ended March 31, 2017	2016
A	**Cash flow from operating activities**		
	Profit before income tax	2,966	2,952
	Adjustment to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	1,016	1,113
	Loss/(gain) on sale of property, plant and equipment (net)	99	(22)
	Provision for doubtful receivables (net)	23	11
	Provision for doubtful deposits and advances	-	1
	Impairment of investment in subsidiaries	325	-
	Gain on sale of current investment (net)	(19)	(21)
	Liabilities/provisions no longer required written back	(63)	(66)
	Unrealised foreign exchange fluctuation gain	6	(25)
	Interest income	(69)	(130)
	Finance costs	314	374
	Operating cash flows before working capital changes	**4,598**	**4,187**
	Movements in working capital :		
	(Increase)/decrease in trade receivables	(2,399)	596
	Decrease in other assets and financial assets	77	208
	Increase/(decrease) in trade payables and financial liabilities	176	(574)
	Increase in other liabilities and provisions	75	279
		(2,071)	**509**
	Cash generated from operations	2,527	4,696
	Income taxes paid	(718)	(799)
	Net cash flow from operating activities (A)	**1,809**	**3,897**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment, including intangible assets and CWIP	(1,171)	(1,302)
	Proceeds from sale of property, plant and equipment, including intangible assets and CWIP	4	24
	Loan given to related party	(150)	-
	Loan repaid by related party	100	-
	Deposits with original maturity over three months, matured with banks	-	500
	Payments towards finance lease obligation	(123)	(85)
	Investment in subsidiary company	-	(5,774)
	Purchase of mutual funds	(400)	(400)
	Redemption of mutual funds	619	738
	Interest received on bank deposits and loan to related parties	8	135
	Net cash flow (used in) investing activities (B)	**(1,113)**	**(6,164)**
C	**Net cash flow from financing activities:**		
	Interest on finance lease arrangements	(21)	(32)
	Redemption of preference share capital	(1,245)	(743)
	Net cash flow (used in) in financing activities (C)	**(1,266)**	**(775)**
D	**Net (decrease) in cash and cash equivalents (A + B + C)**	**(570)**	**(3,042)**
	Effect of exchange differences on cash and cash equivalents held in foreign currency	(6)	25
	Cash and cash equivalents at the beginning of the year	**1,149**	**4,166**
	Cash and cash equivalents at the end of the year	**573**	**1,149**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Notes forming part of financial statements for the year ended March 31, 2017

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 2017 Aricent Holdings Mauritius Limited, the holding company owned 80.36% of the equity share capital of the Company.

The financial statements for the year ended 31 March 2017 were approved by the Board of Directors and authorised for issue on 10 August 2017.

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 read with Section 133 of the Companies Act, 2013.

In accordance with the notification issued by Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standard (referred to as Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from 1 April 2016. Previous years have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (Previous GAAP) to Ind AS of shareholders' equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016. .

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 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:

a) It is expected to be realised or intended to sold or consumed in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is expected to be realised within twelve months after the reporting period, or

d) 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:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period, or

d) 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.

Notes forming part of financial statements for the year ended March 31, 2017

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

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

Revenue from software development contracts priced on a time and material basis is recognised as services are performed on the basis of billable time spent by employees working on the project, priced at the contracted rate. A provision is made for future warranty costs based on management's estimates of such future costs.

In certain contracts the price at which the Company provides product development services includes royalties that would become receivable in the future upon successful sale of products by the customers of the Company. Such royalties are recognised only when such future sales occur.

Revenue from software development on fixed price contracts is recognised on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract. The Company uses the input (efforts expended) method to measure progress towards completion as there is a direct relationship between input and progress. Provision for anticipated loss is recognised where it is probable that the estimated total contract costs are likely to exceed the total contract revenue. Revenue for claims related to change orders is recognised only in the period when approved by the customer.

Revenue from sale of software user licenses/products with a conditional clause on acceptance but without any obligation for warranty is recognised on acceptance of the software. Where such a sale also has an obligation for warranty, revenue is adjusted for the fair value of the warranty and recognised on acceptance of the software and the portion of revenue represented by the fair value of the warranty is recognised over the period of the warranty. Where the sale is not conditional on acceptance but has an obligation for the warranty, revenue is adjusted for the fair value of the warranty and recognised on delivery of the software and the portion of revenue represented by the fair value of the warranty is recognised over the period of the warranty.

Revenue from service contracts billed on a cost plus mark-up model is recognised on an accrual basis as and when the services are rendered. Revenue from services also comprises general and administration expenses, selling and marketing expenses and research and development expenses incurred for group companies and charged on a cost plus mark-up basis in accordance with the respective agreements and is recognised as and when these services are rendered.

Revenue from lease rent, commission and interest on bank deposits is recognised on an accrual basis.

The reimbursements of the out of pocket expenses incurred for the execution of the service provided to the customer is included in revenue.

Government grants are recognised as income when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

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

Category of fixed assets	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 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 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.

(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,

Notes forming part of financial statements for the year ended March 31, 2017

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.

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 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 2017, 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.

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

Certain employees of the Company are granted non-tradable Restricted Stock Units (the “RSU”) and Stock Options of Aricent’s (the Company’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 Company the cost of these Stock Options and RSU granted to the Company’s employees. The Company charges off this amount in its Statement of Profit and Loss.

2.20 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.

2.21 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:

Amendment to Ind AS 7: The amendment to Ind AS 7 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 effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102: The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The effect on the financial statements is being evaluated by the Company.

Notes forming part of financial statements for the year ended March 31, 2017

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

in INR million

	Freehold land	Building	Leasehold improvement - Owned	Leasehold improvement - Under finance lease	Plant and equipments	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 2015	**9**	**74**	**358**	**263**	**126**	**970**	**93**	**25**	**89**	**2**	**2,009**	**417**
Additions	-	-	583	-	190	512	-	200	92	2	**1,579**	2,210
Disposals	-	-	-	-	4	10	6*	-	1	-	**21**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	2,585
As at 31 March 2016	**9**	**74**	**941**	**263**	**312**	**1,472**	**87**	**225**	**180**	**4**	**3,567**	**42**
Additions	-	-	23	-	24	588	10	5	36	-	**686**	896
Disposals	-	-	-	111	5	4	-	-	-	-	**120**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	891
As at 31 March 2017	**9**	**74**	**964**	**152**	**331**	**2,056**	**97**	**230**	**216**	**4**	**4,133**	**47**
Accumulated depreciation												
As at 1 April 2015	-	-	-	-	-	-	-	-	-	-	**-**	-
Charge for the year	-	6	112	40	69	609	46	40	52	1	**975**	-
On disposals	-	-	-	-	3	1	-	-	-	-	**4**	-
As at 31 March 2016	**-**	**6**	**112**	**40**	**66**	**608**	**46**	**40**	**52**	**1**	**971**	**-**
Charge for the year	-	6	132	33	74	557	38	50	62	1	**953**	-
On disposals		-	-	15	1	1	-	-	-	-	**17**	-
As at 31 March 2017	**-**	**12**	**244**	**58**	**139**	**1,164**	**84**	**90**	**114**	**2**	**1,907**	**-**
Carrying amount												
As at 31 March 2017	9	62	720	94	192	892	13	140	102	2	**2,226**	47
As at 31 March 2016	9	68	829	223	246	864	41	185	128	3	**2,596**	42
As at 1 April 2015	9	74	358	263	126	970	93	25	89	2	**2,009**	417

*Disposal of computer equipments under finance lease includes adjustment of INR 6 million on account of settlement of amount payable to the vendor in respect of acquisition of fixed assets.

As permitted under Ind AS 101, the Company has decided to continue with the carrying values under previous GAAP for all the property, plant and equipments. The same election has been made in respect of intangible assets.

Notes forming part of financial statements for the year ended March 31, 2017

4. Intangible assets

in INR million

	Software
Cost or deemed cost	
As at 1 April 2015	**136**
Additions	55
Disposals	-
As at 31 March 2016	**191**
Additions	107
Disposals	-
As at 31 March 2017	**298**
Amortisation	
As at 1 April 2015	-
Carrying value	138
Disposals	-
As at 31 March 2016	**138**
Charge for the year	63
Disposals	-
As at 31 March 2017	**201**
Carrying amounts	
As at 31 March 2017	97
As at 31 March 2016	53
As at 1 April 2015	136

5. Investments

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Trade investments: unquoted at cost (unless otherwise stated)						
Investment in subsidiaries						
Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)						
32,856,459 cellular shares and 1,000 management shares (31 March 2016: 32,856,459 cellular shares and 1,000 management shares and 1 April 2015: Nil)*	5,774	5,774	-	-	-	-
Aricent Technologies (Beijing) Limited**						
Contribution to registered capital US $ 2,100,000 (31 March 2016: US $ 2,100,000 and 1 April 2015: US $ 2,100,000)	95	95	95	-	-	-
Cost of investments	**5,869**	**5,869**	**95**	**-**	**-**	**-**
Less: Impairment in value of investments	(420)	(95)	(95)	-	-	-
Carrying value	**5,449**	**5,774**	**-**	**-**	**-**	**-**
Investments in mutual funds - quoted						
Nil (31 March 2016: 412,303.125 units and 1 April 2015: 465,235.942 units) in Birla Sun Life Cash Plus - Growth Regular Plan	-	-	-	-	100	104
Nil (31 March 2016: 447,107.416 units and 1 April 2015: 504,376.983 units) in ICICI Prudential Liquid - Regular Plan - Growth	-	-	-	-	100	104
Nil (31 March 2016: Nil and 1 April 2015: 59,911.745 units) in IDFC Cash Fund - Growth - (Regular Plan)	-	-	-	-	-	102
Nil (31 March 2016: Nil and 1 April 2015: 47,502.440 units) in SBI Premier Liquid Fund - Regular Plan - Growth	-	-	-	-	-	104
Nil (31 March 2016: Nil and 1 April 2015: 46,267.069 units) in TATA Money Market Fund Plan A - Growth	-	-	-	-	-	103
Total	**5,449**	**5,774**	**-**	**-**	**200**	**517**

Notes forming part of financial statements for the year ended March 31, 2017

5. Investments (Continued)

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Aggregate book value of quoted investments	-	-	-	-	200	517
Aggregate market value of quoted investments (Refer note 34)	-	-	-	-	200	517
Aggregate value of unquoted investments	5,869	5,869	95	-	-	-
Aggregate amount of impairment in value of investments	420	95	95	-	-	-

* On 27 July 2015, the Company entered into a Share Purchase Agreement with Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC) ('SmartPlay') which along with its four subsidiaries in India, US, Singapore and Canada is engaged in the business of chip design services. The Company completed the acquisition of:

(i) 1,000 management shares, carrying all shareholder voting rights in SmartPlay but do not carry any beneficial economic interest in SmartPlay, except for a right to the nominal capital paid at subscription and

(ii) 32,856,459 cellular shares carrying beneficial economic rights of 50.3% in the profits of SmartPlay by making a payment in cash on 7 August 2015.

** Aricent Technologies (Beijing) Limited is in the process of being liquidated.

6. Loans

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Security deposits						
Unsecured, considered good	354	365	255	43	92	205
Unsecured, considered doubtful	-	-	-	23	24	24
Less: Provision for doubtful deposits	-	-	-	(23)	(24)	(24)
	354	**365**	**255**	**43**	**92**	**205**
Other loans						
Unsecured, considered good						
Loan to related party (Refer note 33)*	50	-	-	-	-	-
Total	**404**	**365**	**255**	**43**	**92**	**205**

***Loan to related party:**

During the year ended 31 March 2017, the Company has granted a loan to Aricent Technologies Private Limited. The loan shall be due and payable in instalments over a period of 60 months, the last being payable on November 2021. The loan carries an interest rate of 8% per annum, payable on semi-annual basis.

7. Other financial assets

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Other financial assets (at amortised cost)						
Non-current bank balances*	-	5	3	-	-	-
Receivable from related parties (Refer note 33)	-	-	-	45	14	174
Interest accrued on bank deposits but not due	-	-	-	-	-	30
Total other financial assets (at amortised cost)	**-**	**5**	**3**	**45**	**14**	**204**
Derivative instruments at fair value through profit or loss						
Foreign exchange forward and option contracts	-	-	-	278	127	67
Total derivative instruments at fair value through profit or loss	**-**	**-**	**-**	**278**	**127**	**67**
Total	**-**	**5**	**3**	**323**	**141**	**271**

*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, 2017

7. Other financial assets (Continued) in INR million

Break up of financial assets carried at fair value

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Investments in mutual funds (Refer note 5)	-	-	-	-	200	517
Foreign exchange forward and option contracts	-	-	-	278	127	67
Total	**-**	**-**	**-**	**278**	**327**	**584**

Break up of financial assets carried at amortised cost

	Non-current as at		
	31 March 2017	31 March 2016	1 April 2015
Loans (Refer note 6)	404	365	255
Other financial assets	-	5	3
Total	**404**	**370**	**258**

Break up of financial assets carried at amortised cost

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Loans (Refer note 6)	43	92	205
Trade receivable (Refer note 9)	6,757	4,381	4,988
Cash and cash equivalents (Refer note 10)	573	1,149	4,166
Other bank balances (Refer note 11)	8	4	504
Other financial assets (at amortised cost)	45	14	204
Total	**7,426**	**5,640**	**10,067**

8. Other assets in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances:						
Others	334	6	62	-	-	-
Advances (other than capital advances):						
Advance tax and tax deducted at source (net of provision for income tax 31 March 2016: INR 4,731 million and 1 April 2015: INR 4080 million)	-	204	263	-	-	-
Advance to suppliers	-	-	-	13	26	33
Advances to employee	-	-	-	111	144	162
	334	**210**	**325**	**124**	**170**	**195**
VAT/Service tax recoverable	95	224	373	134	139	105
Deferred lease expense on security deposits paid	122	141	167	33	30	29
Prepaid expenses	-	-	-	207	134	174
Unbilled revenue	-	-	-	389	399	269
Others	-	-	-	-	4	12
Total	**551**	**575**	**865**	**887**	**876**	**784**

Notes forming part of financial statements for the year ended March 31, 2017

9. Trade receivables

in INR million

	As at		
	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good			
Trade receivables - related parties (Refer note 33)	5,726	3,315	4,345
Trade receivables - others	1,031	1,066	643
Unsecured, considered doubtful			
Trade receivables - others	45	27	59
Less: Provision for doubtful debts	(45)	(27)	(59)
Total	**6,757**	**4,381**	**4,988**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, or a director or member.

Of the total trade receivables balance, 85% as at 31 March 2017 (76% as at 31 March 2016 and 87% as at 1 April 2015 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

in INR million

	As at		
	31 March 2017	31 March 2016	1 April 2015
Balances with banks:			
- Bank balances	573	1,149	706
- Deposits with original maturity of less than three months	-	-	3,460
Cash on hand	-	-	-
Total	**573**	**1,149**	**4,166**

11. Other bank balances

in INR million

	As at		
	31 March 2017	31 March 2016	1 April 2015
Deposits with original maturity for more than 3 months but less than 12 months	-	-	500
Restricted deposit held as security against guarantees (to mature within 12 months from the reporting date)*	8	4	4
Total	**8**	**4**	**504**

*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

in INR million

a. Equity share capital

	As at		
	31 March 2017	31 March 2016	1 April 2015
Authorised			
140,000,000 (31 March 2016: 140,000,000 and 1 April 2015: 140,000,000) equity shares of INR 10 each	1,400	1,400	1,400
	1,400	**1,400**	**1,400**
Issued, subscribed and fully paid-up			
131,196,104 (31 March 2016: 131,196,104 and 1 April 2015: 131,196,104) equity shares of INR 10 each	1,312	1,312	1,312
Total	**1,312**	**1,312**	**1,312**

Notes forming part of financial statements for the year ended March 31, 2017

12. Share capital (Continued) in INR million

b. Redeemable optionally convertible preference shares

	As at		
	31 March 2017	31 March 2016	1 April 2015
Authorised			
1,500,000,000 (31 March 2016: 1,500,000,000 and 1 April 2015: 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	15,000	15,000	15,000
	15,000	**15,000**	**15,000**
Equity component of redeemable optionally convertible preference shares	1,663	1,663	1,663
Total	**1,663**	**1,663**	**1,663**

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

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	INR in million	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	131,196,104	1,312
At the end of the year	**131,196,104**	**1,312**	**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 2017		As at 31 March 2016		As at 1 April 2015	
	Number	INR in million	Number	INR in million	Number	INR in million
Equity shares of INR 10 each fully paid up held by:						
(a) Aricent Holdings Mauritius Limited, the holding company	105,429,478	1,054	105,429,478	1,054	105,429,478	1,054
(b) Aricent Holdings Mauritius India Limited, subsidiary of the ultimate holding company	23,476,578	235	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 2017		As at 31 March 2016		As at 1 April 2015	
	Number	% of total shares in the class	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, the holding company	105,429,478	80.36%	105,429,478	80.36%	105,429,478	80.36%
(b) Aricent Holdings Mauritius India Limited, subsidiary of the ultimate holding company	23,476,578	17.89%	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.

Notes forming part of financial statements for the year ended March 31, 2017

13. Other equity

in INR million

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Capital redemption reserve			
At the commencement of the year	747	5	5
Add: Transferred from Surplus in the Statement of Profit and Loss	1,245	742	-
At the end of the year	**1,992**	**747**	**5**
Securities premium reserve			
At the commencement of the year	500	500	500
At the end of the year	**500**	**500**	**500**
Surplus in the Statement of Profit and Loss			
At the commencement of the year	8,605	7,422	6,164
Add: Profit for the year	1,602	1,920	1,258
Add: Other comprehensive income for the year	(63)	5	-
Less: Transfer to Capital redemption reserve	(1,245)	(742)	-
At the end of the year	**8,899**	**8,605**	**7,422**
Deemed contribution from the parent company			
At the commencement of the year	16	8	-
Add: Financial guarantee cost of the year	8	8	8
At the end of the year	**24**	**16**	**8**
Total	**11,415**	**9,868**	**7,935**

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. Surplus in the Statement of Profit and Loss

Surplus in the Statement of Profit and Loss 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. 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

in INR million

	Non-current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Unsecured			
Finance lease obligations	62	185	285
Liability component of redeemable optionally convertible preference shares			
155,155,299 (31 March 2016: 279,666,299 and 1 April 2015: 353,916,299) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	-	1,232	2,092
Total	**62**	**1,417**	**2,377**

Notes forming part of financial statements for the year ended March 31, 2017

14. Borrowings (continued)

in INR million

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Liability component of redeemable optionally convertible preference shares			
155,155,299 (31 March 2016: 279,666,299 and 1 April 2015: 353,916,299) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	1,385	1,116	670
Total	**1,385**	**1,116**	**670**

Note:

a. Finance lease

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:

in INR million

	Non-current as at			Current as at (Refer note 15)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
(a) Total future minimum lease payments	69	222	348	29	116	126
(b) Future interest included in (a) above	7	37	63	8	25	34
(c) Present value of future minimum lease payments [(a) - (b)]	62	185	285	21	91	92

The maturity profile of finance lease obligations is as follows:

in INR million

	Minimum lease payments as at			Present value as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Payable within 1 year	29	116	126	21	91	92
Payable between 1-5 years	69	210	309	62	174	248
Payable later than 5 years	-	12	39	-	11	37

b. Redeemable optionally convertible preference shares

Redeemable optionally convertible non-cumulative 0.001% (31 March 2016: 0.001% and 1 April 2015: 0.001%) preference shares were issued in 2006 at par and each share is convertible into equity shares at the option of the Company or holder of the preference shares, after the expiry of one month from the date of allotment but before the expiry of 20 years at the price to be mutually determined as per the applicable provisions relating to the pricing. In the event the option for conversion of the preference shares is not exercised as mentioned above, such preference shares shall be redeemable at par at the option of the Company upto the end of 20 years or such period as prescribed by law, from the date of their allotment. The presentation of the liability and equity portions of these shares is explained in the summary of significant accounting policies.

