



POLARIS

A Virtusa Company

ANNUAL REPORT 2018-19

POLARIS CONSULTING & SERVICES LIMITED

Annual Report for the year ended March 31, 2019

Registered Office: No. 34, IT Highway, Navallur, Chennai - 600 130. INDIA

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REGISTERED OFFICE

POLARIS CONSULTING & SERVICES LIMITED

No. 34 IT Highway, Navallur,
Chennai - 600 130. INDIA.
Phone: +91-44-3987 3000

OTHER LOCATIONS

INDIA

POLARIS CONSULTING & SERVICES LIMITED

'The Capital' 203, Financial District,
Manikonda, Hyderabad - 500019.
Phone: +91-40-30953000
+91-40-44624000

POLARIS CONSULTING & SERVICES LIMITED

SP Infocity, Tower B, First Floor,
Plot No. 243, Udyog Vihar Phase 1,
Dundahera, Gurgaon – 122016, Haryana
Phone # :+91-124-48494000

POLARIS CONSULTING & SERVICES LIMITED

Unit No. 133, SDF - V, SEEPZ - SEZ, Andheri (East),
Mumbai - 400 096, Maharashtra.
Phone: +91-22-39815000, 4202 8400

POLARIS CONSULTING & SERVICES LIMITED

7th Floor, Level-10, G: Corp Tech Park,
Kasarvadawali, Ghodbunder Road,
Thane (West)-400601, Maharashtra.
Phone: +91-22-3998 8000 / 41218000

POLARIS CONSULTING & SERVICES LIMITED

Unit No 501 & 502, Wing 3, Cluster D, 5th Floor,
Plot No 1, Survey no. 77, EON Free Zone,
MIDC Kharadi Knowledge Park,
Pune - 411014.
Phone: +91-20-40734000

POLARIS CONSULTING & SERVICES LIMITED - (Unit-II)

First Floor, Wing 1, Cluster C,
Eon Free Zone, Plot No. 1, S. No. 77, MIDC Kharadi Knowledge
Park,
Kharadi,
Pune - 411014
Phone: +91-20-66908300

POLARIS CONSULTING & SERVICES LIMITED

15th Floor, Tower-B, Prestige Shantiniketan IT Park,
ITPL/Whitefields Road, Bengaluru – 560 066,
Karnataka.
Phone: +91-80-3010600

AMERICAS

POLARIS CONSULTING & SERVICES LIMITED

20, Corporate Place South, Piscataway,
NJ 08854, USA
Phone: +1-732-5908100

POLARIS CONSULTING & SERVICES LIMITED

111, Town square Place, Suite 340,
Jersey City, NJ - 07310, USA.
Phone: +1-732-590-8151

CANADA

VIRTUSA CONSULTING & SERVICES INC.

Suite 800, 120 Adelaide Street West,
Toronto, ON, M5H 1T1
CANADA.
Phone: +1-647 945 9252\ 1647 945 9251

FLORIDA

POLARIS CONSULTING & SERVICES LIMITED

10002 Princess Palm Avenue,
Suite 124, Registry One Building, Tampa,
Florida- 33619,USA

ASIA PACIFIC

SINGAPORE

POLARIS CONSULTING & SERVICES PTE LTD

3 Changi Business Park Vista, # 02-03 Akzonobel House,
Singapore - 486 051
Phone: +65-6496 6565

JAPAN

VIRTUSA CONSULTING & SERVICES JAPAN KK

Toranomon,40MT Building, 5-13-1 Toranomon,
Minato-Ku, Tokyo,
Japan, Phone: +81345309888

HONG KONG

POLARIS CONSULTING & SERVICES LIMITED

10/F, 1-3 Pedder Street,
Unit-1051, Central Building, Central
HongKong

MALAYSIA

POLARIS CONSULTING & SERVICES SDN.BHD.

Unit 5-1, Level 5, Tower 6, Avenue 5,
Bangsar South, No.8, Jalan Kerinchi,
59200, Kuala Lumpur, Malaysia
Phone No.: +60-323860906

CHINA

POLARIS SOFTWARE (SHANGHAI) COMPANY LIMITED

Shanghai City Time Square Office Tower, Suite 26-03A,
Level 26, No:93, Huaihai Zhong Road, Luwan District,
Shanghai -200021
Phone : +86 21 51176391

AUSTRALIA & NEW ZEALAND

AUSTRALIA

VIRTUSA CONSULTING & SERVICES PTY LTD

Level 12, 31, Market Street,
Sydney, NSW 2000, AUSTRALIA.
Phone: +61-2-92671955

VIRTUSA CONSULTING & SERVICES PTY LTD

Office Space 92, Floor 24,
570 Bourke Street
Melbourne 3000

NEW ZEALAND

VIRTUSA CONSULTING & SERVICES PTY LTD

Floor 1, 103, Carlton Gore Road,
New Market,
Auckland 1023

EUROPE

VIRTUSA CONSULTING & SERVICES LTD

26 Finsbury Square, London EC2A 1DS
Phone: +44 20 36517800

SWITZERLAND

VIRTUSA CONSULTING & SERVICES SA

Avenue de la Gare 49,
Case Postale 2067, CH 2001,
Neuchatel, SWITZERLAND.
Phone: +41-32-7221990

GERMANY

POLARIS CONSULTING & SERVICES GmbH

2 Etage, Herriotstraße 1, Frankfurt am Main,
Frankfurt - 60528, GERMANY.
Phone: +49-69-6773 3410

IRELAND

VIRTUSA CONSULTING & SERVICES IRELAND LTD

Atlas Court, Bray Business Park, Southern Cross, Bray, Co
Wicklow Republic of Ireland.
Phone: +353-1-2041024

NETHERLANDS

POLARIS CONSULTING & SERVICES B.V

Papendorpseweg 100, 3528BJ Utrecht
Phone: +31-30-2106099

HUNGARY

POLARIS CONSULTING & SERVICES KFT

1103, Budapest, Koer utca 2/A, C ep. Hungary
Phone: +36-15055492

MIDDLE EAST

DUBAI

VIRTUSA MIDDLE EAST FZ LLC

#Room 306, Building 3, Dubai Internet City, Dubai, UAE, PO BOX
501801
Phone:+971 4 246 8000

QATAR

Virtusa QFC IT Consulting LLC

Office 137, 1st Floor, Al-Jaidah Square Building, Airport Road,
PO Box 55743, Doha, Qatar
Phone: +974 4426 7369

Numeric Snapshot

as on March 31, 2019

Total Revenue

₹3,125.07 Crores

Net Worth of the Company

₹1,577.59 Crores

Cash & Cash Equivalents

₹772.19 Crores

Earnings Per Share (EPS)