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

	Number of shares as at		
	31 March 2017	31 March 2016	1 April 2015
Redeemable optionally convertible non-cumulative 0.001% preference shares			
At the commencement of the year	279,666,299	353,916,299	353,916,299
Shares redeemed during the year (at par)	124,511,000	74,250,000	-
At the end of the year	**155,155,299**	**279,666,299**	**353,916,299**

14. Borrowings (continued) in INR million

Rights, preferences and restrictions attached to preference shares

Preference shares carry a preferential right to dividend over equity shareholders. The preference shares are entitled to one vote per share at meetings of the Company on any resolution directly affecting their rights. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of their paid-up capital. However, a preference shareholder acquires voting rights at par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.

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

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

	Number of shares as at		
	31 March 2017	31 March 2016	1 April 2015
Redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each fully paid up held by:			
Aricent Holdings Mauritius Limited, the holding company	155,155,299	279,666,299	353,916,299

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

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
Redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each fully paid up held by						
Aricent Holdings Mauritius Limited, the holding company	155,155,299	100.00%	279,666,299	100.00%	353,916,299	100.00%

15. Other financial liabilities in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Other financial liabilities at amortised cost						
Employee related liabilities	-	-	73	1,082	906	1,131
Current maturities of finance lease obligations	-	-	-	21	91	92
Payable towards purchase of property, plant and equipment	-	-	-	196	241	340
Total	**-**	**-**	**73**	**1,299**	**1,238**	**1,563**

Break up of financial liabilities carried at amortised cost in INR million

	Non-current as at		
	31 March 2017	31 March 2016	1 April 2015
Borrowings (Refer note 14)	62	1,417	2,377
Other financial liabilities	-	-	73
Total	**62**	**1,417**	**2,450**

Notes forming part of financial statements for the year ended March 31, 2017

15. Other financial liabilities (Continued) in INR million

Break up of financial liabilities carried at amortised cost

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Borrowings (Refer note 14)	1,385	1,116	670
Trade payables (Refer note 19)	1,050	1,043	1,384
Other financial liabilities	1,299	1,238	1,563
Total	**3,734**	**3,397**	**3,617**

16. Provisions in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits						
Gratuity (Refer note 29)	981	825	762	56	55	-
Pension plan (Refer note 29)	199	208	194	-	-	-
Compensated absences	172	159	147	35	35	31
	1,352	**1,192**	**1,103**	**91**	**90**	**31**
Other provisions						
Provision for warranty	-	-	-	19	13	10
Provision for site restoration	26	39	33	32	25	35
Provision for income tax [net of advance tax INR 5,403 million (31 March 2016: Nil and 1 April 2015: Nil)]	16	-	-	-	-	-
Provision for income tax [net of advance tax INR 648 million (31 March 2016: INR 610 million and 1 April 2015: INR 513 million)]	-	-	-	79	60	230
	42	**39**	**33**	**130**	**98**	**275**
Total	**1,394**	**1,231**	**1,136**	**221**	**188**	**306**

Movement in provision for warranty and site restorations in INR million

	Provision for warranty	Provision for site restoration
Opening balance 1 April 2015	**10**	**68**
Additions	3	8
Reductions	-	(12)
Closing balance 31 March 2016	**13**	**64**
Additions	6	3
Reductions	-	(9)
Closing balance 31 March 2017	**19**	**58**

17. Income tax in INR million

The major components of income tax expense for the year ended 31 March 2017 are:

Profit and Loss section

	Year ended	
	31 March 2017	**31 March 2016**
Current tax:		
Current tax charge	976	684
Prior year tax charge	(15)	2
	961	**686**
Deferred tax:		
Relating to origination and reversal of temporary differences	403	346
Income tax expense reported in the Statement of Profit and Loss	**1,364**	**1,032**

Other Comprehensive Income (OCI) section

	Year ended	
	31 March 2017	**31 March 2016**
Remeasurements of defined benefit plans	(29)	(2)
Income tax charged to OCI	**(29)**	**(2)**

Reconciliation of tax expense and the accounting profit multiplied by tax rate:

	Year ended	
	31 March 2017	**31 March 2016**
Accounting profit before income tax	**2,966**	**2,952**
At statutory income tax rate of 34.608% (31 March 2016: 34.608%)	1,026	1,022
Adjustments in respect of current income tax of previous years	(15)	2
Deferred tax adjustments as per tax return of prior years	44	22
Tax exemption u/s 10AA	(15)	(1)
Tax deduction u/s 80G	(9)	(7)
Provision for diminution in value of investment	114	-
Foreign taxes and other non-deductible items	219	(6)
Income tax reported in the Statement of Profit and Loss	**1,364**	**1,032**

Deferred tax

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Deferred tax asset relates to the following:			
Provision for employee benefits	483	419	369
Receivables and financial assets carried at amortised cost	31	26	36
Property, plant and equipment	163	123	83
MAT credit entitlement	245	590	918
Other non-current liabilities	23	21	19
Others	-	3	21
Total deferred tax asset (A)	**945**	**1,182**	**1,446**

Notes forming part of financial statements for the year ended March 31, 2017

17. Income tax (Continued)

in INR million

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Deferred tax liability relates to the following:			
Goodwill	2,721	2,534	2,355
Redeemable optionally convertible preference shares	58	155	269
Cash flow hedge	97	46	25
Others	-	-	6
Total deferred tax liabilities (B)	**2,876**	**2,735**	**2,655**
Deferred tax liability recognised (net) (C = (B-A))	**1,931**	**1,553**	**1,209**

The movement in net deferred tax liability has been recorded through Statement of Profit and Loss, except deferred tax asset related to remeasurements of defined benefit plans, amounting to INR 29 million (31 March 2016: INR 2 million) created through OCI.

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.

18. Other liabilities

in INR million

	Non-current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Other liabilities	41	-	-
Total	41	-	-

	Current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Statutory liabilities	283	259	185
Unearned revenue	36	60	41
Advances received from customers	55	50	45
Other liabilities	92	129	95
Total	**466**	**498**	**366**

19. Trade payables

in INR million

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Trade payables			
- Due to micro and small enterprises*	-	-	-
- Due to related parties (Refer note 33)	203	199	745
- Others	847	844	639
Total	**1,050**	**1,043**	**1,384**

*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

in INR million

	Year ended	
	31 March 2017	**31 March 2016**
Software products	118	223
Software services	21,373	20,330
Total	**21,491**	**20,553**

Notes forming part of financial statements for the year ended March 31, 2017

21. Other income

in INR million

	Year ended	
	31 March 2017	31 March 2016
Liabilities/provisions no longer required written back	63	66
Interest income (Refer note (i) below)	69	130
Gain on sale of current investment	19	21
Gain on sale of property, plant and equipment (net)	-	22
Exchange gain (net)	595	195
Government grants	39	109
Miscellaneous income	10	10
Total	**795**	**553**

Notes:

(i) Interest income comprises of:

	Year ended	
	31 March 2017	31 March 2016
Unwinding of discount on security deposit	61	25
Interest income on bank deposits	4	105
Interest income on loan to related party (Refer note 33)	4	-
Total	**69**	**130**

22. Employee benefits expense

in INR million

	Year ended	
	31 March 2017	31 March 2016
Salaries and wages	12,415	11,894
Contributions to provident and other funds	556	540
Share based payments to employees	19	29
Staff welfare expenses	237	261
Total	**13,227**	**12,724**

23. Finance costs

in INR million

	Year ended	
	31 March 2017	31 March 2016
Interest on finance lease arrangements	21	32
Interest on income tax	4	3
Financial guarantee cost	8	8
Unwinding of discount		
- on liability portion of convertible preference shares	282	329
- on asset restoration obligation	3	5
Total	**318**	**377**

Notes forming part of financial statements for the year ended March 31, 2017

24. Depreciation and amortisation expense

in INR million

	Year ended	
	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (Refer note 3)	953	975
Amortisation of intangible assets (Refer note 4)	63	138
Total	**1,016**	**1,113**

25. Other expenses

in INR million

	Year ended	
	31 March 2017	31 March 2016
Consumption of stores and spares	11	12
Power and fuel	289	393
Rent	849	878
Repairs and maintenance		
- Building	271	259
- Plant and equipments	277	259
- Others	32	23
Impairment of investment in subsidiaries	325	-
Insurance	21	29
Rates and taxes	10	7
Communication expenses	121	134
Travelling and conveyance	734	700
Training expenses	42	40
Recruitment expenses	28	37
Software development consultancy	954	420
Legal and professional charges	181	265
Expenditure on corporate social responsibility [Refer note (i)]	39	46
Bank charges	5	6
Auditors' remuneration [Refer note (ii)]	4	8
Provision for doubtful receivables (net)	23	11
Provision for doubtful deposits and advances	-	1
Loss on sale of property, plant and equipment (net)	99	-
Provision for warranty	6	3
Miscellaneous expenses	438	409
Total	**4,759**	**3,940**

(i) Details of corporate social responsibility expenditure

	Year ended	
	31 March 2017	31 March 2016
Promoting education including special education and employment enhancing vocational skills		
Project 1 - Aricent Employability Enhancement Programme - NPTEL	12	5
Project 2 - Aricent Employability Enhancement Programmes - NASSCOM	25	41
Other expenses	2	-
Total	**39**	**46**

25. Other expenses (Continued) in INR million

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

	Year ended	
	31 March 2017	**31 March 2016**
Statutory audit fee	3	5
Tax audit fees	-	-
Other services	1	3
Total	**4**	**8**

26. Earnings per share (EPS) in INR million

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 2017	**31 March 2016**
Profit attributable to equity holders for basic earnings	1,602	1,920
Interest on redeemable optionally convertible preference shares	-	-
Profit attributable to equity holders for the effect of dilution	1,602	1,920
Weighted average number of equity shares for basic EPS	131	131
Effect of dilution:		
Redeemable optionally convertible preference shares*	-	-
Weighted average number of equity shares adjusted for the effect of dilution	131	131
Basic EPS (absolute value in INR)	12	15
Diluted EPS (absolute value in INR)	12	15

* The preference shares are convertible into equity share at the option of the Company or the respective holders after the expiry of one month from the date of allotment but before the expiry of 20 years at the price to be determined in accordance with the applicable regulatory provisions i.e. fair value at the time of such exercise. Accordingly, the preference shares have not been considered dilutive.

27. 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.

Notes forming part of financial statements for the year ended March 31, 2017

27. Significant accounting judgements, estimates and assumptions (Continued)

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 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 29.

28. Operating lease commitments

The Company leases certain facilities under non-cancellable operating leases. Rental expenses for operating leases for the year ended 31 March 2017 is INR 849 million (31 March 2016: INR 878 million). The operating leases expire in various years through January 2021.

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

Particulars	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Within one year	371	616	615
After one year but not more than five years	166	843	1341
More than five years	-	31	100

29. 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 323 million (31 March 2016: INR 324 million).

The total liability under the Trust as at 31 March 2017 amounts to INR 4,831 million (31 March 2016: INR 4,307 million) as against total assets of INR 5,080 million (31 March 2016: INR 4,539 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 2017 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 2017	31 March 2016	1 April 2015
Rate of discounting	7.10%	7.90%	7.90%
Rate of return on assets	8.60%	8.75% p.a. for first year and 8.60% thereafter	8.75% p.a. for first year and 8.60% thereafter
Long term EPFO rate	8.60%	8.75% p.a. for first year and 8.60% thereafter	8.75% p.a. for first year and 8.60% thereafter

(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 in INR million

	Gratuity plan year ended		Pension plan year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Balance as at the beginning of the year	**946**	**878**	**208**	**194**
Current service cost	138	134	1	1
Interest cost	70	64	4	3
Benefits paid	(124)	(140)	(5)	(2)
Exchange loss/(gain)	-	-	(17)	21
Actuarial (gain)/loss	83	10	8	(9)
Acquisitions cost	2	-	-	-
Balance as at the end of the year	**1,115**	**946**	**199**	**208**

Fair value of plan assets in INR million

	Gratuity plan year ended		Pension plan year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Balance as at the beginning of the year	**66**	**116**	**-**	**-**
Expected return on plan assets	5	7	-	-
Contributions	130	80	-	-
Benefits paid	(124)	(141)	-	-
Actuarial gain/(loss)	(1)	4	-	-
Acquisition adjustment	2	-	-	-
Balance as at the end of the year	**78**	**66**	**-**	**-**

Notes forming part of financial statements for the year ended March 31, 2017

29. Employee benefits (Continued)

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

in INR million

	Gratuity plan as at		
	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets as at the end of the year*	78	66	116
Present value of defined benefit obligations as at end of the year	1,115	946	878
Liability recognised in the Balance Sheet as at the end of the year	**1,037**	**880**	**762**
Non-current	**981**	**825**	**762**
Current	**56**	**55**	**-**

in INR million

	Pension plan as at		
	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets as at the end of the year	-	-	-
Present value of defined benefit obligations as at end of the year	199	208	194
Liability recognised in the Balance Sheet as at the end of the year	**199**	**208**	**194**
Non-current	**199**	**208**	**194**
Current	**-**	**-**	**-**

* 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: in INR million

	Gratuity plan year ended		Pension plan year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Current service cost	138	134	1	1
Interest cost	70	64	4	3
Expected return on plan assets	(5)	(7)	-	-
Net actuarial loss/(gain)	84	6	8	(9)
Total	**287**	**197**	**13**	**(5)**

Amount recognised in the Statement of Profit and Loss: in INR million

	Gratuity plan year ended		Pension plan year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Current service cost	138	134	1	1
Net interest expense	65	57	4	3
Total	**203**	**191**	**5**	**4**

Amount recognised in Other Comprehensive Income: in INR million

	Gratuity plan year ended		Pension plan year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Actuarial loss/(gain) on obligations	83	10	8	(9)
Return on plan assets (excluding amounts included in net interest expense)	1	(4)	-	-
Total	**84**	**6**	**8**	**(9)**

29. Employee benefits (Continued)

Actuarial assumptions

	Gratuity plan as at			Pension plan as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Discounting rate	7.10%	7.90%	7.90%	1.40%	1.90%	1.60%
Future salary increase	8.00%	8.00%	8.00%	2.50%	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: in INR million

	Gratuity as at	
	31 March 2017	31 March 2016
Within the next 12 months (next annual reporting period)	139	125
Between 2 and 5 years	640	596
Between 5 and 10 years	898	845
Total	**1,677**	**1,566**

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

Gratuity in INR million

	Discount rate as at		Salary escalation rate as at	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Effect on DBO due to 0.5% increase	(40)	(32)	42	34
Effect on DBO due to 0.5% decrease	42	34	(40)	(32)

30. Share based payments

a. Stock options

Description of the plan

Certain employees of the Company are granted non-tradable Stock options and Restricted Stock Units (RSUs) of Aricent's (the Company's ultimate parent company) shares. These stock options granted to employees vest, subject to certain conditions, over the vesting period. During the year, the ultimate parent company has allocated INR 19 million (previous year INR 29 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 the 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 year:

	31 March 2017		31 March 2016	
	Number	WAEP in INR	Number	WAEP in INR
Outstanding at 1 April	14,680,419	69.10	15,145,587	57.67
Granted during the year	940,000	106.78	1,471,724	135.42
Forfeited during the year	(1,105,047)	89.16	(989,656)	57.28
Exercised during the year	(2,702,973)	63.69	(425,475)	65.81
Expired during the year	(2,017,085)	56.05	(521,761)	67.00
Outstanding at 31 March	9,795,314	72.90	14,680,419	69.10
Exercisable at 31 March	4,835,830	65.11	8,989,407	62.41

The weighted average remaining contractual life for the share options outstanding as at 31 March 2017 was 5.31 years (31 March 2016: 4.41 years).

The weighted average fair value of options granted during the year was INR 39.44 (31 March 2016: INR 52.01).

The range of exercise prices for options outstanding at the end of the year was INR 37.50 to INR 135.12 (31 March 2016: INR 38.14 to INR 137.42).

Notes forming part of financial statements for the year ended March 31, 2017

30. Share based payments (Continued)

The following tables list the inputs to the models used for the plan for the years ended 31 March 2017 and 31 March 2016, respectively:

	31 March 2017	31 March 2016
Dividend yield (%)	0%	0%
Expected volatility (%)	34.77%-35.08%	35.30% - 38.68%
Risk–free interest rate (%)	1.15%-2.09%	1.70 - 1.76 %
Expected life of share options (years)	6.35	6.35
Weighted average share price (INR)	106.78	116.64-137.42

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

During the year ended 31 March 2017, the ultimate parent company has allocated INR 0.49 million of expense (31 March 2016: Nil) 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 the Statement of Profit and Loss.

Movement of Restricted Stock Units during the year

During the year ended 31 March 2017, the ultimate parent company awarded 20,000 Restricted Stock Units to the Company's employee. The weighted average exercise price on the date of allotment was INR 107. There were no other changes during the year.

The weighted average remaining contractual life for the Restricted Stock Units outstanding as at 31 March 2017 was 1.76 years .

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 36 million (previous year INR 81 million).

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.

b. Claims disputed by the Company:

	As at	
	31 March 2017	31 March 2016
Income tax matters	2,550	1,530
Other claims		
Customs duty	8	8
Sales tax matters	11	11
Others	3	3

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.

c. The Company entered into an agreement (the "Agreement") with a purchase option with the land owner and the developer for the development, lease and potential sale of a Bangalore land facility (the "Company's Bangalore Campus"). In July 2005, the developer of the Company's Bangalore Campus filed a lawsuit against the Company in the City Civil Court of Bangalore, seeking recovery of rent and interest aggregating to INR 45 million. The developer also claimed wrongful possession and sought to have the Company vacate the premises and pay damages. The Company deposited INR 23 million with the court representing the amount it determined was contractually owed to the developer pursuant to the Agreement from the date of occupancy through January 2007, the date the Company exercised its right to purchase the Company's Bangalore Campus pursuant to the Agreement. The court permitted the developer to encash this amount in February 2008. The Company has also attempted to remit to the land owner the rental amount it determined to be contractually due to the land owner, but the land owner has refused to accept such rental cheques. In December 2008, the developer responded by filing a motion for damages equivalent to the amount of rent. The trial court allowed the motion in March 2011, but the Company challenged the order with the Karnataka High Court, Bangalore (the "High Court") and obtained a stay in the matter. Finally, in September, 2013, the High Court set aside the impugned order of trial court and directed the trial court to dispose of all the lawsuits expeditiously.

In January 2007, the Company sent both the developer and land owner notice of its exercise of its option to purchase the Company's Bangalore Campus for INR 240 million pursuant to the Agreement. In February 2007, the Company filed a lawsuit in the City Civil Court of Bangalore, India against both the developer and owner of the Company's Bangalore Campus directing them to execute a sale deed in favor of the Company pursuant to the Company's contractual purchase option under the Agreement.

31. Commitments and contingencies (Continued)

In September 2010, the developer filed another lawsuit against the Company in the City Civil Court of Bangalore seeking recovery of damages and interest representing the portion of the land and building previously owned by the landowner of the property. The developer claims to have purchased the owners' interest in April 2010 and sought eviction based on its ownership of this portion. The Company had opposed the claims.

All three lawsuits described above have been consolidated for trial, which commenced in November 2011 and completed in February, 2016. The judgements were pronounced by the Court in April 2016 wherein the 2 cases filed against the Company by the developer for eviction has been allowed by the Court and the Company's case of Specific Performance was dismissed with no costs. These judgements were appealable before the Hon'ble High Court of Karnataka. The Company has already filed appeals in both the eviction suits and also in a suit for Specific Performance before the High Court of Karnataka and the same have been admitted by the Court. The Court granted a stay on the order of eviction subject to payment of the ordered amount. Amount of INR 331 million has been duly paid by the Company to developer. The matter is now pending before the Hon'ble High Court of Karnataka.

Based on expert advice, 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.

d. Service tax matters

On 20 October 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 the Company's employees traveling abroad from fiscal years ended 31 March 2007 to 31 March 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 22 July 2012, the Company has received similar notices covering fiscal years ended 31 March 2011 to 31 March 2015. The total tax demanded for such year's stands at INR 2,315 million. This amount does not include interest which is approximately INR 2,393 million upto 31 March 2017.

For years upto 31 March 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.

For the financial year ended 31 March 2015, the Service tax authorities have only issued show cause notice and the Company has during the year filed response before the Commissioner of Service Tax against the same. The proposed tax demands in such notice is for INR 140 million which is included in total tax demand mentioned above.