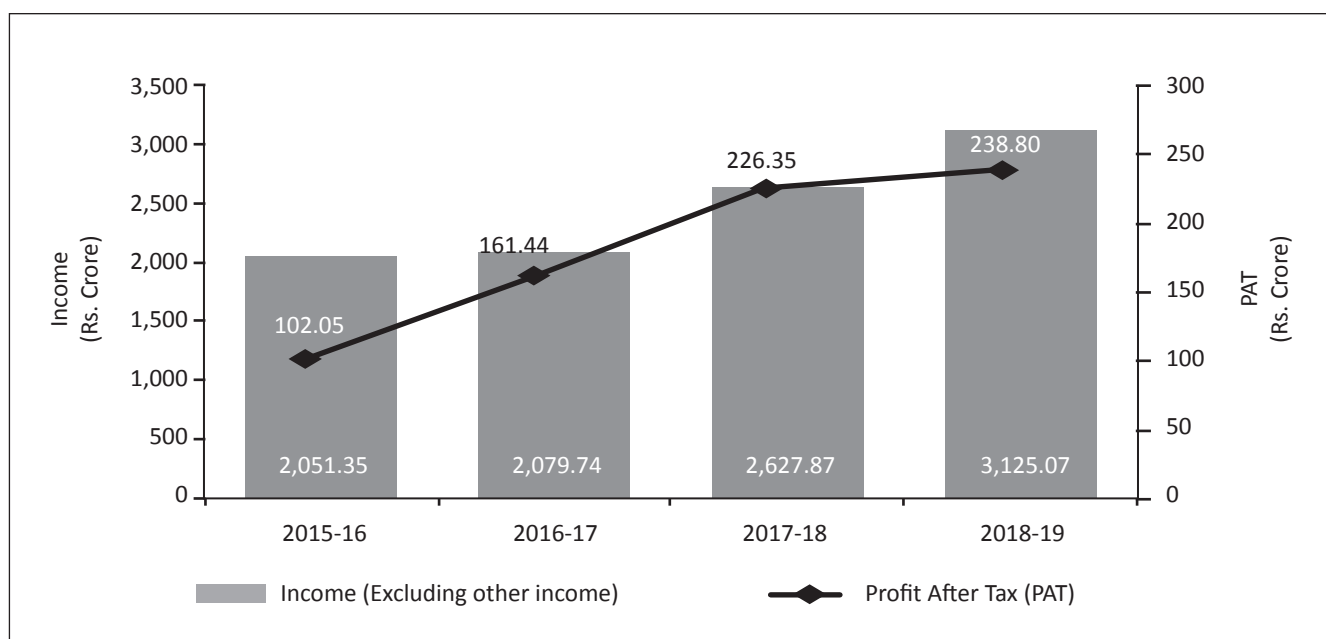
₹23.15

Total Employee Strength

5,406

Financial Highlights

as on March 31, 2019



Financial Highlights as on March 31, 2019

Rupees in Crores except Per share data and dividend				
Financial Year	2015-16	2016-17	2017-18	2018-19
Income (Excluding other income)	2,051.35	2,079.74	2,627.87	3,125.07
Profit After Tax (PAT)	102.05	161.44	226.35	238.80
At the year End				
Fixed Assets	214.39	202.22	218.68	240.40
Cash and Cash Equivalents	460.94	537.04	721.53	772.19
Shareholders' Equity (Net Worth)	934.27	1,091.30	1,331.68	1,577.59
Earnings Per Share-Basic	10.19	15.90	22.11	23.15
Dividend Paid (%)	-	-	-	-

BOARD OF DIRECTORS



Krishan Aruna Canekaratne
Chairman



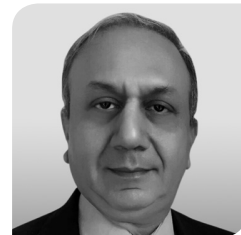
Rama Sivaraman
Executive Director



Anuranjan Krishan Kalia
Director



Hari Raju Mahadevu
Independent Director



Arvind Sharma
Independent Director

EXECUTIVE COUNCIL



Samir Dhir
President



Rama Sivaraman
Chief Operating Officer



N M Vaidyanathan
Chief Financial Officer



Sanjeev Gulati
Head, SBU Citi and Apac



Sanjay Deshpande
SBU Head Canada & EMEA



Senthilkumar Ravindran
Head, x Labs



Murali Padmanabhan
Global Talent Development and Management

BANKERS

Citibank NA

Barclays Bank

Bank of America

Wells Fargo Bank NA

ICICI Bank Ltd

HSBC Ltd

State Bank of India

AUDITORS

B S R & Co. LLP

KRM Tower, No.1, Harrington Road,

Chetpet,

Chennai-600 031, India

DIRECTORS' REPORT

To the Members,

We are pleased to present the Twenty Sixth Annual Report on our business and operations for the year ended 31st March 2019, of Polaris Consulting & Services Limited ("Company").

1. Results of Operations

(Rs. in Lacs, except EPS data)

Description	Standalone		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Income (Including Other Income)	204,962.88	184,568.18	317,316.26	264,300.43
Expenses(Including exceptional items)	176,473.31	154,553.99	279,146.92	228,026.19
Profit before Interest, Depreciation & Tax (PBIDTA)	28,489.57	30,014.19	38,169.34	36,274.24
Finance Charges	-	-	-	-
Depreciation & amortization	2,941.54	2,372.33	3,023.42	2,516.78
Net Profit Before Tax	25,548.03	27,641.86	35,145.92	33,757.46
Provision for tax including Deferred Tax	9,300.03	9,559.78	11,238.36	11,046.67
Net Profit after tax	16,248.00	18,082.08	23,907.56	22,710.79
Add / (Less): Share of Profit / (Loss) on Joint venture	-	-	27.12	75.74
Add / (Less): Minority Interest - Share of Loss / (Profit)	-	-	-	-
Net Profit	16,248.00	18,082.08	23,880.44	22,635.05
EPS				
Basic Rs.	15.75	17.67	23.15	22.11
Diluted Rs.	15.73	17.60	23.12	22.03

2. Composite Scheme of Arrangement between Polaris Consulting & Services Limited and Virtusa Consulting Services Private Limited

The Company had submitted its application and subsequently its petition wide CP No. 1145 & 1146 / CAA/2019 in CA/695 & 696 / CAA/2019 with National Company Law Tribunal ("NCLT") Chennai bench on 20th September 2019, praying order for approving the Composite Scheme of arrangement between Polaris Consulting & Services Limited and Virtusa Consulting Services Private Limited and their shareholders subsequent to the approval of shareholders as well as the unsecured Creditors in their meeting held on 6th September 2019 with requisite majority. NCLT has heard the petition on 28th November 2019 and reserved the order. We are awaiting the final order approving the Scheme.