In April 2017, the CESTAT has issued order granting stay of demand for the fiscal years 31 March 2007 to 31 March 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.

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 Statement Cash Flow.

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, 78% (31 March 2016: 81%) 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:

	Revenue for the year ended	
Location	**31 March 2017**	**31 March 2016**
Domestic	3,321	2,607
Americas	562	546
Europe	2,263	2,352
Mauritius	14,602	14,478
Rest of the world	743	570
Total	**21,491**	**20,553**

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, 2017

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	Aricent
		Aricent Holdings
		Aricent Technologies
c.	Subsidiary companies (Wholly owned)	Aricent Technologies (Beijing) Limited
d.	Subsidiary companies (Direct holding)	Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)
e.	Subsidiary companies (Indirect holding)	Aricent Technologies Private Limited (formerly known as SmartPlay Technologies (India) Private Limited)
		Aricent N.A. Inc. (formerly known as SmartPlay Inc.)
		SmartPlay Technologies (Singapore) Pte Limited
		SmartPlay Technologies (Canada) Limited
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.
		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
		Aricent Belgium SPRL
		Aricent Technology (Shenzhen) Co Limited
		Aricent Japan Limited
		Aricent Israel Ltd.
		Aricent Ireland Private Ltd.
		Aricent Spain S.L.U., Spain

33. Related party transactions (Continued)

g.	Key management personnel of the Company	**Whole time directors:** Ashwani Lal Payal Koul Mirakhur (joined the board effectively from 15 April 2015 and resigned from the board effectively from 31 March 2016) Ashish Mohan (CFO) (resigned from the board effectively from 22 January 2016) Mr. Gajendra Singh Chowhan **Independent directors:** Amal Ganguli (resigned from the board effectively from 11 August 2016) Vinay Mittal Nipun Gupta 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:

in INR million

		For the year ended 31 March 2017	For the year ended 31 March 2016	As at 1 April 2015
a.	Holding company			
	Transactions during the year			
	Redemption of redeemable optionally convertible preference shares	1,245	743	-
b.	Subsidiary companies			
	Transactions during the year			
	Revenue from operations	56	11	-
	Expenses (software development consultancy)	488	51	-
	Expenses incurred by related parties on behalf of the Company	2	-	-
	Expenses incurred by the Company on behalf of related parties	2	-	-
	Loans given	150	-	-
	Loans repaid	100	-	-
	Trade receivable written off	-	29	-
	Other income (interest income on loan)	4	-	-
	Balance outstanding at the year end			
	Trade payables	119	53	-
	Trade receivables	51	12	29
	Provision for doubtful debt	-	-	29
	Loan to related parties	50	-	-

Notes forming part of financial statements for the year ended March 31, 2017

33. Related party transactions (Continued)

in INR million

	For the year ended 31 March 2017	For the year ended 31 March 2016	As at 1 April 2015
c. Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company			
Transactions during the year			
Revenue from operations	16,740	16,629	-
Other income (liabilities written back)	1	43	-
Expenses (software development consultancy)	1	5	-
Expenses incurred by related parties on behalf of the Company	56	131	-
Expenses incurred by the Company on behalf of related parties	507	609	-
Purchase of fixed assets by the Company on behalf of related parties	35	50	-
Balance outstanding as at the year end			
Trade payables	79	123	633
Trade receivables	5,675	3,303	4,316
Other receivable from related parties	3	1	1
Credit facility availed	1	1	1
d. Enterprise having substantial interest in the Company			
Transactions during the year			
Expense incurred by related parties on behalf of the Company	19	34	-
Expenses incurred by the Company on behalf of related parties	39	11	-
Balance outstanding as at the year end			
Trade payables	5	23	112
Other receivable from related parties	42	13	173
Credit facility availed	86	90	98
e. Trusts set-up by the Company			
Transactions during the year			
Contributions made during the year	676	615	-
Balance outstanding as at the year end			
Contributions payable at the year end	46	46	44
f. Key management personnel			
Compensation during the year			
Short-term employee benefits	27	24	-
Employee stock option scheme	1	1	-
Post-employment gratuity and medical benefits	2	2	-
Other long-term benefits	7	2	-
Commission	2	3	-
Fee for attending board committee meetings	-	-	-
Balance outstanding as at the year end			
Employee related liabilities	4	3	3

34. Fair values

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

	Carrying amount as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
FINANCIAL ASSETS			
Financial assets measured at amortised cost			
Loans	447	457	460
Trade receivables	6,757	4,381	4,988
Cash and cash equivalents	573	1,149	4,166
Other bank balances	8	4	504
Other financial assets	45	19	207
Financial assets measured at fair value through the Statement of Profit and Loss			
Investments in mutual funds	-	200	517
Foreign exchange forward and option contracts	278	127	67
Total	**8,108**	**6,337**	**10,909**
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Borrowings	1,447	2,533	3,047
Trade payables	1,050	1,043	1,384
Other financial liabilities	1,299	1,238	1,636
Total	**3,796**	**4,814**	**6,067**

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:

in INR million

	Level 1	**Level 2**	**Level 3**
As of 31 March 2017			
Financial assets at fair value			
Investments in mutual funds	-	-	-
Foreign exchange forward and option contracts	-	278	-
As of 31 March 2016			
Financial assets at fair value			
Investments in mutual funds	200	-	-
Foreign exchange forward and option contracts	-	127	-
As of 1 April 2015			
Financial assets at fair value			
Investments in mutual funds	517	-	-
Foreign exchange forward and option contracts	-	67	-

Notes forming part of financial statements for the year ended March 31, 2017

34. Fair values (Continued)

The fair value of the Company's cash and cash equivalents, trade receivables, deposits with maturity of 3 to 12 months, loans (except for security deposits) and other financial assets, trade payables, and other financial liabilities (except employee related liabilities) approximates carrying amount because of the short-term nature of these instruments. The Company's cash equivalents are comprised of cash deposited in certificates of deposit with short term maturities.

Loans to related parties, security deposits, employee related liabilities and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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

Derivatives not designated as hedging instruments

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. The Company does not use derivative financial instruments for trading or speculative purposes.

During the year ended 31 March 2017 and 31 March 2016, the Company did not apply hedge accounting for its foreign currency forward contracts.

The total gross notional amount by type of derivative financial instruments as of 31 March 2017 is as follows:

	Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage (INR)**	**US Dollars**
US dollar (contracts to sell USD/buy INR)	USD	10,748	160

	Option/Range Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage (INR)**	**US Dollars**
US dollar (contracts to sell USD/buy INR)	USD	622	10

The total gross notional amount by type of derivative financial instruments as of 31 March 2016 is as follows:

	Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage (INR)**	**US Dollars**
US dollar (contracts to sell USD/buy INR)	USD	9,467	138

There were no options/range forward contracts outstanding as on 31 March 2016.

The total gross notional amount by type of derivative financial instruments as of 1 April 2015 is as follows:

	Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage (INR)**	**US Dollars**
US dollar (contracts to sell USD/buy INR)	USD	12,328	191

There were no options/range forward contracts outstanding as on 31 March 2016 and 1 April 2015.

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.

36. Financial risk management objectives and policies (Continued)

(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 2017:

in INR million

	U.S. Dollars	Other currencies	Total
Total financial assets	5,964	466	6,430
Total financial liabilities	643	213	856

The following table analyses foreign currency risk from financial instruments as of 31 March 2016:

in INR million

	U.S. Dollars	Other currencies	Total
Total financial assets	4,149	304	4,453
Total financial liabilities	568	170	738

The following table analyses foreign currency risk from financial instruments as of 1 April 2015:

in INR million

	U.S. Dollars	Other currencies	Total
Total financial assets	4,617	291	4,908
Total financial liabilities	841	160	1,000

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 266 million and INR 179 million for the year ended 31 March 2017 and 31 March 2016 respectively.

(ii) Price risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Company has diversified its investments to manage the 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, money market liquid mutual funds 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 2017, 31 March 2016 and 1 April 2015 is the carrying value of each class of financial assets.

Notes forming part of financial statements for the year ended March 31, 2017

36. Financial risk management objectives and policies (Continued)

(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 2017 and 31 March 2016. 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 Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

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

in INR million

	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2017					
Finance lease obligations	62	69	-	69	-
Redeemable optionally convertible preference shares	1,385	1,566	1,566	-	-
Trade payables	1,050	1,050	1,050	-	-
Other financial liabilities	1,299	1,299	1,299	-	-
Total	**3,796**	**3,984**	**3,915**	**69**	**-**

in INR million

	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2016					
Finance lease obligations	185	222	-	210	12
Redeemable optionally convertible preference shares	2,348	2,797	1,250	1,547	-
Trade payables	1,043	1,043	1,043	-	-
Other financial liabilities	1,238	1,238	1,238	-	-
Total	**4,814**	**5,300**	**3,531**	**1,757**	**12**

in INR million

	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 1 April 2015					
Finance lease obligations	285	348	-	309	39
Redeemable optionally convertible preference shares	2,762	3,539	750	2,789	-
Trade payables	1,384	1,384	1,384	-	-
Other financial liabilities	1,636	1,636	1,563	73	-
Total	**6,067**	**6,907**	**3,697**	**3,171**	**39**

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 2017, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

38. First time adoption

As stated in note 2.1, the financial statements for the year ending 31 March 2017 would be the first financial statements prepared in accordance with Ind AS.

The adoption was carried out in accordance with Ind AS 101 using Balance Sheet as at 1 April 2015 (transition date). The transition was carried out from Indian GAAP, which was considered as the Previous GAAP. All applicable Ind AS have been applied consistently and retrospectively, wherever, required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as of the transition date are recognized directly in equity (retained earnings) at the date of transition to Ind AS.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 1 April 2016, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's Opening Balance Sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(a) Deemed cost exemption

The Company has elected to continue with the carrying value for all of its property, plant and equipment, intangible assets and the investment in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used it as its deemed cost as at the date of transition.

(b) Compound financial instruments

The Company has elected not to apply Ind AS 32 retrospectively to split the liability and equity component of the instrument when the liability component is no longer outstanding at the date of transition.

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

Notes forming part of financial statements for the year ended March 31, 2017

38. First time adoption (Continued)

Impact of Ind AS adoption on Balance Sheet as at 1 April 2015

in INR million

	Footnotes	Regrouped amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		2,009	-	2,009
Capital work-in-progress		417	-	417
Goodwill		4,874	-	4,874
Intangible Assets		136	-	136
Financial assets				
(i) Loans	2	470	(215)	255
(ii) Other financial assets		3	-	3
Other non-current assets	3	718	147	865
Total non-current assets		**8,627**	**(68)**	**8,559**
Current assets				
Financial assets				
(i) Investments	4	500	17	517
(ii) Trade receivables	5	4,980	8	4,988
(iii) Cash and cash equivalents		4,166	-	4,166
(iv) Bank balances other than (iii) above		504	-	504
(v) Loans		205	-	205
(vi) Other financial assets	6	204	67	271
Other current assets	7	764	20	784
Total current assets		**11,323**	**112**	**11,435**
Total assets		**19,950**	**44**	**19,994**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,312	-	1,312
Redeemable optionally convertible preference shares	8	3,539	(1,876)	1,663
Other equity		8,841	(906)	7,935
Total equity		**13,692**	**(2,782)**	**10,910**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	9	285	2,092	2,377
(ii) Other financial liabilities		73	-	73
Provisions	11	1,150	(14)	1,136
Deferred tax liabilities(net)	12	914	295	1,209
Other non-current liabilities	13	212	(212)	-
Total non-current liabilities		**2,634**	**2,161**	**4,795**
Current liabilities				
Financial Liabilities				
(i) Borrowings	9	-	670	670
(ii) Trade payables		1,384	-	1,384
(iii) Other financial liabilities	10	1,567	(4)	1,563
Provisions	11	307	(1)	306
Other current liabilities		366	-	366
Total current liabilities		**3,624**	**665**	**4,289**
Total equity and liabilities		**19,950**	**44**	**19,994**

38. First time adoption (Continued)

Impact of Ind AS adoption on Balance Sheet as at 31 March 2016

in INR million

	Footnotes	Regrouped amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1	2,620	(24)	2,596
Capital work-in-progress		42	-	42
Goodwill		4,874	-	4,874
Intangible assets		53	-	53
Financial assets			-	
(i) Investments		5,774	-	5,774
(ii) Loans	2	562	(197)	365
(iii) Other financial assets		5	-	5
Other non-current assets	3	434	141	575
Total non-current assets		**14,364**	**(80)**	**14,284**
Current assets				
Financial assets				
(i) Investments		200	-	200
(ii) Trade receivables	5	4,373	8	4,381
(iii) Cash and cash equivalents		1,149	-	1,149
(iv) Bank balances other than (iii) above		4	-	4
(iv) Loans		92	-	92
(v) Other financial assets	6	14	127	141
Other current assets	7	846	30	876
Total current assets		**6,678**	**165**	**6,843**
Total assets		**21,042**	**85**	**21,127**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,312	-	1,312
Redeemable optionally convertible preference shares	8	2,797	(1,134)	1,663
Other equity		10,864	(996)	9,868
Total equity		**14,973**	**(2,130)**	**12,843**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	9	185	1,232	1,417
Provisions	11	1,245	(14)	1,231
Deferred tax liabilities(net)	12	1,358	195	1,553
Other non-current liabilities	13	309	(309)	-
Total non-current liabilities		**3,097**	**1,104**	**4,201**
Current liabilities				
Financial liabilities				
(i) Borrowings	9	-	1,116	1,116
(ii) Trade payables		1,043	-	1,043
(iii) Other financial liabilities	10	1,243	(5)	1,238
Provisions		188	-	188
Other current liabilities		498	-	498
Total current liabilities		**2,972**	**1,111**	**4,083**
Total equity and liabilities		**21,042**	**85**	**21,127**

Notes forming part of financial statements for the year ended March 31, 2017

38. First time adoption (Continued)

Impact of Ind AS on Statement of Profit or Loss for the year ended 31 March 2016

in INR million

	Footnotes	Amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
INCOME				
Revenue from operations	14	20,468	85	20,553
Other income	15	497	56	553
Total income		**20,965**	**141**	**21,106**
EXPENSES				
Employee benefits expense	16	12,721	3	12,724
Finance costs	17	35	342	377
Depreciation and amortisation expense	18	1,122	(9)	1,113
Other expenses	19	3,933	7	3,940
Total expenses		**17,811**	**343**	**18,154**
Profit before tax		**3,154**	**(202)**	**2,952**
Current Tax		684	2	686
Adjustment of tax relating to earlier periods		2	(2)	-
MAT credit utilised		329	(329)	-
Deferred Tax		116	230	346
Income tax expense	**20**	**1,131**	**(99)**	**1,032**
Profit/(loss) for the year		**2,023**	**(103)**	**1,920**
Other comprehensive income				
A. Items that will not be reclassified to profit or loss				
Re-measurement gains (losses) on defined benefit plans	16	-	3	3
Income tax effect	20	-	2	2
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**5**	**5**
Other comprehensive income for the year, net of tax		**-**	**5**	**5**
Total comprehensive income		**2,023**	**(98)**	**1,925**

38. First time adoption (Continued)

Equity reconciliation as at March 31 2016 and 1 April 2015

in INR million

		As at	
	Footnotes	**31 March, 2016**	**1 April, 2015**
Equity under Indian GAAP			
Equity share capital		1,312	1,312
Redeemable optionally convertible preference shares		2,797	3,539
Surplus in the statement of profit and loss		9,617	8,336
Securities Premium Reserve		500	500
Capital Redemption Reserve		747	5
		14,973	**13,692**
Total of adjustments as at transition date		(2,783)	-
Redemption of redeemable optionally convertible preference shares	9	743	-
Adjustments relating to Financial Instrument			
- Liability component of redeemable optionally convertible preference shares	8	-	(996)
- Accretion of interest on the liability component of redeemable optionally convertible preference shares	9	(329)	(1,766)
- Recognition of MTM gain on forward contracts	15a	60	72
- MTM of mutual funds	15b	(17)	17
- Fair Value of Guarantee - Reduction from retained earnings	17c	(8)	(8)
- Fair Value of Guarantee - Increase in deemed contribution	17c	8	8
- Accretion of interest on deposits paid for leased premises	15c	25	48
- Amortization of prepaid lease rentals	19d	(31)	(68)
		(292)	**(2,693)**
New Impairment Model - ECL	15d and 19b	-	8
Adjustments relating to provisions			
- Asset Retirement Obligations	17a and 18	4	(14)
Adjustments relating to Leases			
- Reversal of lease equalisation reserve	19a and 13	97	212
Deferred tax	20	101	(295)
Net impact on Equity		**12,843**	**10,910**
Equity as per Ind AS			
Amount of Equity as at 1 April 2015 as per Ind AS financials			
Equity share capital		1,312	1,312
Redeemable optionally convertible preference shares		1,663	1,663
Surplus in the statement of profit and loss		8,605	7,422
Securities Premium		500	500
Deemed contribution from the parent company		16	8
Capital Redemption Reserve		747	5
		12,843	**10,910**

Notes forming part of financial statements for the year ended March 31, 2017

38. First time adoption (Continued)

Reconciliation of comprehensive income for the year ended 31 March 2016

in INR million

	Footnotes	31 March 2016
Profit after tax as per Indian GAAP		**2,023**
Adjustments:		
- Recognition of MTM gain on forward contracts	15a	60
- Fair valuation of mutual funds	15b	(17)
- Unwinding of interest on security deposits	15c	25
- Reversal of write back of provision	15d	(12)
- Reclassification of actuarial gain on defined benefit to OCI	16	(3)
- Unwinding of interest on site restoration obligation	17a	(5)
- Unwinding of interest on redeemable optionally convertible preference shares	17b	(329)
- Fair value of financial guarantee	17c	(8)
- Depreciation on asset retirement obligation asset	18	9
- Lease equalisation expense	19a	97
- Provision as per ECL model	19b	12
- Amortization of prepaid lease rentals	19d	(31)
Deferred tax expense on above adjustments	20	99
Profit after tax as per Ind AS		**1,920**
Other comprehensive income		
- Reclassification of actuarial gain on defined benefit	16	3
Deferred tax expense on above	20	2
Total other comprehensive income		**5**
Total comprehensive income for the year		**1,925**

Impact of Ind AS on cash flows for the year ended 31 March 2016

in INR million

	Indian GAAP	Ind AS adjustment	Ind AS
Net cash flow from operating activities	3,930	(33)	3,897
Net cash flow used in investing activities	(6,198)	34	(6,164)
Net cash flow used in financing activities	(774)	(1)	(775)
Net decrease in cash and cash equivalents	(3,042)	-	(3,042)
Cash and cash equivalents at the 1 April 2015	4,166	-	4,166
Effect of exchange differences on cash and cash equivalents held in foreign currency	25	-	25
Cash and cash equivalents at the 31 March 2016	1,149	-	1,149

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1 Property, plant and equipment

Under Indian GAAP ('IGAAP'), provision for site restoration obligation is capitalized without considering the impact of discounting whereas the same is discounted and capitalized under Indian Accounting Standards (Ind AS). As a result, the gross block is lower in Ind AS as compared to IGAAP. Accordingly, the gross block as on 31 March 2016 is lower by INR 33 million and accumulated depreciation is lower by INR 9 million thus the net impact is INR 24 million.

2 Financial assets - Loans

Under IGAAP, the interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial assets are required to be recognized at their fair cost, accordingly the Company has fair valued these security deposits. The difference between fair value and transaction value of the security deposit has been recognized in the deferred lease expenses. Consequent to this change, security deposits as on the date of transition is lower by INR 215 million (31 March 2016: INR 197 million).

38. First time adoption (Continued)

3 Other non-current assets

a. Under IGAAP, the provision for site restoration obligation is recorded without considering the impact of discounting whereas the same is discounted under Ind AS. The asset portion of the site restoration obligation as on the transition date was considered under prepaid expenses (non-current) under IGAAP and as a result, the prepaid expenses under Ind AS as on the date of transition is lower by INR 20 million.

b. Under IGAAP, the security deposits paid are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and initial discounted value is recognized as deferred lease expense and amortized (along with current and non- current classification) over the period of the lease term. As a result, the non-current portion of the unamortized portion of deferred lease as on the date of transition is INR 167 million (31 March 2016: INR 141 million).