3. A Share Purchase Agreement ("SPA") was executed amongst the Company and its subsidiary company, Optimus Global Services Limited ("Optimus") and Increment Language Solutions Private Limited ("ILSPL") for transfer of shares held by the Company in Optimus to ILSPL vide SPA dt.30/05/2019 and addendum to SPA dt.26/07/2019 and the said transfer was effected and recorded in the books of Optimus on the 16th of September 2019.

4. Business Performances

The consolidated revenue of the Company from Software Development Services for the year ended March 31, 2019 stood at Rs.312,507.15 lakhs as against the previous year's revenue of Rs.262,787.17 lakhs. The consolidated Net Profit for the fiscal year ended March 31, 2019 stood at Rs.23,880.44 lakhs as against the previous year's Net Profit of Rs.22,635.05 lakhs.

The standalone revenue of the Company for the year ended March 31, 2019 stood at Rs. 201,017.36 lakhs as against the previous year's revenue of Rs.181,730.87 lakhs. The Standalone Net Profit for the fiscal year ended March 31, 2019 stood at Rs.16,248.00 lakhs as against the previous year's Net Profit of Rs.18,082.08 lakhs.

The reserves and surplus as of 31st March 2019 stood at Rs.104,521.80 lakhs as against Rs.87,906.05 lakhs of the period as of March 31, 2018.

5. Subsidiaries

Details of Subsidiary Companies, Joint Ventures and and their financial position.

Your Company has 14 subsidiary company(ies) for the financial year ended on March 31, 2019 and a Joint Venture company

The information as required under the *first proviso to sub-section (3) of Section 129* is given in Form AOC-1 in Annexure [1].

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, ("Act") financial statements of the Company, Consolidated Financial Statements along with the relevant documents and separate audited accounts in respect of the subsidiaries of the Company are available in the website of the Company and the weblink is provided below: www.polarisft.com/investor/investor.asp.

6. Cash & Cash Equivalents

Your Company's liquidity remains healthy with a cash reserve of Rs.772 crores. The DSO is at an impressive 75 days.

7. Share Capital

During the year, under ASOP 2003 Scheme the company has allotted 10,200 equity shares of Rs.5/- each to 4 Associates and under ASOP 2011 Scheme company has allotted 262,155 equity shares of Rs.5/- each to 56 Associates/Directors pursuant to exercise of options granted and under ASOP 2015 Scheme company has allotted 50,700 equity shares of Rs.5/- each to 23 Associates pursuant to exercise of options granted.

As the result of the above allotments paid-up equity share capital of the company was increased from Rs.514,705,645/- comprising of 102,941,129 number of equity shares of Rs.5/- each as on March 31, 2018 to Rs.516,320,920/- comprising of 103,264,184 number of equity shares of Rs.5/- each as on March 31, 2019. The equity shares allotted during the period April 2018 to July 2018 were listed and traded in the Stock Exchanges till 25th July 2018 as the shares of the company were delisted effective 1st August 2018.

The information as required under the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, and also the information required under the Guidance note of ICAI, in relation to ESOPs are set out in the Annexure 2 to the Directors' Report.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

8. Research and Development Expenses

The details of Research and Development Expenses are as under :

Expenditure on R&D	Standalone		Consolidated	
	FY 2019	FY 2018	FY 2019	FY 2018
Capital	454.98	375.15	454.98	375.15
Recurring	-	-	4,855.17	5,094.03
Total	454.98	375.15	5,310.15	5,469.18

9. Dividend

The Company has not declared any dividend during the financial year 2018-19.

As required under the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 and Section 124(5) and 125(2)(c) of Companies Act, 2013, dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz: Investor Education and Protection Fund ("IEPF"). Once the amounts that are due for refund are transferred to the IEPF, no claim shall lie in respect of those amounts against the Company. The Company had transferred unpaid dividend amounts within the stipulated time to the IEPF. During the financial year 2018-19, unpaid or unclaimed dividend for the Interim Dividend for the year ended 31st March 2012 declared on 16/02/2012 amounting to Rs.574,280/- was transferred to Investors Education and Protection Fund on 18/03/2019.