4 Investments

Under IGAAP, current investments are shown at cost or market value whichever is lower. However under Ind AS, the same is shown at fair value through Statement of Profit and Loss. As a result, fair value on investments as on the date of transition is higher by INR 17 million.

5 Trade receivables

Under IGAAP, the provision for doubtful trade receivables is made as per the policy of the Company which is based on incurred loss model whereas under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company has reversed the allowance by INR 8 million on 1 April 2015 which has been taken to retained earnings. The impact of INR 8 million for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

6 Other current financial assets

The Company has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under IGAAP, only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is an increase in derivative asset as on the date of transition by INR 67 million (31 March 2016: INR 127 million).

7 Other current assets

a. Under IGAAP, the provision for site restoration obligation is recorded without considering the impact of discounting whereas the same is discounted under Ind AS. The asset portion of the site restoration obligation as on the transition date was considered under prepaid expenses (current) under IGAAP and as a result, the prepaid expenses (current) under Ind AS as on the date of transition is lower by INR 9 million.

b. Under IGAAP, the security deposits paid are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and initial discounted value is recognized as deferred lease expense and amortized (along with current and non- current classification) over the period of the lease term. As a result, the current portion of the unamortized portion of deferred lease as on the date of transition is INR 29 million (31 March 2016 : INR 30 million).

8 Redeemable optionally convertible preference shares

Under IGAAP, the redeemable optionally convertible preference shares were classified as equity share capital. Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. The liability component is classified under Borrowings and the residual is considered under Equity. The convertible preference shares as on the date of transition amounting to INR 3,539 million has been bifurcated into INR 1,663 million as equity component, INR 996 million as liability portion and INR 880 million being the deferred tax impact.

9 Borrowings

Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. As a result, the liability component of the convertible preference shares considered in borrowings as on the date of transition is INR 996 million. The interest accretion on the liability component of the convertible preference share as on the date of transition amounts to INR 1,766 million (31 March 2016: INR 329 million). During the year ended 31 March 2016 the Company has redeemed INR 743 million of redeemable optionally convertible preference share capital. The non-current portion of liability component of the convertible preference shares as on transition date is INR 2,092 million (31 March 2016: INR 1,232 million) whereas the current portion as on transition date is INR 670 million (31 March 2016: INR 1,116 million).

10 Other financial liabilities

The Company has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under IGAAP, only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is a decrease in derivative liability (current) as on the date of transition by INR 4 million (31 March 2016: INR 5 million).

Notes forming part of financial statements for the year ended March 31, 2017

38. First time adoption (Continued)

11 Provisions

Under IGAAP, the Company has accounted for site restoration obligation at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each reporting period to reflect the passage of time and is recognised as finance cost. As a result, site restoration obligation as on the date of transition is lower by INR 14 million under non-current provisions (31 March 2016: INR 14 million) and INR 1 million under current provisions (31 March 2016: NIL).

12 Deferred tax liabilities

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences relating to various transition adjustments which are recognised in correlation to the underlying transaction either in retained earnings or as a separate component in equity. As a result, deferred tax liability as on the date of transition is higher by INR 295 million (31 March 2016: INR 195 million).

13 Other non-current liabilities

Under IGAAP, the lease expense is straight lined over the term of the agreement and any unamortized portion is shown under lease equalisation reserve whereas under Ind AS, the Company has ascertained that the increase is on account of inflation. Hence, lease equalisation reserve relating to inflation rates increase has been reversed. As a result, lease equalisation reserve as on the date of transition is lower by INR 212 million (31 March 2016: INR 309 million).

14 Revenue from operations

Under IGAAP, the reimbursement received from the customers was not considered as a part of revenue and the expenses were recorded on net basis. However under Ind AS, the revenue and expenses should be presented on gross basis. As a result, there is an increase in revenue from operations for the year ended 31 March 2016 by INR 85 million.

15 Other income

a. The Company has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under IGAAP,only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is an increase in foreign exchange gain for the year ended 31 March 2016 by INR 60 million. As on the date of transition the retained earnings is increased by INR 72 million.

b. Under IGAAP, current investments are shown at cost or market value whichever is lower. However under Ind AS, the same is shown at fair value through the statement of profit and loss. The gain on sale of the investments on account of fair valuation for the year ended 31 March 2016 of INR 17 million is reversed in other income. Fair valuation gain recorded as on the date of transition INR 17 million.

c. Under Ind AS, security deposits paid have been discounted to their present values. The finance income on these deposits was accreted using the EIR method. The increase in other income for the year ended 31 March 2016 is INR 25 million. As on the date of transition the retained earnings is increased by INR 48 million on account of cumulative accretion of interest.

d. Under Indian GAAP, the provision for doubtful trade receivables is made as per the policy of the Company whereas under Ind AS, impairment allowance is determined based on Expected Credit Loss model (ECL). There is a decrease of INR 12 million for year ended 31 March 2016 which is recognized in the statement of profit and loss in respect of the reversal of write back of provision for doubtful debts created under IGAAP.

16 Employee benefits expense

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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 (OCI). The increase in employee benefits expense for the year ended 31 March 2016 is INR 3 million (tax impact INR 2 million).

17 Finance costs

a. Under IGAAP, provision for site restoration obligation was recorded at undiscounted value whereas under Ind AS the same is recorded at their present value. Further, unwinding of interest is done on the same. The increase in finance costs for the year ended 31 March 2016 is INR 5 million.

b. Under IGAAP, the convertible redeemable preference shares were classified as preference share capital whereas under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. As a result, there is an increase in finance cost due to the interest accretion on the liability component of the convertible preference share capital for the year ended 31 March 2016 which amounted to INR 329 million.

38. First time adoption (Continued)

c. Certain banks have issued Bank Guarantees (BGs) on behalf of the Company to various parties such as sales tax department, customers etc. However, the intermediate holding company and a group company has issued stand-by letters of credit to these banks due to which the company is not required to keep the margin money with the banks. Under IGAAP, there was no accounting of this transaction whereas under Ind AS, the financial guarantee needs to recorded at fair value. As a result, there is an increase in finance cost for the year ended 31 March 2016 by INR 8 million with a corresponding increase in other equity as deemed contribution from the parent company.

18 Depreciation and amortization expense

Under IGAAP, depreciation on site restoration obligation capitalized is charged at undiscounted value whereas under Ind AS site restoration obligation is recorded at present value leading to a lower capitalisation and thus lower depreciation. The decrease in depreciation and amortisation expense for the year ended 31 March 2016 is INR 9 million.

19 Other expenses

a. Under IGAAP, rent expenses under operating leases were recorded on a straight-line basis over the period of the lease term whereas under Ind AS, the Company has ascertained that the increase is on account of inflation. Hence, lease equalisation expense relating to inflation rates increase has been reversed. The decrease in rent expense for the year ended 31 March 2016 is INR 97 million.

b. Under Indian GAAP, the provision for doubtful trade receivables is made as per the policy of the Company whereas under Ind AS, impairment allowance is determined based on Expected Credit Loss model (ECL). Due to the adoption of ECL model, there is a decrease in the expense of provision for doubtful debts for the year ended 31 March 2016 by INR 12 million. As on the transition date the general provision of INR 8 million was reversed with corresponding credit to retained earnings.

c. Under IGAAP, the reimbursement received from the customers was not considered as a part of revenue and the expenses were recorded on net basis. However under Ind AS, the revenue and expenses should be presented on gross basis. As a result, there is an increase in other expenses for the year ended 31 March 2016 by INR 85 million.

d. Under Ind AS, the security deposits paid have been discounted to their present value. The difference between present value and face value of deposits has been amortised as an expense on a straight-line basis over the term of deposits. The increase in rental expense for the year ended 31 March 2016 is INR 31 million. As on the date of transition the retained earnings is decreased by INR 68 million on account of cumulative amortization of prepaid rentals.

20 Deferred tax expense

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in new temporary differences on various transition adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity. The decrease in deferred tax expense during year ended 31 March 2016 is INR 101 million (statement of profit and loss INR 99 million and in other comprehensive income INR 2 million). As on the transition date there is an increase in deferred tax expense is INR 295 million.

39. The Company for the purpose of achieving operational efficiencies, synergies, management effectiveness and focus on strengthening Indian operations has applied to Reserve Bank of India to disinvest its entire stake of 50.3% in Aricent Mauritius Engineering Services PCC ("AMES") by way of swap of shares wherein AMES will buy-back 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 shall be discharged by way of transfer of shares held by AMES in Aricent Technologies Private limited ("ATPL"). With respect to differential value, if any, arrived on the basis of valuation report on account of swap of shares, the Company shall also remit such differential amount to AMES.

40. Impairment

Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2017 (31 March 2016: Nil).

41. In accordance with the MCA notification G.S.R 308(E) dated 30 March 2017 details of Specified Bank Notes (SBNs) and other Bank Notes (OBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

(Amount in absolute INR)

	Specified Bank Notes (SBNs)	Other Bank Notes (OBNs)	Total
Closing cash on hand on 8 November 2016	6,500	800	7,300
Add: Permitted receipts	-	6,500	6,500
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	(6,500)	-	(6,500)
Closing cash on hand on 30 December 2016	**-**	**7,300**	**7,300**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

Notes forming part of financial statements for the year ended March 31, 2017

42. 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 2017	31 March 2016	1 April 2015
4	**Intangible asset**			
	Disposals	0.48		
10	**Cash and cash equivalent**			
	Cash on hand	0.01	0.06	0.03
25	**Other expenses**			
	Tax audit fees	0.35	0.40	
33	**Related party transactions**			
	Other income		0.41	
	Trade payables			0.41
	Fee for attending board committee meetings	0.32	0.38	

43. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 10 August 2017.

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 : August 10, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements"),in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the branch of the Group located at Germany.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the Germany branch auditor and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the Germany branch auditor on separate financial information of Germany branch and other auditors on separate financial information of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2017, and its consolidated profit, consolidated total comprehensive income, its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial information of one branch included in the standalone financial statements of the Parent included in the Group whose financial information reflect total assets of Rs. 308.15 Million as at 31st March, 2017 and total revenues of Rs. 453.34 Million for the year ended on that date, as considered in the standalone financial statements of the Parent included in the Group. The financial information of this branch have been audited by branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch,is based solely on the report of such branch auditor.

(b) We did not audit the financial statements of one subsidiary viz. Aricent Technologies Private Limited, whose financial statements reflect total assets of Rs.999.24 Million as at 31st March, 2017, total revenues of Rs. 1919.66 Million and net cash inflows/ (outflows) amounting to Rs. (143.61 Million) for the year ended on that date, as considered in the consolidated Ind AS financial statements. This financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(c) The comparative financial information for the year ended 31stMarch 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of one subsidiary and one branch included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the branch auditor and other auditors and the financial information / financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the Germany branch auditor and other auditor on separate financial statements of subsidiary company incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept and proper returns adequate for the purposes of our audit have been received from the branches not visited by us, so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The reports on the accounts of the Germany branch office of the Company included in the Group audited under Section 143(8) of the Act by Germany branch auditor have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements and with the returns received by us from the Germany branch not visited by us.

(e) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March 2017 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent’s internal financial controls over financial reporting and subsidiary company’s incorporated in India internal financial controls over financial reporting.

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

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary Company incorporated in India.

   iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the branch auditors/other auditors by the Management of the respective Group entities.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No.015125N)

Sd/-
Khazat A. Kotwal
Partner
(Membership No.103707)

Place : Gurugram
Date : August 10, 2017

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 March 31, 2017, we have audited the internal financial controls over financial reporting of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED (hereinafter referred to as "Parent") and its one subsidiary company, which is a company incorporated in India, as of that date. Further the Holding Company has five subsidiary companies and one branch incorporated outside India and reporting on the adequacy and operating effectiveness of internal financial controls over financial reporting is not applicable to such five subsidiary companies and one branch.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent 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 (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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent company, 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 and the audit evidence obtained by other auditor of the subsidiary company, which is a company incorporated in India, 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 internal financial controls system over financial reporting of the Parent and its subsidiary company, which is a company 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 reports of other auditors referred to in the Other Matters paragraph below, the Parent 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, 2017, 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 insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.015125N)

Sd/-
Khazat A. Kotwal
Partner
(Membership No.103707)

Place : Gurugram
Date : August 10, 2017

Consolidated Balance Sheet as at March 31, 2017

in INR million

	Note	As at 31 March, 2017	31 March, 2016	1 April, 2015
I ASSETS				
Non-current assets				
Property, plant and equipment	3	2,257	2,639	2,009
Capital work-in-progress	3	47	42	417
Goodwill	4	9,355	9,456	4,874
Intangible assets	4	1,562	1,888	136
Financial assets				
(i) Loans	5	357	372	255
(ii) Other financial assets	6	-	5	3
Other non-current assets	7	676	623	865
Total non-current assets		**14,254**	**15,025**	**8,559**
Current assets				
Financial assets				
(i) Investments in mutual funds	8	-	200	517
(ii) Trade receivables	9	7,539	5,072	4,988
(iii) Cash and cash equivalents	10	727	1,651	4,181
(iv) Bank balances other than (iii) above	11	10	4	504
(v) Loans	5	747	333	205
(vi) Other financial assets	6	547	146	271
Other current assets	7	987	1,194	784
Total current assets		**10,557**	**8,600**	**11,450**
Total assets		**24,811**	**23,625**	**20,009**
II EQUITY AND LIABILITIES				
Equity				
Equity share capital	12a	1,312	1,312	1,312
Redeemable optionally convertible preference shares	12b	1,663	1,663	1,663
Other equity	13	11,681	9,849	7,933
Total equity attributable to equity holders of the Company		**14,656**	**12,824**	**10,908**
Non-controlling interests		1,231	1,162	-
Total equity		**15,887**	**13,986**	**10,908**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	14	159	1,550	2,377
(ii) Other financial liabilities	15	-	-	73
Provisions	16	1,466	1,295	1,136
Deferred tax liabilities (net)	17	2,378	2,086	1,209
Other non-current liabilities	18	247	210	-
Total non-current liabilities		**4,250**	**5,141**	**4,795**
Current liabilities				
Financial liabilities				
(i) Borrowings	14	1,385	1,116	670
(ii) Trade payables	19	1,068	1,177	1,401
(iii) Other financial liabilities	15	1,447	1,404	1,563
Provisions	16	239	200	306
Other current liabilities	18	535	601	366
Total current liabilities		**4,674**	**4,498**	**4,306**
Total equity and liabilities		**24,811**	**23,625**	**20,009**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Consolidated Statement of Profit and Loss for the year ended 31 March 2017

in INR million

	Note	For the year ended March 31, 2017	2016
INCOME			
Revenue from operations	20	24,822	23,240
Other income	21	826	564
Total income		**25,648**	**23,804**
EXPENSES			
Employee benefits expense	22	16,271	14,826
Finance costs	23	328	385
Depreciation and amortisation expense	24	1,410	1,385
Other expenses	25	4,423	4,339
Total expenses		**22,432**	**20,935**
Profit before tax		**3,216**	**2,869**
Current tax	17	1,022	665
Deferred tax	17	315	328
Income tax expense		**1,337**	**993**
Profit for the year		**1,879**	**1,876**
Other comprehensive income			
A. Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(17)	24
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(17)**	**24**
B. Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains/(losses) on defined benefit plans		(100)	17
Income tax effect	17	32	(2)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(68)**	**15**
Other comprehensive income for the year (A+B)		**(85)**	**39**
Total comprehensive income for the year		**1,794**	**1,915**
Profit for the year attributable to:		**1,879**	**1,876**
Equity shareholders of the Company		1,900	1,885
Non-controlling interest		(21)	(9)
Total comprehensive income for the year, net of tax attributable to:		**1,794**	**1,915**
Equity shareholders of the Company		1,825	1,908
Non-controlling interest		(31)	7
Earnings per equity share:			
(1) Basic (absolute value in INR)	26	14	14
(2) Diluted (absolute value in INR)	26	14	14

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Consolidated Statement of Changes in Equity for the year ended 31 March 2017

(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number of shares	INR in million
At 1 April 2015	131,196,104	1,312
Change during the year	-	-
At 31 March 2016	131,196,104	1,312
Change during the year	-	-
At 31 March 2017	131,196,104	1,312

(b) Other equity

For the year ended 31 March 2017:

	Attributable to the equity holders							Non-controlling interests
	Equity component of redeemable optionally convertible preference shares	Other equity				Items of OCI	Total	
		Securities premium reserve	Surplus in the Statement of Profit and Loss	Capital redemption reserve	Deemed contribution from parent company	Foreign currency translation reserve		
	(Note 12b)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)		
As at 1 April 2016	**1,663**	**500**	**8,574**	**747**	**16**	**12**	**11,512**	**1,162**
Profit for the year	-	-	1,900	-	-	-	1,900	(21)
Other comprehensive income	-	-	(66)	-	-	-	(66)	(2)
Financial guarantee costs for the year	-	-	-	-	8	-	8	-
Effects of exchange changes during the year	-	-	-	-	-	(17)	(17)	-
Total	**-**	**-**	**1,834**	**-**	**8**	**(17)**	**1,825**	**(23)**
Transfer to capital redemption reserve	-	-	(1,245)	-	-	-	(1,245)	-
Transferred from surplus balance in statement of profit and loss	-	-	-	1,245	-	-	1,245	-
Transferred to non-controlling interests	-	-	-	-	-	7	7	(7)
Measurement period adjustment	-	-	-	-	-	-	-	99
At 31 March 2017	**1,663**	**500**	**9,163**	**1,992**	**24**	**2**	**13,344**	**1,231**

(b) Other equity (continued)

For the year ended 31 March 2016:

	Attributable to the equity holders							Non-controlling interests
	Equity component of redeemable optionally convertible preference shares	Other equity				Items of OCI	Total	
		Securities premium reserve	Surplus in the Statement of Profit and Loss	Capital redemption reserve	Deemed contribution from parent company	Foreign currency translation reserve		
	(Note 12b)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)		
As at 1 April 2015	**1,663**	**500**	**7,420**	**5**	**8**	**-**	**9,596**	**-**
Profit for the year	-	-	1,885	-	-	-	1,885	(9)
Other comprehensive income	-	-	11	-	-	-	11	4
Financial guarantee costs for the year	-	-	-	-	8	-	8	-
Effects of exchange changes during the year	-	-	-	-	-	24	24	-
Total	**-**	**-**	**1,896**	**-**	**8**	**24**	**1,928**	**(5)**
Transfer to capital redemption reserve	-	-	(742)	-	-	-	(742)	-
Transferred from surplus balance in statement of profit and loss	-	-	-	742	-	-	742	-
Transferred to non-controlling interests	-	-	-	-	-	(12)	(12)	12
Acquisition of a subsidiary (Note 32)	-	-	-	-	-	-	-	1,155
At 31 March 2016	**1,663**	**500**	**8,574**	**747**	**16**	**12**	**11,512**	**1,162**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Consolidated Statement of Cash Flows for the year ended 31 March 2017

in INR million

		For the year ended March 31, 2017	2016
A	**Cash flow from operating activities**		
	Profit before income tax	3,216	2,869
	Adjustment to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	1,410	1,385
	Loss/(gain) on sale of property, plant and equipment (net)	97	(20)
	Provision for doubtful receivables (net)	23	11
	Provision for doubtful deposits and advances	-	1
	Gain on sale of current investment (net)	(19)	(21)
	Liabilities/provisions no longer required written back	(63)	(71)
	Effects of exchange changes on translation of assets and liabilities	(17)	24
	Unrealized foreign exchange fluctuation gain (net)	(7)	(22)
	Acquisition cost expensed off	-	25
	Interest income (including fair value change in financial instruments)	(108)	(143)
	Finance costs (including fair value change in financial instruments)	324	377
	Operating cash flows before working capital changes	**4,856**	**4,415**
	Movements in working capital :		
	Changes in trade receivables	(2,490)	1,186
	Changes in other assets and financial assets	289	64
	Changes in trade payable and financial liabilities	113	(1,194)
	Changes in other liabilities and provisions	57	156
		(2,031)	**212**
	Cash generated from operations	2,825	4,627
	Income taxes paid	(869)	(907)
	Net cash flow from operating activities (A)	**1,956**	**3,720**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including intangible assets and CWIP	(1,183)	(1,309)
	Proceeds from sale of property, plant and equipment including intangible assets	6	24
	Deposits with original maturity over three months, (placed)/matured with banks	(2)	500
	Payment towards finance lease obligation	(193)	(86)
	Investment in subsidiary company, net of cash acquired	-	(5,010)
	Loan to related parties	(468)	(232)
	Purchase of mutual funds	(400)	(400)
	Redemption of mutual funds	619	738
	Interest received on bank deposits and loan to related parties	46	148
	Net cash flow (used in) investing activities (B)	**(1,575)**	**(5,627)**
C	**Net cash flow from financing activities:**		
	Interest on finance lease arrangements	(21)	(32)
	Loan from related parties	-	133
	Repayment of loan from related parties	(36)	-
	Interest on loan from related parties	(10)	(3)
	Redemption of preference shares	(1,245)	(743)
	Net cash flow (used in) in financing activities (C)	**(1,312)**	**(645)**
D	**Net (decrease) in cash and cash equivalents (A + B + C)**	(931)	(2,552)
	Effect of exchange differences on cash and cash equivalents held in foreign currency	7	22
	Cash and cash equivalents at the beginning of the year	**1,651**	**4,181**
	Cash and cash equivalents at the end of the year	**727**	**1,651**

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

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Khazat A. Kotwal
Partner

Place : Gurugram
Date : August 10, 2017

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

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 2017 were approved by the Board of Directors and authorised for issue on 10 August 2017.