As required under Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 the equity shares in respect of which dividend has not been claimed for the financial years mentioned above will be transferred to the IEPF authority in accordance with the aforesaid rules.

The Board draws your attention that the unclaimed/unpaid dividend for the Final Dividend declared for the financial year ended 31st March 2012 declared on 19/11/2012 are due for transfer to IEPF on 18/12/2019. Members, who have not yet encashed their dividend warrant or those, are yet to claim their dividend amounts which were declared on 19/11/2012 for the financial year ended 31st March 2012 may write to the Company/Company's Registrar and Share Transfer Agent, Karvy Fintech Private Limited.

10. Transfer to Reserves

The company did not transfer any amounts to General Reserve during the year.

11. Policy on Director's Appointment and Remuneration

The Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013. The Policy covering these requirements is provided elsewhere in the Annual Report and is also hosted in the Company's website at www.polarisft.com. We affirm that the remuneration paid to Directors is as per the remuneration policy of the Company.

12. Internal Financial Control and their adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanism, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

13. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in the Annexure 3 to this Report.

14. Particulars of employees

Information required pursuant to Section 197(12) of Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure 4A to this report.

A statement containing inter alia the names of the top 10 employees in terms of remuneration drawn and every employee employed throughout the financial year and in receipt of remuneration of Rs.102 lakhs or more and employees employed for part of the year and in receipt of Rs. 8.50 lakhs or more per month pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure 4B to this report.

In accordance with Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the particulars of employees drawing salary outside India is not forming part of this report. The details of the same are available at the registered office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

15. Directors' responsibility statement as required under Section 134(5) of the Companies Act, 2013

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Directors of your company confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements 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) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a "going concern basis".
- e) The Board of Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors

(a) Board Meetings:

The Board of Directors of the Company met 7 times during 2018-19. The gap intervening between two meetings of the board is within the limits as prescribed in the Companies Act 2013.

(b) Changes in Directors & Key Managerial Personnel

The following directors have resigned from the Board of Directors of the Company.

Name of the Director	Effective date of resignation
Prof.Jayaraman Ramachandran	2 nd August 2018
Mr.Sunil Bowry	3 rd August 2018

(c) Re-appointment :

As per Article 10.22 of the Articles of Association of the Company, one third of the Directors are liable to retire by rotation at the Annual General Meeting of the Company. Mrs.Rama Sivaraman (DIN: 07425519) retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

There were no changes in Key Managerial Personnel.

(d) Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Act, that they meet the criteria of independence as laid down in Section 149(6) of the Act.

(e) Details of remuneration to Directors: The information relating to remuneration of directors as required under Section 197(12) of the Act, is given as part of MGT 9. The extract of the policy framed by the Nomination and Remuneration Committee under the provisions of Section 178(4) of the Act, is as below:

Remuneration Policy The Company's Remuneration Policy is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to employees and Directors, based inter alia on individual roles and responsibilities, experience, the performance of the Company and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and group practice.

The Board in consultation with the Nomination and Remuneration Committee decides the remuneration for directors and, Key Managerial Personnel. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time.

(f) Board Committees

The Company had the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration committee
3. Stakeholder's Relationship committee
4. Corporate Social Responsibility committee
5. Risk Management Committee

Sub-committees:

Share transfer Committee

M&A Committee

The following committees were reconstituted in the Board Meeting held on 6th August 2018

1. Audit Committee
2. Nomination and Remuneration committee
4. Corporate Social Responsibility committee
5. Risk Management Committee

The members of the aforementioned reconstituted committees are as follows:

Audit Committee :

Name	Designation
Hari Raju Mahadevu	Chairman
Arvind Sharma	Member
Anuranjan Krishan Kalia	Member

Nomination and Remuneration Committee :

Name	Designation
Hari Raju Mahadevu	Chairman
Arvind Sharma	Member
Anuranjan Krishan Kalia	Member
Krishan Aruna Canekeratne	Member

Risk Management Committee :

Name	Designation
Hari Raju Mahadevu	Chairman
Arvind Sharma	Member
Anuranjan Krishan Kalia	Member

Corporate Social Responsibility Committee :

Name	Designation
Rama Sivaraman	Chairman
Hari Raju Mahadevu	Member
Arvind Sharma	Member

The following committees of the Board of Directors of the Company were dissolved in the Board Meeting held on 6th August 2018:

M&A Committee and Risk Management Committee

(g) Board Evaluation

In line with the requirements of the Companies Act, 2013 the Annual Performance Evaluation was conducted for all Board Members as well as the working of the Board and its Committees on 15th March 2019.