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 read with Section 133 of the Companies Act, 2013.

In accordance with the notification issued by Ministry of Corporate Affairs, the Group has adopted the Indian Accounting Standards (referred to as Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from 1 April 2016. Previous years have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (Previous GAAP) to Ind AS of shareholders' equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016.

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 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 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 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:

- 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.
- 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.
- 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.
- 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.
- 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 fixed assets.

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

2.3 Current versus non-current classification

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

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

a) It is expected to be realised or intended to sold or consumed in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is expected to be realised within twelve months after the reporting period, or

d) 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:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period, or

d) 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 acquiree 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, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

a) 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

Revenue from software development contracts priced on a time and material basis is recognised as services are performed on the basis of billable time spent by employees working on the project, priced at the contracted rate. A provision is made for future warranty costs based on management's estimates of such future costs.

In certain contracts the price at which the Group provides product development services includes royalties that would become receivable in the future upon successful sale of products by the customers of the Group. Such royalties are recognised only when such future sales occur.

Revenue from software development on fixed price contracts is recognised on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract. The Group uses the input (efforts expended) method to measure progress towards completion as there is a direct relationship between input and progress. Provision for anticipated loss is recognised where it is probable that the estimated total contract costs are likely to exceed the total contract revenue. Revenue for claims related to change orders is recognised only in the period when approved by the customer.

Revenue from sale of software user licenses/products with a conditional clause on acceptance but without any obligation for warranty is recognised on acceptance of the software. Where such a sale also has an obligation for warranty, revenue is adjusted for the fair value of the warranty and recognised on acceptance of the software and the portion of revenue represented by the fair value of the warranty is recognised over the period of the warranty. Where the sale is not conditional on acceptance but has an obligation for the warranty, revenue is adjusted for the fair value of the warranty and recognised on delivery of the software and the portion of revenue represented by the fair value of the warranty is recognised over the period of the warranty.

Revenue from service contracts billed on a cost plus mark-up model is recognised on an accrual basis as and when the services are rendered. Revenue from services also comprises general and administration expenses, selling and marketing expenses and research and development expenses incurred for group companies and charged on a cost plus mark up basis in accordance with the respective agreements and are recognised as and when these services are rendered.

The reimbursements of the out of pocket expenses incurred for the execution of the service provided to the customer is not netted off from the revenue and is presented at gross amount.

Revenue from lease rent, commission and interest on bank deposits is recognised on an accrual basis.

Government grants are recognised as income when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

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 fixed assets 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 fixed assets:

Category of fixed assets	***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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

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 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.

2.12 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 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.

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.

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 March 31, 2017, 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

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 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

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:

Amendment to Ind AS 7: The amendment to Ind AS 7 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 effect on the Consolidated Financial Statements is being evaluated by the Group.

Amendment to Ind AS 102: The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The effect on the Consolidated Financial Statements is being evaluated by the Group.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

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

in INR million

	Freehold land	Building	Leasehold improvement - Owned	Leasehold improvement - Under finance lease	Plant and equipments	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 2015	**9**	**74**	**358**	**263**	**125**	**971**	**93**	**25**	**89**	**2**	**2,009**	**417**
Additions	-	-	584	-	189	519	-	200	92	2	**1,586**	2,210
Acquired on acquisition (Refer note 32)	-	-	-	-	4	17	-	30	3	-	**54**	-
Disposals	-	-	-	-	4	10	6*	3	1	-	**24**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	2,585
As at 31 March 2016	**9**	**74**	**942**	**263**	**314**	**1,497**	**87**	**252**	**183**	**4**	**3,625**	**42**
Additions	-	-	27	-	24	594	10	5	38	-	**698**	896
Disposals	-	-	1	111	5	4	-	2	-	-	**123**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	891
As at 31 March 2017	**9**	**74**	**968**	**152**	**333**	**2,087**	**97**	**255**	**221**	**4**	**4,200**	**47**
Accumulated depreciation												
As at 1 April 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	6	112	40	70	617	46	46	53	1	**991**	-
On disposals	-	-	-	-	3	1	-	1	-	-	**5**	-
As at 31 March 2016	**-**	**6**	**112**	**40**	**67**	**616**	**46**	**45**	**53**	**1**	**986**	**-**
Charge for the year	-	6	133	33	74	567	38	60	65	1	**977**	-
On disposals	-	-	1	15	1	1	-	2	-	-	**20**	-
As at 31 March 2017	**-**	**12**	**244**	**58**	**140**	**1,182**	**84**	**103**	**118**	**2**	**1,943**	**-**
Carrying value												
As at 31 March 2017	9	62	724	94	193	905	13	152	103	2	**2,257**	47
As at 31 March 2016	9	68	830	223	247	881	41	207	130	3	**2,639**	42
As at 1 April 2015	9	74	358	263	125	971	93	25	89	2	**2,009**	417

*Disposal of computer equipments under finance lease includes adjustment of INR 6 million on account of settlement of amount payable to the vendor in respect of acquisition of fixed assets.

As permitted under Ind AS 101, the Group has decided to continue with the carrying values under previous GAAP for all the property, plant and equipments. The same election has been made in respect of intangible assets.

4. Intangible assets

in INR million

Particulars	Goodwill	Software	Trade name	Customer relationships	Non-compete	Customer contract	Total
Cost or deemed cost							
As at 1 April 2015	**4,874**	**136**	**-**	**-**	**-**	**-**	**5,010**
Additions	-	55	-	-	-	-	55
Acquisition of subsidiary (refer note 32)	4,582	4	115	1,710	83	179	6,673
Disposals	-	-	-	-	-	-	-
As at 31 March 2016	**9,456**	**195**	**115**	**1,710**	**83**	**179**	**11,738**
Additions	-	107	-	-	-	-	107
Acquisition of subsidiary	-	-	-	-	-	-	-
Disposals/adjustments	101	-	-	-	-	-	101
As at 31 March 2017	**9,355**	**302**	**115**	**1,710**	**83**	**179**	**11,744**
Amortisation							-
As at 1 April 2015	-	-	-	-	-	-	-
Charge for the year	-	141	25	139	11	78	394
Disposals	-	-	-	-	-	-	-
As at 31 March 2016	**-**	**141**	**25**	**139**	**11**	**78**	**394**
Charge for the year	-	63	38	214	17	101	433
Disposals	-	-	-	-	-	-	-
As at 31 March 2017	**-**	**204**	**63**	**353**	**28**	**179**	**827**
Carrying value							-
As at 31 March 2017	9,355	98	52	1,357	55	-	**10,917**
As at 31 March 2016	9,456	54	90	1,571	72	101	**11,344**
As at 1 April 2015	4,874	136	-	-	-	-	**5,010**

Net Book Value

Particulars	31 March 2017	31 March 2016	1 April 2015
Goodwill	9,355	9,456	4,874
Intangible assets	1,562	1,888	136

Impairment:

Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2017 (31 March 2016: Nil).

5. Loans

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Security deposits						
Unsecured, considered good	357	372	255	47	101	205
Unsecured, considered doubtful	-	-	-	23	24	24
Less: Provision for doubtful deposits	-	-	-	(23)	(24)	(24)
	357	**372**	**255**	**47**	**101**	**205**
Other loans						
Unsecured, considered good						
Loan to related parties (Refer note 36)	-	-	-	700	232	-
Total	**357**	**372**	**255**	**747**	**333**	**205**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

6. Other financial assets

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Other financial assets (at amortised cost)						
Non-current bank balances*	-	5	3	-	-	-
Receivable from related parties (Refer note 36)	-	-	-	269	19	174
Interest accrued on bank deposits but not due	-	-	-	-	-	30
Total other financial assets (at amortised cost)	**-**	**5**	**3**	**269**	**19**	**204**
Derivative instruments at fair value through profit or loss						
Foreign exchange forward contracts	-	-	-	278	127	67
Total derivative instruments at fair value through profit or loss	**-**	**-**	**-**	**278**	**127**	**67**
Total	**-**	**5**	**3**	**547**	**146**	**271**

*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

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Investments in mutual funds (Refer note 8)	-	-	-	-	200	517
Foreign exchange forward contracts	-	-	-	278	127	67
Total	**-**	**-**	**-**	**278**	**327**	**584**

Break up of financial assets carried at amortised cost

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Loans (Refer note 5)	357	372	255	747	333	205
Trade receivable (Refer note 9)	-	-	-	7,539	5,072	4,988
Cash and cash equivalents (Note 10)	-	-	-	727	1,651	4,181
Other bank balances (Refer note 11)	-	-	-	10	4	504
Other financial assets	-	5	3	269	19	204
Total	**357**	**377**	**258**	**9,292**	**7,079**	**10,082**

7. Other assets

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances:						
Others	334	6	62	-	-	-
Advances (other than capital advances):						
Advance tax and tax deducted at source [net of provision for tax INR 5,691 million (31 March 2016: INR 5,010 million and 1 April 2015: 4,080 million)]	125	252	263	-	-	-
Advance to suppliers	-	-	-	13	77	33
Advances to employee	-	-	-	127	157	162
	459	**258**	**325**	**140**	**234**	**195**

7. Other assets (Continued)

in INR million

	Non-current as at			Current as at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
VAT/Service tax recoverable	95	224	373	136	139	105
Deferred lease expense on security deposits paid	122	141	167	33	30	29
Prepaid expenses	-	-	-	224	196	174
Unbilled revenue	-	-	-	454	590	269
Others	-	-	-	-	5	12
Total	**676**	**623**	**865**	**987**	**1,194**	**784**

8. Investments

in INR million

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Investments in mutual funds - quoted			
Nil (31 March 2016 - 412,303.125 units and 1 April 2015 - 465,235.942 units) in Birla Sun Life Cash Plus - Growth Regular Plan	-	100	104
Nil (31 March 2016 - 447107.416 units and 1 April 2015 - 504,376.983 units) in ICICI Prudential Liquid - Regular Plan - Growth	-	100	104
Nil (31 March 2016 - Nil and 1 April 2015- 59,911.745 units) in IDFC Cash Fund - Growth - (Regular Plan)	-	-	102
Nil (31 March 2016 - Nil and 1 April 2015 - 47,502.440 units) in SBI Premier Liquid Fund - Regular Plan - Growth	-	-	104
Nil (31 March 2016 - Nil and 1 April 2015 - 46,267.069 units) in TATA Money Market Fund Plan A - Growth	-	-	103
Total	**-**	**200**	**517**
Aggregate book value of quoted investments	**-**	**200**	**517**
Aggregate market value of quoted investments (Refer note 38)	**-**	**200**	**517**

9. Trade receivables

in INR million

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good			
Trade receivables - related parties	5,979	3,323	4,317
Trade receivables - others	1,560	1,749	671
Unsecured, considered doubtful			
Trade receivables - others	45	27	30
Less: Provision for doubtful debts	(45)	(27)	(30)
Total	**7,539**	**5,072**	**4,988**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, or a director or member.

Of the total trade receivables balance 79% as at 31 March 2017 (66% as at 31 March 2016 and 87% as at 1 April 2015 is due from group companies. There are no external customers who represents more than 10% of the total balance of the trade receivables.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

10. Cash and cash equivalents

in INR million

Cash and Cash Equivalents	As at 31 March 2017	31 March 2016	1 April 2015
Balances with banks:			
- Bank balances	727	1,651	721
- Deposits with original maturity of less than three months	-	-	3,460
Cash on hand	-	-	-
Total	**727**	**1,651**	**4,181**

11. Other bank balances

in INR million

	As at 31 March 2017	31 March 2016	1 April 2015
Deposits with original maturity for more than 3 months but less than 12 months	-	-	500
Restricted deposit held as security against guarantees (to mature within 12 months from the reporting date)*	10	4	4
Total	**10**	**4**	**504**

*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.

12. Share capital

in INR million

a. Equity share capital

	As at 31 March 2017	31 March 2016	1 April 2015
Authorised			
140,000,000 (31 March 2016 – 140,000,000 and 1 April 2015 - 140,000,000) equity shares of INR 10 each	1,400	1,400	1,400
	1,400	**1,400**	**1,400**
Issued, subscribed and fully paid-up			
131,196,104 (31 March 2016 - 131,196,104 and 1 April 2015 - 131,196,104) equity shares of INR 10 each	1,312	1,312	1,312
Total	**1,312**	**1,312**	**1,312**

b. Redeemable optionally convertible preference shares

in INR million

	As at 31 March 2017	31 March 2016	1 April 2015
Authorised			
1,500,000,000 (31 March 2016 – 1,500,000,000 and 1 April 2015 – 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	15,000	15,000	15,000
	15,000	**15,000**	**15,000**
Equity component of redeemable optionally convertible preference shares	1,663	1,663	1,663
Total	**1,663**	**1,663**	**1,663**

12. Share capital (Continued)

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

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	INR in million	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	131,196,104	1,312
At the end of the year	**131,196,104**	**1,312**	**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 2017		As at 31 March 2016		As at 1 April 2015	
	Number	INR in million	Number	INR in million	Number	INR in million
Equity shares of INR 10 each fully paid up held by						
(a) Aricent Holdings Mauritius Limited, the holding company	105,429,478	1,054	105,429,478	1,054	105,429,478	1,054
(b) Aricent Holdings Mauritius India Limited, subsidiary of the ultimate holding company	23,476,578	235	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 2017		As at 31 March 2016		As at 1 April 2015	
	Number	% of total shares in the class	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, the holding company	105,429,478	80.36%	105,429,478	80.36%	105,429,478	80.36%
(b) Aricent Holdings Mauritius India Limited, subsidiary of the ultimate holding company	23,476,578	17.89%	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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

13. Other equity

in INR million

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Capital redemption reserve			
At the commencement of the year	747	5	5
Add: Transferred from surplus balance in statement of profit and loss	1,245	742	-
At the end of the year	**1,992**	**747**	**5**
Securities premium reserve			
At the commencement of the year	500	500	500
At the end of the year	**500**	**500**	**500**
Surplus in Statement of Profit and Loss			
At the commencement of the year	8,574	7,420	6,159
Add: Profit for the year	1,900	1,885	1,261
Add: Other comprehensive income	(66)	11	-
Less: Transfer to capital redemption reserve	(1,245)	(742)	-
At the end of the year	**9,163**	**8,574**	**7,420**
Deemed contribution from parent company			
At the commencement of the year	16	8	-
Add: Financial guarantee costs for the year	8	8	8
At the end of the year	**24**	**16**	**8**
Foreign currency translation reserve			
At the commencement of the year	12	-	-
Add: Effects of exchange changes during the year	(17)	24	-
Less: Transferred to non controlling interest	7	(12)	-
At the end of the year	**2**	**12**	**-**
Total	**11,681**	**9,849**	**7,933**

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. Surplus in the Statement of Profit and Loss

Surplus in the Statement of Profit and Loss 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. 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.

14. Borrowings

in INR million

	Non-current as at		
	31 March 2017	31 March 2016	1 April 2015
Unsecured			
Finance lease obligations	62	185	285
Loan from related parties (Refer note 36)*	97	133	-
Liability component of redeemable optionally convertible preference shares			
155,155,299 (31 March 2016: 279,666,299 and 1 April 2015: 353,916,299) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	-	1,232	2,092
Total	**159**	**1,550**	**2,377**

***Loan from related parties:**
Aricent NA Inc. has obtained a loan from Aricent Holdings Luxembourg, in the form of a promissory note. The loan shall be due and payable on 31 March 2023. The loan carries an interest rate of 9% per annum, payable on semi-annual basis.

in INR million

	Current as at		
	31 March 2017	31 March 2016	1 April 2015
Liability component of redeemable optionally convertible preference shares			
155,155,299 (31 March 2016: 279,666,299 and 1 April 2015: 353,916,299) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	1,385	1,116	670
Total	**1,385**	**1,116**	**670**

Note:

a. Finance lease

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:

in INR million

	Non-current as at			Current as at (Refer note 15)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
(a) Total future minimum lease payments	69	222	348	29	116	126
(b) Future interest included in (a) above	7	37	63	8	25	34
(c) Present value of future minimum lease payments [(a) - (b)]	62	185	285	21	91	92

The maturity profile of finance lease obligations is as follows:

in INR million

	Minimum lease payments as at			Present value as at		
Period	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Payable within 1 year	29	116	126	21	91	92
Payable between 1-5 years	69	210	309	62	174	248
Payable later than 5 years	-	12	39	-	11	37

b. Redeemable optionally convertible preference shares

Redeemable optionally convertible non-cumulative 0.001% (31 March 2016: 0.001% and 1 April 2015: 0.001%) preference shares were issued in 2006 at par and each share is convertible into equity shares at the option of the Company or holder of the preference shares, after the expiry of one month from the date of allotment but before the expiry of 20 years at the price to be mutually determined as per the applicable provisions relating to the pricing. In the event the option for conversion of the preference shares is not exercised as mentioned above, such preference shares shall be redeemable at par at the option of the Company upto the end of 20 years or such period as prescribed by law, from the date of their allotment. The presentation of the liability and equity portions of these shares is explained in the summary of significant accounting policies.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

14. Borrowings (Continued) in INR million

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

	Number of shares as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Redeemable optionally convertible non-cumulative 0.001% preference shares			
At the commencement of the year	279,666,299	353,916,299	353,916,299
Shares redeemed during the year (at par)	124,511,000	74,250,000	-
At the end of the year	**155,155,299**	**279,666,299**	**353,916,299**

Rights, preferences and restrictions attached to preference shares

Preference shares carry a preferential right to dividend over equity shareholders. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions directly affecting their rights. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of their paid-up capital. However, a preference shareholder acquires voting rights on par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.

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

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

	Number of shares as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Redeemable optionally convertible non-cumulative preference shares of INR 10 each fully paid up held by			
Aricent Holdings Mauritius Limited, the holding company	155,155,299	279,666,299	353,916,299

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

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	**% of total shares in the class**	**Number**	**% of total shares in the class**	**Number**	**% of total shares in the class**
Redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each fully paid up held by						
Aricent Holdings Mauritius Limited, the holding company	155,155,299	100%	279,666,299	100%	353,916,299	100%

15. Other financial liabilities in INR million

	Non-current as at			Current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Other financial liabilities at amortised cost						
Employee related liabilities	-	-	73	1,230	1,072	1,131
Current maturities of finance lease obligations	-	-	-	21	91	92
Payable towards purchase of property, plant and equipment	-	-	-	196	241	340
Total	**-**	**-**	**73**	**1,447**	**1,404**	**1,563**

15. Other financial liabilities (Continued)

in INR million

Break up of financial liabilities carried at amortised cost

	Non-current as at			Current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Borrowings (Note 14)	159	1,550	2,377	1,385	1,116	670
Trade payables (Note 19)	-	-	-	1,068	1,177	1,401
Other financial liabilities	-	-	73	1,447	1,404	1,563
Total	**159**	**1,550**	**2,450**	**3,900**	**3,697**	**3,634**

16. Provisions

in INR million

	Non-current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Provision for employee benefits			
Gratuity (Refer note 33)	1,044	872	762
Pension plan (Refer note 33)	199	208	194
Compensated absences	197	176	147
	1,440	**1,256**	**1,103**
Other provisions			
Provision for site restoration	26	39	33
	26	**39**	**33**
Total	**1,466**	**1,295**	**1,136**

	Current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Provision for employee benefits			
Gratuity (Refer note 33)	62	58	-
Compensated absences	41	40	31
	103	**98**	**31**
Other provisions			
Provision for warranty	19	13	10
Provision for site restoration	32	26	35
Provision for income tax [net of advance tax INR 671 million, (31 March 2016 - INR 610 million and 1 April 2015 - INR 513 million)]	85	63	230
	136	**102**	**275**
Total	**239**	**200**	**306**

Movement in provision for warranty and site restorations

in INR million

	Provision for warranty	Provision for site restoration
As at 1 April 2015	**10**	**68**
Additions	3	8
Reductions	-	(11)
As at 31 March 2016	**13**	**65**
Additions	6	3
Reductions	-	(10)
As at 31 March 2017	**19**	**58**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

17. Income tax

in INR million

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

Profit and Loss section

	Year ended	
	31 March 2017	**31 March 2016**
Current income tax:		
Current tax charge	1,070	663
Prior year income tax charge	(48)	2
Deferred tax:		
Relating to origination and reversal of temporary differences	315	328
Income tax expense reported in the Statement of Profit and Loss	**1,337**	**993**

OCI section

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

in INR million

	Year ended	
Particulars	**31 March 2017**	**31 March 2016**
Net loss/(gain) on remeasurements of defined benefit plans	(32)	2
Income tax charged to OCI	**(32)**	**2**

Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2017 and 31 March 2016:

in INR million

	31 March 2017	**31 March 2016**
Accounting profit before income tax	**3,216**	**2,869**
At statutory income tax rate of 34.608% (31 March 2016 : 34.608%)	1,113	993
Adjustments in respect of current income tax of previous years	(48)	2
Deferred tax adjustments as per tax return of prior years	45	22
Tax exemption u/s 10AA	(15)	(1)
Tax deduction u/s 80G	(9)	(7)
Differences in tax rates	(10)	(6)
Foreign taxes and other non-deductible items	261	(10)
Income tax reported in the Statement of Profit and Loss	**1,337**	**993**

Deferred tax

in INR million

	31 March 2017	**31 March 2016**	**1 April 2015**
Deferred tax asset relates to the following:			
Provision for employee benefits	534	465	369
Receivables and financial assets carried at amortised cost	31	26	36
Property, plant and equipment	172	130	83
MAT credit entitlement	245	594	919
Other non-current liabilities	23	21	19
Others	-	48	20
Total deferred tax asset (A)	1,005	1,284	1,446
Deferred tax liability relates to the following:			
Goodwill	2,721	2,534	2,355
Intangible assets	507	635	-

17. Income tax (Continued)

in INR million

	31 March 2017	31 March 2016	1 April 2015
Redeemable optionally convertible preference shares	58	155	269
Cash flow hedge	97	46	25
Others	-	-	6
Total deferred tax liabilities (B)	3,383	3,370	2,655
Deferred tax liabilities recognised (net) (C = (B-A))	**2,378**	**2,086**	**1,209**

The movement in net deferred tax 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 32 million (31 March 2016: deferred tax liability of INR 2 million) 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.

18. Other liabilities

in INR million

	Non-current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Other liabilities	247	210	-
Total	**247**	**210**	**-**

	Current as at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Statutory liabilities	334	301	184
Unearned revenue	38	66	41
Advances from customers	69	106	45
Other liabilities	94	128	96
Total	**535**	**601**	**366**

19. Trade payables

in INR million

	As at		
	31 March 2017	**31 March 2016**	**1 April 2015**
Trade payables			
- Due to micro and small enterprises*	-	-	-
- Due to related parties (refer note 36)	116	231	748
- Others	952	946	653
Total	**1,068**	**1,177**	**1,401**

*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

in INR million

	Year ended	
	31 March 2017	**31 March 2016**
Software products	118	223
Software services	24,704	23,017
Total	**24,822**	**23,240**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

21. Other income

in INR million

	Year ended	
	31 March 2017	31 March 2016
Liabilities/provisions no longer required written back	63	71
Interest income (Refer note (i) below)	108	143
Gain on sale of current investment (net)	19	21
Gain on sale of property, plant and equipment (net)	-	20
Exchange gain (net)	587	190
Government grants	39	109
Miscellaneous income	10	10
Total	**826**	**564**

Notes:

(i) Interest income comprises of:

	Year ended	
	31 March 2017	31 March 2016
Unwinding of discount on security deposits	62	25
Interest income on bank deposits	9	113
Interest income on loan to related party (Refer note 36)	37	5
Total	**108**	**143**

22. Employee benefits expense

in INR million

	Year ended	
	31 March 2017	31 March 2016
Salaries and wages	15,378	13,934
Contributions to provident and other funds	622	582
Share based payments to employees	19	29
Staff welfare expenses	252	281
Total	**16,271**	**14,826**

23. Finance costs

in INR million

	Year ended	
	31 March 2017	31 March 2016
Interest on finance lease arrangements	21	32
Interest on loan from related parties (Refer note 36)	10	3
Interest on income tax	4	8
Financial guarantee cost	8	8
Interest on payroll taxes		
Unwinding of discount		
- on liability portion of redeemable optionally convertible preference shares	282	329
- on site restoration obligation	3	5
Total	**328**	**385**

24. Depreciation and amortisation expense

in INR million

	Year ended	
	31 March 2017	**31 March 2016**
Depreciation of property, plant and equipment (refer note 3)	977	991
Amortisation of intangible assets (refer note 4)	433	394
Total	**1,410**	**1,385**

25. Other expenses

in INR million

	Year ended	
	31 March 2017	**31 March 2016**
Consumption of stores and spares	11	12
Power and fuel	292	398
Rent	879	913
Repairs and maintenance		
- Building	275	261
- Plant and equipments	279	260
- Others	32	25
Insurance	22	31
Rates and taxes	11	8
Communication expenses	132	154
Travelling and conveyance	811	756
Training expenses	42	41
Recruitment expenses	35	43
Software development consultancy	565	469
Legal and professional charges	273	374
Expenditure on corporate social responsibility (Refer note (i) below)	40	48
Bank charges	6	7
Auditors' remuneration (Refer note (ii) below)	6	10
Loss on sale of property, plant and equipment (net)	97	-
Provision for doubtful receivables (net)	23	11
Provision for doubtful deposits and advances	-	1
Provision for warranty	7	2
Corporate charges	126	83
Miscellaneous expenses	459	432
Total	**4,423**	**4,339**

(i) Details of corporate social responsibility expenditure

	Year ended	
	31 March 2017	**31 March 2016**
Promoting education including special education and employment enhancing vocational skills		
Project 1 - Aricent Employability Enhancement Programme - NPTEL	12	5
Project 2 - Aricent Employability Enhancement Programmes - NASSCOM	26	43
Other expenses	2	-
Total	**40**	**48**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

25. Other expenses (Continued) in INR million

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

	Year ended	
	31 March 2017	**31 March 2016**
Statutory audit fee	5	6
Tax audit fee	-	-
Other services	1	4
Total	**6**	**10**

26. Earnings per share (EPS) in INR million

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 2017	**31 March 2016**
Profit attributable to equity holders for basic earnings	1,900	1,885
Interest on redeemable optionally convertible preference shares	-	-
Profit attributable to equity holders for the effect of dilution	1,900	1,885
Weighted average number of equity shares for basic EPS	131	131
Effect of dilution:		
Redeemable optionally convertible preference shares*	-	-
Weighted average number of equity shares adjusted for the effect of dilution	131	131
Basic EPS (absolute value in INR)	14	14
Diluted EPS (absolute value in INR)	14	14

* The preference shares are convertible into equity share at the option of the Company or the respective holders after the expiry of one month from the date of allotment but before the expiry of 20 years at the price to be determined in accordance with the applicable regulatory provisions i.e. fair value at the time of such exercise. Accordingly, the preference shares have not been considered dilutive.

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 2017	**As at 31 March 2016**	**As at 1 April 2015**
Aricent Technologies (Beijing) Limited	Software development	China	100.00	100.00	100.00
Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)	Chip design services	Mauritius	50.3	50.3	-
Aricent Technologies Private Limited (formerly known as SmartPlay Technologies (India) Private Limited)	Chip design services	India	50.3	50.3	-
Aricent N.A. Inc. (formerly known as SmartPlay Inc.)	Chip design services	United States	50.3	50.3	-
SmartPlay Technologies (Singapore) Pte. Limited	Chip design services	Singapore	50.3	50.3	-
SmartPlay Technologies (Canada) Limited	Chip design services	Canada	50.3	50.3	-

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 Aricent which is incorporated in the Cayman Islands.

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 2017	90%	14,390	89%	1,602	93%	(63)	89%	1,539
Balance as at 31 March 2016	92%	12,843	92%	1,920	36%	5	91%	1,925
Subsidiaries								
Indian								
1. Aricent Technologies Private Limited (formerly known as SmartPlay Technologies (India) Private Limited)								
Balance as at 31 March 2017	4%	613	5%	110	7%	(5)	6%	105
Balance as at 31 March 2016	3%	508	3%	75	64%	9	4%	84
Foreign								
1. Aricent Technologies (Beijing) Limited								
Balance as at 31 March 2017	0%	(2)	-	-	-	-	-	-
Balance as at 31 March 2016	0%	(2)	1%	29	-	-	1%	29
2. Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)								
Balance as at 31 March 2017	5%	753	2%	36	-	-	2%	36
Balance as at 31 March 2016	4%	526	0%	(7)	-	-	0%	(7)
3. Aricent N.A. Inc. (formerly known as SmartPlay Inc.)								
Balance as at 31 March 2017	1%	157	3%	53	-	-	3%	53
Balance as at 31 March 2016	1%	107	4%	81	-	-	4%	81
4. SmartPlay Technologies (Singapore) Pte. Limited								
Balance as at 31 March 2017	0%	(4)	-	-	-	-	-	-
Balance as at 31 March 2016	0%	(4)	0%	(2)	-	-	0%	(2)
5. SmartPlay Technologies (Canada) Limited								
Balance as at 31 March 2017	0%	(1)	-	-	-	-	-	-
Balance as at 31 March 2016	0%	-	-	-	-	-	-	-
Total - 31 March 2017	**100%**	**15,906**	**100%**	**1,801**	**100%**	**(68)**	**100%**	**1,733**
Total - 31 March 2016	**100%**	**13,978**	**100%**	**2,096**	**100%**	**14**	**100%**	**2,110**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

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 2017	(19)	78	(17)	61
As at 31 March 2016	8	(220)	25	(195)
Minority interest (B)				
Indian subsidiary				
Aricent Technologies Private Limited (formerly known as SmartPlay Technologies (India) Private Limited)				-
Balance as at 31 March 2017	(305)	(55)	2	(53)
Balance as at 31 March 2016	(253)	(37)	(4)	(41)
Foreign subsidiary				
Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)				-
Balance as at 31 March 2017	(374)	(18)	-	(18)
Balance as at 31 March 2016	(262)	4	-	4
Aricent N.A. Inc. (formerly known as SmartPlay Inc.)				-
Balance as at 31 March 2017	(78)	(26)	-	(26)
Balance as at 31 March 2016	(53)	(41)	-	(41)
SmartPlay Technologies (Singapore) Pte. Limited				-
Balance as at 31 March 2017	2	-	-	-
Balance as at 31 March 2016	2	1	-	1
SmartPlay Technologies (Canada) Limited				
Balance as at 31 March 2017	-	-	-	-
Balance as at 31 March 2016	-	-	-	-
Total (B) - 31 March 2017	**(755)**	**(99)**	**2**	**(97)**
Total (B) - 31 March 2016	**(566)**	**(73)**	**(4)**	**(77)**
Other consolidation adjustment attributable to Non controlling interest (C)				
Balance as at 31 March 2017	(476)	120	8	128
Balance as at 31 March 2016	(596)	82	(12)	70
Total - 31 March 2017 (D = B+C)	**(1,231)**	**21**	**10**	**31**
Total - 31 March 2016 (D = B+C)	**(1,162)**	**9**	**(16)**	**(7)**
Consolidated net assets/ profit				
As at 31 March 2017	14,656	1,900	(75)	1,825
As at 31 March 2016	12,824	1,885	23	1,908

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 38 for further disclosures.

(c) Income taxes

The Group 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 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 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

29. Significant accounting judgements, estimates and assumptions (Continued)

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 33.

30. Lease commitments

The Company leases certain facilities under non-cancellable operating leases. Rental expenses for operating leases for the year ended 31 March 2017 is INR 879 million (31 March 2016: INR 913 million). The operating leases expire in various years through January 2021.

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

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Within one year	371	619	615
After one year but not more than five years	166	843	1,341
More than five years	-	31	100

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 recognized in the Consolidated Statement of Profit and Loss. The Group does not use derivative financial instruments for trading or speculative purposes.

During the year ended 31 March 2017, the Group did not apply hedge accounting for its foreign currency forward contracts.

The total gross notional amount by type of derivative financial instruments as of March 31, 2017, is as follows:

Amounts in INR million

	Forward Contracts Outstanding		
	Currency to Sell	Notional Coverage	US Dollars
US dollar (contracts to sell USD/buy INR)	USD	INR 11,048	162

Amounts in INR million

	Option/Range Forward Contracts Outstanding		
	Currency to Sell	Notional Coverage	US Dollars
US Dollars (contracts to sell USD/buy INR)	USD	INR 622	10

The total gross notional amount by type of derivative financial instruments as of March 31, 2016, is as follows:

Amounts in INR million

	Forward Contracts Outstanding		
	Currency to Sell	Notional Coverage	US Dollars
US dollar (contracts to sell USD/buy INR)	USD	INR 9,467	138

The total gross notional amount by type of derivative financial instruments as of April 01, 2015, is as follows:

Amounts in INR million

	Forward Contracts Outstanding		
	Currency to Sell	Notional Coverage	US Dollars
US dollar (contracts to sell USD/buy INR)	USD	12,328	191

There were no options/range forward contracts outstanding as on 31 March 2016 and 1 April 2015.

32. Business combination

On July 27, 2015, the Company entered into a share purchase agreement with Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC) (‘SmartPlay’) which along with its four subsidiaries in India, US, Singapore and Canada is engaged in the business of chip design services. The Company completed the acquisition of 1,000 management shares, carrying all shareholder voting rights in SmartPlay but do not carry any beneficial economic interest in SmartPlay, except for a right to the nominal capital paid at subscription and 32,856,459 cellular shares carrying beneficial economic rights of 50.3% in the profits of SmartPlay by making a payment in cash of INR 5,774 million which includes acquisition related expenses of INR 25 million on August 7, 2015. The Company recorded the goodwill of INR 4,582 million which represents the excess of purchase consideration over the parent’s portion of equity on the date of such acquisition. The Company also recorded non controlling interest of INR 1,155 million which represents the portion of net assets of SmartPlay which are attributable to interests not owned by the Company.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of SmartPlay as at the date of acquisition were: in INR million

	At March 31, 2016	Measurement period adjustment	At March 31, 2017
Assets			
Property, plant and equipment	54		54
Intangible assets	2,091		2,091
Cash and cash equivalents	764		764
Other current assets	1,499	201	1,700
Deferred tax assets	54		54
Total assets (A)	**4,462**	**201**	**4,663**
Liabilities			
Current liabilities	1,234		1,234
Deferred tax liability on intangible assets	722		722
Total liabilities (B)	**1,956**	**-**	**1,956**
Total identifiable net assets at fair value (A-B)	**2,506**	**201**	**2,707**
Tax adjustment	(184)		(184)
Total adjusted net assets	**2,322**	**201**	**2,523**
Non-controlling interests measured at proportionate value	(1,155)	(100)	(1,255)
Costs of acquisition	25		25
Goodwill arising on acquisition	4,582	(101)	4,481
Purchase consideration transferred	**5,774**	**-**	**5,774**

The fair value of the trade receivables amounts to INR 1,280 million. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The goodwill of INR 4,582 million comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Purchase consideration	
Cash paid on acquisition	5,774
Total consideration	**5,774**
Analysis of cash flows on acquisition:	
Cash transferred	(5,749)
Transaction costs of the acquisition*	(25)
Net cash acquired with the subsidiary	764
Net cash flow on acquisition	**(5,010)**

*Transaction costs have been expensed off and included in other expenses.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

33. 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 323 million (previous year INR 324 million).

The total liability under the Trust as at 31 March 2017 amounts to INR 4,831 million (previous year INR 4,307 million) as against total assets of INR 5,080 million (previous year INR 4,539 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 2017 works out to be 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:

	31 March 2017	31 March 2016	1 April 2015
Rate of discounting	7.10%	7.90%	7.90%
Rate of return on assets	8.60%	8.75% p.a. for first year and 8.60% thereafter	8.75% p.a. for first year and 8.60% thereafter
Long term EPFO rate	8.60%	8.75% p.a. for first year and 8.60% thereafter	8.75% p.a. for first year and 8.60% thereafter

(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 in INR million

	Gratuity plan		Pension plan	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Balance as at the beginning of the year	996	878	208	194
Current service cost	156	147	1	1
Interest cost	73	67	4	3
Benefits paid	(134)	(142)	(5)	(2)
Acquisition cost	2	50	-	-
Exchange loss/(gain)	-	-	(17)	21
Actuarial (gain)/loss	91	(4)	8	(9)
Balance as at the end of the year	**1,184**	**996**	**199**	**208**

Fair value of plan assets in INR million

	Gratuity plan		Pension plan	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Balance as at the beginning of the year	66	116	-	-
Expected return on plan assets	5	7	-	-
Contributions	130	80	-	-
Benefits paid	(124)	(141)	-	-
Actuarial gain/(loss)	(1)	4	-	-
Acquisition adjustment	2			
Balance as at the end of the year	**78**	**66**	**-**	**-**

33. Employee benefits (Continued)

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

in INR million

	Gratuity plan			Pension plan		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fair value of plan assets as at the end of the year*	78	66	116	-	-	-
Present value of defined benefit obligations as at end of the year	1,184	996	878	199	208	194
Liability recognised in the Balance Sheet as at the end of the year	**1,106**	**930**	**762**	**199**	**208**	**194**
Current	**1,044**	**872**	**762**	**199**	**208**	**194**
Non-current	**62**	**58**	**-**	**-**	**-**	**-**

* 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: in INR million

	Gratuity plan		Pension plan	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Current service cost	156	147	1	1
Interest cost	73	67	4	3
Expected return on plan assets	(5)	(7)	-	-
Net actuarial (gain)/loss	92	(8)	8	(9)
Net gratuity and pension cost	**316**	**199**	**13**	**(5)**

Amount recognised in statement of profit and loss: in INR million

	Gratuity plan		Pension plan	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Current service cost	156	147	1	1
Net interest expense	68	60	4	3
Amount recognised in statement of profit and loss	**224**	**207**	**5**	**4**

Amount recognised in other comprehensive income: in INR million

	Gratuity plan		Pension plan	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Actuarial (gain)/ loss on obligations	91	(4)	8	(9)
Return on plan assets (excluding amounts included in net interest expense)	1	(4)	-	-
Amount recognised in other comprehensive income	**92**	**(8)**	**8**	**(9)**

Actuarial assumptions

	Gratuity plan			Pension plan		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discounting rate	7.10%	7.90%	7.90%	1.40%	1.90%	1.60%
Future salary increase	8.00%	8.00%	8.00%	2.50%	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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

33. Employee benefits (Continued)

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

	Gratuity	
	As at 31 March 2017	As at 31 March 2016
Within the next 12 months (next annual reporting period)	145	129
Between 2 and 5 years	693	639
Between 5 and 10 years	992	937
Total expected payments	**1,830**	**1,705**

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

Gratuity in INR million

	Discount rate		Salary escalation rate	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Effect on DBO due to 0.5% increase	(42)	(34)	44	36
Effect on DBO due to 0.5% decrease	45	36	(42)	(34)

34. Share based payments

a. Stock options

Description of the plan

Certain employees of the Group are granted non-tradable stock options and Restricted Stock Units (RSUs) of Aricent's (the Company's ultimate parent company) shares. These stock options granted to employees vest, subject to certain conditions, over the vesting period. During the year, the ultimate parent company has allocated INR 19 million (previous year INR 29 million) to the Company with respect to cost of these stock options granted to the Group'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 year:

	Year ended 31 March 2017		Year ended 31 March 2016	
	Number	WAEP in INR	Number	WAEP in INR
Outstanding at 1 April	14,680,419	69.10	15,145,587	57.67
Granted during the year	940,000	106.78	1,471,724	135.42
Forfeited during the year	(1,105,047)	89.16	(989,656)	57.28
Exercised during the year	(2,702,973)	63.69	(425,475)	65.81
Expired during the year	(2,017,085)	56.05	(521,761)	67.00
Outstanding at 31 March	9,795,314	72.90	14,680,419	69.10
Exercisable at 31 March	4,835,830	65.11	8,989,407	62.41

The weighted average remaining contractual life for the share options outstanding as at 31 March 2017 was 5.31 years (previous year: 4.41 years).