The evaluation was led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in consonance with Guidance Note on Board Evaluation issued by SEBI recently. The Board evaluation was conducted through questionnaire having qualitative parameters and feedback based on ratings.

(h) Vigil Mechanism

The Company has established a whistle-blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same is explained in the Corporate Governance Report.

(i) Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions as required under Section 134(3)(h) read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure 5.

17) Statutory Auditors and Report

The Company's Statutory Auditors, M/s.BSR & Co. LLP, Chartered Accountants (firm registration no.101248W/W-100022) issued their report on the Standalone and Consolidated Financial Statements of the company. The Auditors' Report on the Standalone and Consolidated Financial Statements does not contain any qualification, reservation or adverse remarks.

In terms of Section 139 of the Companies Act, 2013, the term of appointment of M/s B S R & Co. LLP appointed at the 23rd Annual General Meeting of the Company held on the 7th July 2016 is till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2021.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

18) Secretarial Auditors Report :

Mr. S Bhaskar, Company Secretary, holding Membership No.10798 and COP No.8315, No.74 “Akshaya Flats”, 3rd Floor, 12th Avenue, Ashok Nagar, Chennai-600 083 was appointed as Secretarial Auditor for the year 2018-19 under Section 204(1) of the Companies Act, 2013 in the meeting of the Board of Directors held on 14th May 2018.

Mr.S.Bhaskar, had intimated to the Board of Directors vide his letter dated 5th November 2019 conveying his voluntary retirement from the profession of Company Secretary in practice due to personal reasons.

The Board of Directors in the meeting held on 8th November 2019 took the same on record and approved the engagement of Mr.C.Prabhakar, Practising Company Secretary holding membership No.30433 and COP No.11033 having office at No.74 “Akshaya Flats”, 3rd Floor, 12th Avenue, Ashok Nagar, Chennai-600 083, in place of Mr.S.Bhaskar, who is a partner in the firm headed by Mr. S Bhaskar for signing the secretarial audit report in respect of the year ended 31st March 2019.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been carried out and the report signed by Mr.C.Prabhakar, Practising Company Secretary is annexed as Annexure 6. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

19) Fixed Deposits

Our Company has not accepted any deposits during the financial year and as such, no amount of principal or interest was outstanding as on March 31, 2019.

20) Details of CSR activity through its implementation agencies

Your company has contributed towards CSR activities through Computer Shiksha and IIT Madras for the financial year 2018-19.

An amount of Rs. 191.84 lakhs remains unspent since the Company was not able to finalize a project which meets the CSR essence of the company. Company spends amount on projects keeping in mind sustainability, impact on the desired recipients, and efficacy of implementing agencies. Considering the multi year projects, total amount to be spent and the extent of due diligence to be performed, the Company is focusing on select projects to ensure maximum impact to society and employee participation.

A brief note about their organisations are as given under.

a) Computer Shiksha:

Computer Shiksha is an 80G, 12A certified and FCRA approved non-profit organization, working towards computer literacy among the underprivileged.

Vision of computer Shiksha is to bridge the divide between haves and have-nots using technology.

Mission

To build an ecosystem for providing Computer Knowledge and Training with passion and commitment, to deliver value in the form of Computer trained people, who use this skill for the betterment of their lives in every possible way. To use technology to deliver solutions & reduce challenges faced by Underserved communities in every walk of life.