The weighted average fair value of options granted during the year was INR 39.44 (previous year: INR 52.01).

The range of exercise prices for options outstanding at the end of the year was INR 37.50 to INR 135.12 (previous year: INR 38.14 to INR 137.42).

The following tables list the inputs to the models used for the plan for the years ended 31 March 2017 and 31 March 2016, respectively:

	As at 31 March 2017	As at 31 March 2016
Dividend yield (%)	0%	0%
Expected volatility (%)	34.77%-35.08%	35.30% - 38.68%
Risk–free interest rate (%)	1.15%-2.09%	1.70 - 1.76 %
Expected life of share options/SARs (years)	6.35	6.35
Weighted average share price (INR)	106.78	116.64-137.42

34. Share based payments (Continued)

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

Movement of restricted stock units during the year:

During the year ended 31 March 2017, the ultimate parent company awarded 20,000 Restricted Stock Units to the Company's employee. The weighted average exercise price on the date of allotment was INR 107. There were no other changes during the year.

The weighted average remaining contractual life for the Restricted Stock units outstanding as at 31 March 2017 was 1.76 years .

35. 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 36 million (previous year INR 81 million).

Other commitments: The Group 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

b. Claims disputed by the Group:

Particulars	31 March 2017	31 March 2016
Income tax matters	2,550	1,530
Other claims		
Customs duty	8	8
Sales tax matters	11	11
Others	3	3

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.

c. The Company entered into an agreement (the "Agreement") with a purchase option with the land owner and the developer for the development, lease and potential sale of a Bangalore land facility (the "Company's Bangalore Campus"). In July 2005, the developer of the Company's Bangalore Campus filed a lawsuit against the Company in the City Civil Court of Bangalore, seeking recovery of rent and interest aggregating to INR 45 million. The developer also claimed wrongful possession and sought to have the Company vacate the premises and pay damages. The Company deposited INR 23 million with the court representing the amount it determined was contractually owed to the developer pursuant to the Agreement from the date of occupancy through January 2007, the date the Company exercised its right to purchase the Company's Bangalore Campus pursuant to the Agreement. The court permitted the developer to encash this amount in February 2008. The Company has also attempted to remit to the land owner the rental amount it determined to be contractually due to the land owner, but the land owner has refused to accept such rental cheques. In December 2008, the developer responded by filing a motion for damages equivalent to the amount of rent. The trial court allowed the motion in March 2011, but the Company challenged the order with the Karnataka High Court, Bangalore (the "High Court") and obtained a stay in the matter. Finally, in September, 2013, the High Court set aside the impugned order of trial court and directed the trial court to dispose of all the lawsuits expeditiously.

In January 2007, the Company sent both the developer and land owner notice of its exercise of its option to purchase the Company's Bangalore Campus for INR 240 million pursuant to the Agreement. In February 2007, the Company filed a lawsuit in the City Civil Court of Bangalore, India against both the developer and owner of the Company's Bangalore Campus directing them to execute a sale deed in favor of the Company pursuant to the Company's contractual purchase option under the Agreement.

In September 2010, the developer filed another lawsuit against the Company in the City Civil Court of Bangalore seeking recovery of damages and interest representing the portion of the land and building previously owned by the landowner of the property. The developer claims to have purchased the owners' interest in April 2010 and sought eviction based on its ownership of this portion. The Company had opposed the claims.

All three lawsuits described above have been consolidated for trial, which commenced in November 2011 and completed in February, 2016. The judgements were pronounced by the Court in April 2016 wherein the 2 cases filed against the Company by the developer for eviction has been allowed by the Court and the Company's case of Specific Performance was dismissed with no costs. These judgements were appealable before the Hon'ble High Court of Karnataka. The Company has already filed appeals in both the eviction suits and also in a suit for Specific Performance before the High Court of Karnataka and the same have been admitted by the Court. The Court granted a stay on the order of eviction subject to payment of the ordered amount. Amount of INR 331 million has been duly paid by the Company to developer. The matter is now pending before the Hon'ble High Court of Karnataka.

Based on expert advice, 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 Consolidated Statement of Balance Sheets or Consolidated Statement of Profit and Loss, or Consolidated Statement of Cash Flows.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

35. Commitments and contingencies (Continued)

d. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of the Government 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 India for visa and insurance services for the Company's employees traveling abroad from financial years ended 31 March 2007 to 31 March 2010. Additionally in the above notices the service tax authorities have included all amounts incurred in foreign currency by the Company, on which service tax applicable on import services had not been paid as chargeable to service tax. Since 22 July 2012, the Company has received similar notices covering financial years ended 31 March 2011 to 31 March 2015. The total tax demanded for such year's stands at INR 2,315 million. This amount does not include interest which is approximately INR 2,393 million upto 31st March 2017.

For year's upto 31 March 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.

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 Consolidated Balance Sheet, Consolidated Statement of Profit and Loss or Consolidated Cash Flow Statement.

36. 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	Aricent
		Aricent Holdings
		Aricent Technologies
c.	Subsidiary companies (Wholly owned)	Aricent Technologies (Beijing) Limited
d.	Subsidiary companies (Direct holding)	Aricent Mauritius Engineering Services PCC (formerly known as SmartPlay Global PCC)
e.	Subsidiary companies (Indirect holding)	Aricent Technologies Private Limited (formerly known as SmartPlay Technologies (India) Private Limited)
		Aricent N.A. Inc. (formerly known as SmartPlay Inc.)
		SmartPlay Technologies (Singapore) Pte Limited
		SmartPlay Technologies (Canada) Limited
f.	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.
		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
		Aricent Belgium SPRL
		Aricent Technology (Shenzhen) Co Limited
		Aricent Japan Limited
		Aricent Israel Ltd.

36. Related party transactions (Continued)

S.No.	Nature of relationship	Name of the party
		Aricent Ireland Private Ltd.
		Frog Design Mauritius, Mauritius
		Frog strategy and Design Pte ltd, Singapore
		Aricent Holdings Cyprus Ltd.
		Aricent Spain S.L.U., Spain
		Frog Design BV Netherlands
		Aricent Technologies Denmark ApS, Denmark
		Frog Design Group UK Ltd., UK
		Aricent Technologies Germany Gmbh, Germany
		Aricent Technologies (Gibraltar) Ltd. Gibraltar
		Aricent Communications Private Ltd. India
		Aricent Acquisition Corporation, Delaware
g.	Key management personnel of the Group	**Whole time directors**
		Ashwani Lal
		Payal Koul Mirakhur
		(joined the board effectively from 15 April 2015 and resigned from the board effectively from 31 March 2016)
		Ashish Mohan (CFO)
		(resigned from the board effectively from 22 January 2016)
		Independent directors
		Amal Ganguli
		(resigned from the board effectively from 11 August 2016)
		Vinay Mittal
		Nipun Gupta
		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 Group and related parties and the status of outstanding balances are as under:

in INR million

		31 March 2017	31 March 2016	1 April 2015
a.	Holding company			
	Transactions during the year			
	Redemption of redeemable optionally convertible preference shares	1,245	743	-
b.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Group			
	Transactions during the year			
	Revenue from operations	17,173	16,649	-
	Other income (Liabilities written back)	1	43	-
	Expenses (Software development consultancy)	1	5	-
	Expenses incurred by related parties on behalf of the Group	56	216	-
	Expenses incurred by the Group on behalf of related parties	639	609	-
	Purchase of property, plant and equipment by related parties on behalf of the Group	-	-	-
	Purchase of property, plant and equipment by the Group on behalf of related parties	35	50	-
	Loan from related parties	-	133	-
	Loan from related parties repaid	35	-	-
	Loan to related parties	468	232	-
	Interest expense on loan from related parties	10	3	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

36. Related party transactions (Continued)

in INR million

		31 March 2017	31 March 2016	1 April 2015
	Interest income on loan to related parties	37	5	-
	Balance outstanding as at the year end			
	Trade payables	111	208	635
	Loan from related parties	97	133	-
	Loan to related parties	700	232	-
	Trade receivables	5,979	3,323	4,317
	Receivables from related parties	227	6	1
	Credit facility availed	1	1	1
c.	Enterprise having substantial interest in the Group			
	Transactions during the year			
	Expense incurred by related parties on behalf of the Group	19	34	-
	Expenses incurred by the Group on behalf of related parties	39	11	-
	Balance outstanding as at the year end			
	Trade payables	5	23	113
	Receivables from related parties	42	13	173
	Credit facility availed	86	90	98
d.	Trusts set-up by the Company			
	Transactions during the year			
	Contributions made during the year	676	615	-
	Balance outstanding as at the year end			
	Contributions payable at the year end	46	46	44
e.	Key management personnel of the Group			
	Compensation during the year			
	Short-term employee benefits	27	24	-
	Employee stock option scheme	1	1	-
	Post-employment gratuity and medical benefits	2	2	-
	Other long-term benefits	7	2	-
	Commission	2	3	-
	Balance outstanding as at the year end			
	Employee related liabilities	4	2	2

37. 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, 69% (31 March 2016: 72%) 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:

in INR million

	Revenue	
Location	**Year ended 31 March 2017**	**Year ended 31 March 2016**
Domestic	4,287	3,697
Americas	2,498	2,112
Europe	2,271	2,353
Mauritius	15,019	14,493
Rest of the world	747	585
Total	**24,822**	**23,240**

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.

38. Fair values

The carrying values of the financial instruments by categories are as follows: in INR million

Particulars	Carrying amount		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
FINANCIAL ASSETS			
Financial assets measured at amortised cost			
Loans	1,104	705	460
Trade receivables	7,539	5,072	4,988
Cash and cash equivalents	727	1,651	4,181
Other bank balances	10	4	504
Other financial assets	269	24	207
Financial assets measured at fair value through the Statement of Profit and Loss			
Investments in mutual funds	-	200	517
Foreign exchange forward and option contracts	278	127	67
Total	**9,927**	**7,783**	**10,924**
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Borrowings	1,544	2,666	3,047
Trade payables	1,068	1,177	1,401
Other financial liabilities	1,447	1,404	1,636
Total	**4,059**	**5,247**	**6,084**

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.

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

	Level 1	Level 2	Level 3
As of 31 March 2017			
Financial assets at fair value			
Investments in mutual funds	-	-	-
Foreign exchange forward and option contracts	-	278	-
As of 31 March 2016			
Financial assets at fair value			
Investments in mutual funds	200	-	-
Foreign exchange forward and option contracts	-	127	-
As of 1 April 2016			
Financial assets at fair value			
Investments in mutual funds	517	-	-
Foreign exchange forward and option contracts	-	67	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

38. Fair values (Continued)

The fair value of the Group's cash and cash equivalents, trade receivables, deposits with maturity of 3 to 12 months, loans (except for security deposits) and other financial assets, trade payables, and other financial liabilities (except employee related liabilities) approximates carrying amount because of the short-term nature of these instruments. The Group's cash equivalents are comprised of cash deposited in certificates of deposit with short term maturities.

Loans to related parties, security deposits, employee related liabilities and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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

(i) 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.

(ii) 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.

39. 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 and 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 2017:

in INR million

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	8,064	480	8,544
Total financial liabilities	906	222	1,128

The following table analyses foreign currency risk from financial instruments as of 31 March 2016:

in INR million

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	5,131	314	5,445
Total financial liabilities	937	182	1,119

The following table analyses foreign currency risk from financial instruments as of 1 April 2015:

in INR million

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	4,821	308	5,129
Total financial liabilities	841	207	1,048

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 358 million and INR 210 million for the year ended 31 March 2017 and 31 March 2016 respectively.

ii. Price risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Group has diversified its investments to manage the 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.

39. Financial risk management objectives and policies (Continued)

(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, 2017, 31 March 2016 and 1April, 2015 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 2017 and 31 March 2016. 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 Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

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

in INR million

Particulars	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2017					
Borrowings (other than convertible preference shares)	159	166	-	69	97
Redeemable optionally convertible preference shares	1,385	1,566	1,566	-	-
Trade payables	1,068	1,068	1,068	-	-
Other financial liabilities	1,447	1,447	1,447	-	-
	4,059	**4,247**	**4,081**	**69**	**97**

in INR million

Particulars	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2016					
Borrowings (other than convertible preference shares)	318	355	-	210	145
Redeemable optionally convertible preference shares	2,348	2,797	1,250	1,547	-
Trade payables	1,177	1,177	1,177	-	-
Other financial liabilities	1,404	1,404	1,404	-	-
	5,247	**5,733**	**3,831**	**1,756**	**145**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

39. Financial risk management objectives and policies (Continued)

in INR million

Particulars	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 1 April 2015					
Borrowings (other than convertible preference shares)	285	348	-	309	39
Redeemable optionally convertible preference shares	2,762	3,539	750	2,789	-
Trade payables	1,401	1,401	1,401	-	-
Other financial liabilities	1,636	1,636	1,563	73	-
	6,084	**6,924**	**3,714**	**3,171**	**39**

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

40. 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 2017, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

41. First time adoption

As stated in note 2 (a), the financial statements for the year ending 31 March 2017 would be the first financial statements prepared in accordance with Ind AS.

The adoption was carried out in accordance with Ind AS 101 using Balance Sheet as at 1 April 2015 (transition date). The transition was carried out from Indian GAAP, which was considered as the Previous GAAP. All applicable Ind AS have been applied consistently and retrospectively, wherever, required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as of the transition date are recognized directly in equity (retained earnings) at the date of transition to Ind AS.

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after 1 April 2016, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's Opening Balance Sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the Balance Sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(a) Deemed cost exemption

The Group has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used it as its deemed cost as at the date of transition.

(b) Business combinations

The Group has elected not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition) and accordingly, it has followed the same accounting for past business combinations as was followed under Indian GAAP.

(c) Compound financial instruments

The Group has elected not to apply Ind AS 32 retrospectively to split the liability and equity component of the instrument when the liability component is no longer outstanding at the date of transition.

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model. The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

41. First time adoption (Continued)

Impact of Ind AS adoption on Consolidated Balance Sheet as at 1 April 2015

in INR million

Particulars	Footnotes	Regrouped amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		2,009	-	2,009
Capital work-in-progress		417	-	417
Goodwill		4,874	-	4,874
Intangible assets		136	-	136
Financial assets			-	
(i) Loans	(iii)	470	(215)	255
(ii) Other financial assets		3	-	3
Other non-current assets	(iv)	718	147	865
Total non-current assets		**8,627**	**(68)**	**8,559**
Current assets				
Financial assets				
(i) Investments	(v)	500	17	517
(ii) Trade receivables	(vi)	4,980	8	4,988
(iii) Cash and cash equivalents		4,181	-	4,181
(iv) Bank balances other than (iii) above		504	-	504
(iv) Loans		205	-	205
(v) Other financial assets	(vii)	204	67	271
Other current assets	(viii)	764	20	784
Total current assets		**11,338**	**112**	**11,450**
Total assets		**19,965**	**44**	**20,009**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,312	-	1,312
Redeemable optionally convertible preference shares	(ix)	3,539	(1,876)	1663
Other equity		8,839	(906)	7,933
Total equity		**13,690**	**(2,782)**	**10,908**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	(x)	285	2,092	2,377
(ii) Other financial liabilities		73	-	73
Provisions	(xi)	1,150	(14)	1,136
Deferred tax liabilities(net)	(xii)	914	295	1,209
Other non-current liabilities	(xiii)	212	(212)	-
Total non-current liabilities		**2,634**	**2,161**	**4,795**
Current liabilities				
Financial liabilities				
(i) Borrowings	(x)	-	670	670
(ii) Trade payables		1,401	-	1,401
(iii) Other financial liabilities	(xiv)	1,567	(4)	1,563
Provisions	(xi)	307	(1)	306
Other current liabilities		366	-	366
Total current liabilities		**3,641**	**665**	**4,306**
Total equity and liabilities		**19,965**	**44**	**20,009**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

41. First time adoption (Continued)

Impact of Ind AS adoption on Consolidated Balance Sheet as at 31 March 2016

in INR million

Particulars	Footnotes	Regrouped amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	(i)	2,663	(24)	2,639
Capital work-in-progress		42	-	42
Goodwill	(ii)	10,167	(711)	9,456
Intangible assets	(ii)	55	1,833	1,888
Financial assets				
(i) Loans	(iii)	570	(198)	372
(ii) Other financial assets		5	-	5
Other non-current assets	(iv)	482	141	623
Total non-current assets		**13,984**	**1,041**	**15,025**
Current assets				
Financial assets				
(i) Investments		200	-	200
(ii) Trade receivables	(vi)	5,064	8	5,072
(iii) Cash and cash equivalents		1,651	-	1,651
(iv) Bank balances other than (iii) above		4	-	4
(iv) Loans		333	-	333
(v) Other financial assets	(vii)	19	127	146
Other current assets	(viii)	1,164	30	1,194
Total current assets		**8,435**	**165**	**8,600**
Total assets		**22,419**	**1,206**	**23,625**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,312	-	1,312
Redeemable optionally convertible preference shares	(ix)	2,797	(1,134)	1,663
Other equity		10,952	(1,103)	9,849
Total equity attributable to equity holders of the Company		**15,061**	**(2,237)**	**12,824**
Non-controlling interests	(ii)	565	597	1,162
Total equity		**15,626**	**(1,640)**	**13,986**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	(x)	318	1,232	1,550
Provisions	(xi)	1,309	(14)	1,295
Deferred tax liabilities(net)	(xii)	1,259	827	2,086
Other non-current liabilities	(xiii)	520	(310)	210
Total non-current liabilities		**3,406**	**1,735**	**5,141**
Current liabilities				
Financial liabilities				
(i) Borrowings	(x)	-	1,116	1,116
(ii) Trade payables		1,177	-	1,177
(iii) Other financial liabilities	(xiv)	1,409	(5)	1,404
Provisions		200	-	200
Other current liabilities		601	-	601
Total current liabilities		**3,387**	**1,111**	**4,498**
Total equity and liabilities		**22,419**	**1,206**	**23,625**

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

41. First time adoption

Impact of Ind AS on Statement of Profit and Loss for the year ended 31 March 2016

in INR million

Particulars	Footnotes	Regrouped amount as per Indian GAAP	Ind AS adjustment	Amount as per Ind AS
REVENUE				
Revenue from operations	(xv)	23,155	85	23,240
Other income	(xvi)	508	56	564
Total income		**23,663**	**141**	**23,804**
EXPENSES				
Employee benefits expense	(xvii)	14,809	17	14,826
Finance costs	(xviii)	43	342	385
Depreciation and amortisation expense	(xix)	1,141	244	1,385
Other expenses	(xx)	4,308	31	4,339
Total expenses		**20,301**	**634**	**20,935**
Profit before tax		**3,362**	**(493)**	**2,869**
Current tax		663	2	665
Adjustment of tax relating to earlier periods		2	(2)	-
MAT credit utilised		329	(329)	-
Deferred tax		190	138	328
Income tax expense	**(xxi)**	**1,184**	**(191)**	**993**
Profit after tax and before non-controlling interest		**2,178**	**(302)**	**1,876**
Other comprehensive income				
A. Items that will be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations	(xxii)	-	24	24
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**24**	**24**
B. Items that will not be reclassified to profit or loss				
Re-measurement gains (losses) on defined benefit plans	(xvii)	-	17	17
Income tax effect	(xxi)	-	(2)	(2)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	15	15
Other comprehensive income for the year (A+B)		**-**	**39**	**39**
Total comprehensive income for the year		**2,178**	**(263)**	**1,915**
Attributable to:				
Equity holders		2,101	(193)	1,908
Non-controlling interest		77	(70)	7

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

41. First time adoption (Continued)

Equity reconciliation as at 31 March 2016 and 1 April 2015

in INR million

Particulars	Footnotes	31 March 2016	1 April 2015
Equity under Indian GAAP			
Equity share capital		1,312	1,312
Redeemable optionally convertible preference shares		2,797	3,539
Surplus in the Consolidated Statement of Profit and Loss		9,693	8,334
Foreign currency translation reserve		12	-
Securities Premium Reserve		500	500
Capital Redemption Reserve		747	5
		15,061	**13,690**
Total of adjustments as at transition date		(2,783)	-
Redemption of redeemable optionally convertible preference shares	(x)	743	-
Adjustments relating to Financial Instrument:			
- Liability component of redeemable optionally convertible preference shares	(ix)	-	(996)
- Accretion of interest on the liability component of redeemable optionally convertible preference shares	(x)	(329)	(1,766)
- Recognition of MTM gain on forward contracts	(xvi) a	60	72
- MTM of Mutual Funds	(xvi) b	(17)	17
- Fair Value of Guarantee - Reduction from retained earnings	(xviii) c	(8)	(8)
- Fair Value of Guarantee - Increase in deemed contribution	(xviii) c	8	8
- Accretion of interest on deposits paid for leased premises	(xvi) c	25	48
- Amortization of prepaid lease rentals	(xx) e	(31)	(68)
		(292)	**(2,693)**
New Impairment Model - ECL	(xvi) d and (xx) b	-	8
Adjustments relating to provisions:			
- Asset retirement obligations	(xi) and (xix) a	5	(14)
Adjustments relating to Leases:			
- Reversal of lease equalisation reserve	(xx)a and (xiii)	97	212
Business combination			
- Amortisation expense on identifiable intangible assets acquired	(ii)	(253)	-
- Acquisition cost expensed off	(xx) c	(25)	-
Deferred tax		**189**	**(295)**
Non-controlling interest	**(ii) c**	**82**	**-**
Equity after Ind AS adjustments		**12,824**	**10,908**
Equity as per Ind AS			
Amount of equity as per Ind AS financials			
Equity share capital		1,312	1,312
Redeemable optionally convertible preference shares		1,663	1,663
Surplus in the Consolidated Statement of Profit and Loss		8,574	7,420
Securities Premium Reserve		500	500
Deemed contribution from the parent company		16	8
Capital Redemption Reserve		747	5
Foreign currency translation reserve		12	-
		12,824	**10,908**

41. First time adoption (Continued)

Reconciliation of comprehensive income for the year ended 31 March 2016

in INR million

Particulars	Note	31 March 2016
Profit after tax and before minority interest as per Indian GAAP		2,178
Adjustments:		
- Recognition of MTM gain on forward contracts	(xvi) a	60
- Fair valuation of mutual funds	(xvi) b	(17)
- Unwinding of interest on security deposits	(xvi) c	25
- Reversal of write back of provision	(xvi) d	(12)
- Reclassification of actuarial gain on defined benefit to OCI	(xvii)	(17)
- Unwinding of interest on site restoration obligation	(xviii) a	(5)
- Unwinding of interest on redeemable optionally convertible preference shares	(xviii) b	(329)
- Fair value of financial guarantee	(xviii) c	(8)
- Depreciation on asset retirement obligation asset	(xix) a	9
- Amortization of intangible assets acquired	(xix) b	(253)
- Lease equalisation expense	(xx) a and e	66
- Provision as per ECL model	(xx) b	13
- Acquisition cost expensed off	(xx) c	(25)
Deferred tax		191
Profit after tax and before minority interest as per Ind AS		**1,876**
Other comprehensive income		
Exchange differences on translation of foreign operations	(xxii)	24
- Reclassification of actuarial gain on defined benefit	(xvii)	17
Deferred tax expense on above		(2)
Total other comprehensive income		**39**
Total comprehensive income for the year before minority interest		**1,915**
Attributable to:		
Equity holders		1,908
Minority interest		7

Impact of Ind AS on cash flows for the year ended 31 March 2016

Particulars	Indian GAAP	Ind AS adjustment	Ind AS
Net cash flow from operating activities	3,754	(34)	3,720
Net cash flow used in investing activities	(5,661)	34	(5,627)
Net cash flow used in financing activities	(645)	-	(645)
Net decrease in cash and cash equivalents	**(2,552)**	**-**	**(2,552)**
Cash and cash equivalents at the 1 April 2015	4,181	-	4,181
Effect of exchange differences on cash and cash equivalents held in foreign currency	22	-	22
Cash and cash equivalents at the 31 March 2016	1,651	-	1,651

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

41. First time adoption (Continued)

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

(i) Property, plant and equipment

Under Indian GAAP ('IGAAP'), provision for site restoration obligation is capitalized without considering the impact of discounting whereas the same is discounted and capitalized under Indian Accounting Standards (Ind AS). As a result, the gross block is lower in Ind AS as compared to IGAAP. Accordingly, the gross block as on 31 March 2016 is lower by INR 33 million and accumulated depreciation is lower by INR 9 million thus the net impact is INR 24 million.

(ii) Business combination

a. Under IGAAP, the identifiable intangible assets acquired on acquisition is not recorded separately of goodwill whereas under Ind AS, the same needs to be recorded. Hence, there is an increase in intangible assets as on 31 March 2016 by INR 2,086 million with a corresponding deferred tax liability of INR 722 million. Moreover, the cost of acquisition amounting to INR 25 million has been expensed off. As a result as on 31 March 2016, there is an increase in non-controlling interest by INR 679 million and decrease in goodwill by INR 711 million.

b. Moreover, there is an increase in amortisation expense of intangible assets for the year ended 31 March 2016 by INR 253 million. Thus, the net increase of INR 1,833 million in intangible assets.

c. Due to the recognition of the amortisation expense of intangible assets, there is a decrease in the profit share of non-controlling interest for the year ended 31 March 2016 by INR 82 million and hence, net increase in non-controlling interest by INR 597 million.

(iii) Financial assets - Loans

Under IGAAP, the interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial assets are required to be recognized at their fair cost, accordingly the Group has fair valued these security deposits. The difference between fair value and transaction value of the security deposit has been recognized in the deferred lease expenses. Consequent to this change, security deposits as on the date of transition is lower by INR 215 million (31 March 2016: INR 198 million).

(iv) Other non-current assets

a. Under IGAAP, the provision for site restoration obligation is recorded without considering the impact of discounting whereas the same is discounted under Indian Accounting Standards (Ind AS). The asset portion of the site restoration obligation in FY 2014-15 was considered under prepaid expenses under IGAAP and as a result, the prepaid expenses (non-current) under Ind AS as on the date of transition is lower by INR 20 million.

b. Under IGAAP, the security deposits paid are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and initial discounted value is recognized as deferred lease expense and amortized (along with current and non- current classification) over the period of the lease term. As a result, the non-current portion of the unamortized portion of deferred lease as on the date of transition is INR 167 million (31 March 2016 : INR 141 million).

(v) Investments

Under IGAAP, current investments are shown at cost or market value whichever is lower. However under Ind AS, the same is shown at fair value through statement of profit and loss. As a result, fair value on investments as on the date of transition is higher by INR 17 million.

(vi) Trade receivables

Under IGAAP, the provision for doubtful trade receivables is made as per the policy of the Group which is based on incurred loss model whereas under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Group has reversed the allowance by INR 8 million on 1 April 2015 which has been taken to retained earnings. The impact of INR 8 million for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

(vii) Other current financial assets

The Group has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under IGAAP, only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is an increase in derivative asset as on the date of transition by INR 67 million (31 March 2016: INR 127 million).

(viii) Other current assets

a. Under IGAAP, the provision for site restoration obligation is recorded without considering the impact of discounting whereas the same is discounted under Indian Accounting Standards (Ind AS). The asset portion of the site restoration obligation as on the transition date was considered under prepaid expenses under IGAAP and as a result, the prepaid expenses (current) in Ind AS as on the date of transition is lower by INR 9 million.

b. Under IGAAP, the security deposits paid are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and initial discounted value is recognized as deferred lease expense and amortized (along with current and non- current classification) over the period of the lease term. As a result, the current portion of the unamortized portion of deferred lease as on the date of transition is INR 29 million (31 March 2016 : INR 30 million).

41. First time adoption (Continued)

(ix) Redeemable optionally convertible preference shares

Under IGAAP, the convertible redeemable preference shares were classified as equity. Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. The liability component is classified under Borrowings and the residual is considered under Equity. The convertible preference shares as on the date of transition amounting to INR 3,539 million has been bifurcated into INR 1,663 million as equity component, INR 996 million as liability portion and INR 880 million being the deferred tax impact of the liability portion.

(x) Borrowings

Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. As a result, the liability component of the convertible preference shares considered in borrowings as on the date of transition is INR 996 million. The interest accretion on the liability component of the convertible preference share as on the date of transition amounts to INR 1,766 million (31 March 2016: INR 329 million). During the year ended 31 March 2016, the Company has redeemed INR 743 million of redeemable optionally convertible preference share capital. The non-current portion of liability component of the convertible preference shares as on transition date is INR 2,092 million (31 March 2016: INR 1,232 million) whereas the current portion as on transition date is INR 670 million (31 March 2016: INR 1,116 million).

(xi) Provisions

Under IGAAP, the Group has accounted for site restoration obligation at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each reporting period to reflect the passage of time and is recognised as finance cost. As a result, site restoration obligation as on the date of transition is lower by INR 14 million under non-current provisions with a corresponding credit to retained earnings (31 March 2016: 14 million) and INR 1 million under current provisions (31 March 2016: Nil).

(xii) Deferred tax liabilities

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences relating to various transition adjustments which are recognised in correlation to the underlying transaction either in retained earnings or as a separate component in equity. As a result, deferred tax liability as on the date of transition is higher by INR 295 million (31 March 2016: INR 827 million).

(xiii) Other non-current liabilities

Under Indian GAAP, the lease expense is straight lined over the term of the agreement and any unamortized portion is shown under lease equalisation reserve whereas under Ind AS, the Group has ascertained that the increase is on account of inflation. Hence, lease equalisation reserve relating to inflation rates increase has been reversed. As a result, lease equalisation reserve as on the date of transition is lower by INR 212 million (31 March 2016: INR 310 million).

(xiv) Other financial liabilities

The Group has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under IGAAP, only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is a decrease in derivative liability (current) as on the date of transition by INR 4 million (31 March 2016: INR 5 million).

(xv) Revenue from operations

Under IGAAP, the reimbursement received from the customers was not considered as a part of revenue and the expenses were recorded on net basis. However under Ind AS, the revenue and expenses should be presented on gross basis. As a result, there is an increase in revenue from operations for the year ended 31 March 2016 by INR 85 million.

(xvi) Other income

a. The Group has taken forward covers for varying period to hedge their foreign currency risk on highly forecasted sales. Under Indian GAAP, only losses on the mark to market of such forward covers is recorded in the statement of profit and loss whereas under Ind AS, the impact (gain/loss) on the mark to market valuation for all outstating derivative contracts at each balance sheet date shall be recorded in the statement of profit and loss. As a result, there is an increase in foreign exchange gain for the year ended 31 March 2016 by INR 60 million. As on the date of transition the retained earnings is increased by INR 72 million.

b. Under IGAAP, current investments are shown at cost or market value whichever is lower. However under Ind AS, the same is shown at fair value through the statement of profit and loss. The gain on sale of the investments on account of fair valuation for the year ended 31 March 2016 of INR 17 million is reversed in other income. Fair valuation gain recorded as on the date of transition INR 17 million.

c. Under Ind AS, security deposits paid have been discounted to their present values. The finance income on these deposits was accreted using the EIR method. The increase in other income for the year ended 31 March 2016 is INR 25 million. As on the date of transition the retained earnings is increased by INR 48 million on account of cumulative accretion of interest.

Notes forming part of the consolidated financial statements for the year ended 31 March 2017

41. First time adoption (Continued)

d. Under IGAAP, the provision for doubtful trade receivables is made as per the policy of the Group whereas under Ind AS, impairment allowance is determined based on Expected Credit Loss model (ECL). There is a decrease of INR 12 million for year ended 31 March 2016 which is recognized in the statement of profit and loss in respect of the reversal of write back of provision for doubtful debts created under IGAAP.

(xvii) Employee benefits expense

Both under IGAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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 (OCI). The increase in employee benefits expense for the year ended 31 March 2016 is INR 17 million (tax impact INR 2 million).

(xviii) Finance costs

a. Under IGAAP, provision for site restoration obligation was recorded at undiscounted value whereas under Ind AS the same is recorded at their present value. Further, unwinding of interest is done on the same. The increase in finance costs for the year ended 31 March 2016 is INR 5 million.

b. Under IGAAP, the convertible redeemable preference shares were classified whereas under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. As a result, there is an increase in finance cost due to the interest accretion on the liability component of the convertible preference share capital for the year ended 31 March 2016 which amounted to INR 329 million.

c. Certain banks have issued Bank Guarantees (BGs) on behalf of the Group to various parties such as sales tax department, customers etc. However, the intermediate holding company and a group company has issued stand-by letters of credit to these banks due to which the Company is not required to keep the margin money with the banks. Under Indian GAAP, there was no accounting of this transaction whereas under Ind AS, the financial guarantee needs to be recorded at fair value. As a result, there is an increase in finance cost for the year ended 31 March 2016 by INR 8 million with a corresponding credit to other equity as deemed contribution from the parent company.

(xix) Depreciation and amortisation expense

a. Under IGAAP, depreciation on site restoration obligation capitalized is charged at undiscounted value whereas under Ind AS site restoration obligation is recorded at present value leading to a lower capitalisation and thus lower depreciation. The decrease in depreciation and amortisation expense for the year ended 31 March 2016 is INR 9 million.

b. Under IGAAP, the identifiable intangible assets acquired on acquisition is not recorded separately of goodwill whereas under Ind AS, the same needs to be recorded. As a result, there is an increase in amortisation expense of intangible assets by INR 253 million. Hence, the net impact of INR 244 million.

(xx) Other expenses

a. Under IGAAP, rent expenses under operating leases were recorded on a straight-line basis over the period of the lease term whereas under Ind AS, the Group has ascertained that the increase is on account of inflation. Hence, lease equalisation expense relating to inflation rates increase has been reversed. The decrease in rent expense for the year ended 31 March 2016 is INR 97 million.

b. Under IGAAP, the provision for doubtful trade receivables is made as per the policy of the Group whereas under Ind AS, impairment allowance is determined based on Expected Credit Loss model (ECL). Due to the adoption of ECL model, there is a decrease in the expense of provision for doubtful debts for the year ended 31 March 2016 by INR 12 million. As on the transition date the general provision of INR 8 million was reversed with corresponding credit to retained earnings.

c. Under IGAAP, the cost of acquisition of subsidiary was considered as a part of purchase consideration whereas under Ind AS, the same is expensed off. Hence, there is an increase in other expenses by INR 25 million.

d. Under IGAAP, the reimbursement received from the customers was not considered as a part of revenue and the expenses were recorded on net basis. However under Ind AS, the revenue and expenses should be presented on gross basis. As a result, there is an increase in other expenses for the year ended 31 March 2016 by INR 85 million.

e. Under Ind AS, the security deposits paid have been discounted to their present value. The difference between present value and face value of deposits has been amortised as an expense on a straight-line basis over the term of deposits. The increase in rental expense for the year ended 31 March 2016 is INR 31 million. As on the date of transition the retained earnings is decreased by INR 68 million on account of cumulative amortization of prepaid rentals.

(xxi) Deferred tax expense

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in new temporary differences on various transition adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity. The decrease in deferred tax expense for the year ended 31 March 2016 is INR 189 million (INR 191 million recorded as part of the statement of profit and loss and INR (2) million recorded as part of OCI).

41. First time adoption (Continued)

(xxii) Foreign currency translation

Under IGAAP, the Group recognised translation differences on foreign operations as other reserves and surplus whereas under Ind AS, the same is recognised in other comprehensive income. The translation difference during the year ended 31 March 2016 was INR 24 million.

42. The Company for the purpose of achieving operational efficiencies, synergies, management effectiveness and focus on strengthening Indian operations has applied to Reserve Bank of India to disinvest its entire stake of 50.3% in Aricent Mauritius engineering Services PCC ("AMES") by way of swap of shares wherein AMES will buy-back 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 shall be discharged by way of transfer of shares held by AMES in Aricent Technologies Private limited ("ATPL"). With respect to differential value, if any, arrived on the basis of valuation report on account of swap of shares, the Company shall also remit such differential amount to AMES.

43. In accordance with the MCA notification G.S.R 308(E) dated 30 March 2017 details of Specified Bank Notes (SBNs) and other Bank Notes (OBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

Amount in INR

Particulars	SBNs	OBNs	Total
Closing cash on hand on November 08, 2016	6,500	800	7,300
Add: permitted receipts	-	6,500	6,500
Less: permitted payments	-	-	-
Less: amount deposited in banks	(6,500)	-	(6,500)
Closing cash on hand on 30 December 2016	-	7,300	7,300

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

44. 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 2017	31 March 2016	1 April 2015
4	**Intangible Asset**			
	Disposals	0.48		
10	**Cash and cash equivalent**			
	Cash on hand	0.01	0.06	0.03
25	**Other expenses**			
	Tax audit fees	0.35	0.40	
36	**Related party transactions**			
	Other income		0.41	
	trade payable			0.41
	Fee for attending board committee meetings	0.32	0.38	

45. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 10 August 2017.

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 : August 10, 2017

REGISTERED OFFICE:	5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi – 110 001, India. Tel.: +91-11-2374-7336

OTHER FACILITIES:

Facility 1	:	Tower 4 (Ground, 11th & 12th floor) & Tower 5 (Ground floor to 13th floor), Candor Gurgaon One Realty Project Private Limited, Candor Tech Space IT/ITES SEZ, Sector - 48, Gurgaon - 122001, Haryana, India.
Facility 2	:	Ground floor & 5th floor, Infotech Centre, 14/2 Milestone, Village Dundahera, Old Gurgaon Delhi Road, Gurgaon-122016, Haryana, India.
Facility 3	:	1st to 6th Floor & 9th Floor, ASV Chandilya Tower, No: 263/3, B1.A1, Door No. 5/397, Rajiv Gandhi Salai (OMR), Oggiyam Thoraipakkam, Chennai-600096, Tamil Nadu, India.
Facility 4	:	Campus, No.18/1, Outer Ring Road, Panathur Post, Bangalore- 560103, Karnataka, India.
Facility 5	:	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 6	:	8th Floor, Block Capella, Plot No. 17, The V-Software Units Layout, Madhapur, Hyderabad – 500081, Andhra Pradesh, India.

AUDITORS:	M/s. Deloitte Haskins & Sells, Chartered Accountants, (Registration No. 015125N), 7th Floor, Building 10, Tower B, DLF Cyber City Complex, DLF City Phase-II, Gurgaon- 122001, Haryana, India.
REGISTRAR & SHARE TRANSFER AGENTS:	M/s Karvy Computershare Private Limited, Karvy Selenium Tower No. B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500032, Telangana, India.

Aricent Technologies (Holdings) Limited is an affiliate of Aricent

Tower 4 (Ground, 11th & 12th Floor) & Tower 5 (Ground to 13th floor), Candor Gurgaon One Realty Project Private Limited,
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