Salient Features of the Organization

Date of Inception	5th May 2012
Founders & Trustees	<ul style="list-style-type: none"> • Dr. Rakesh Suri, PhD in Management (AMU), BE (BITS Pilani), ex CEO IT Division, DCM Ltd., currently Entrepreneur, Visiting Professor and Corporate Trainer in leadership • Ms Swapnalekha Basak, B.Tech., PGDBM, ex Head – HR SAS India, Entrepreneur www.hcswellnessworld.com • Sandeep Rana, Entrepreneur • Rajeev Lochan, Co-Founder Lochan & Co. • Sharad Agarwal, Co-Founder Lochan & Co. • ManMohan Thandi – Serial Entrepreneur • Arjun Verma - Retired businessman. Philanthropist • Vinod Jain – Entrepreneur at Diaspark

Date of Inception	5th May 2012
Brief History	<ul style="list-style-type: none"> • Started with taking 15 laptops to school and 60 children (Model I) • Had reached 1000 students by April 2013 (Model I) • Model II launched in April 2016 • Currently they are providing computer education to 18000+ students
Working Patrons	<ul style="list-style-type: none"> • Sumit Malhotra – Technocrat • Anil Singhal – Vice President , HCS Wellness World • Rajiv Popli – Business Consultant • Raj Singh – Serial Entrepreneur • Rajesh Gulati – Real estate Entrepreneur • Prem Kumar – Entrepreneur • Y K Singh – Entrepreneur • Vinod Jain - Entrepreneur
Nature of the Organization	<ul style="list-style-type: none"> • Computer Shiksha is a charitable trust. It does not charge any fee for its services from anyone. • The ‘trustees’ and ‘patrons’ are senior people from the industry and work pro bono.
Curriculum	<p>All learning is practical in nature.</p> <p>Components of course</p> <p>Learning Uses and Parts of a computer; Using Paint to draw – File Management – Text processing & formatting – Using spreadsheets as database and calculator – Presentation Skills – Internet applications for browsing & searching – E-mailing - Uploading & Downloading.</p>
Length of course	<p>Basic and Basic Plus Course - 31 weeks, assuming 2 classes per week (schools can take up to 62 weeks depending on the level of classes being taught)</p> <p>Advanced Course – 24 weeks assuming 2 classes per week (schools can take up to 48 weeks depending on the level of classes being taught)</p>
Operational Model(s)	
Delivery Model II	<p>Model II (which is the only option available now) enables partner schools to conduct classes by</p> <ul style="list-style-type: none"> • Enabling teachers / resources to facilitate the class. A 10th standard pass person who may have never seen a computer in life can become a computer trainer after 8 days training in Gurgaon • Sharing the self learning videos and bilingual manuals which have been created, currently in Hindi and English medium • Support arranging the required hardware and maintaining it for ever • Monitoring the class live, wherever possible, through CCTV on internet • evaluating students to certify them • having flexibility to design their own time table <p>The entire set of Self Learning Videos in multiple languages. Viz. Hindi, English, Tamil, Telugu, Marathi, Bengali and Oriya complete with the teachers’ manual is now also available on the Computer Shiksha website /YouTube link for free download.</p>
Current # of students & Geographical spread	18013 at 130 CS enabled centers in 10 states viz., U.P., M.P., Delhi, Haryana, Uttarakhand, Rajasthan, Assam, Karnataka, Punjab and Bihar
Partner Schools	130 learning centers (as on 30.04.2018) and expanding fast
No. of employees	11 employees
Supporting Organizations	MPS, C.K.Birla Group, Polaris, Virtusa, Ethical Realty, Excel Warehousing, Bajaj Auto, Kisankraft, SKF, Snofi, G.E., MaxLife Insurance, GenPact, Ford Motors.....and many more
Financial Statements	Uploaded on the website http://www.computershiksha.org/ . All IT returns are also uploaded.

AWARD

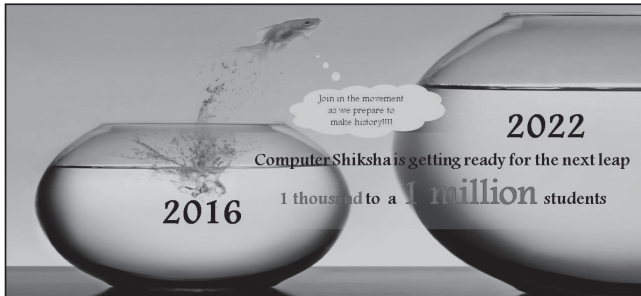
Computer Shiksha has won the top award in the ‘Education & Learning’ category amongst 331 entries from NGOs from SAARC countries in the E-NGO challenge, held on 25.02.2017 at Prayag 2017, Surajkund, Faridabad

Computer Shiksha has been certified to be having ‘Desirable Norms prescribed for Good Governance of voluntary organizations’ by CAI, Credibility Alliance, a global organization certifying NGOs.

Immediate Goal

To reach 1 lakh students by March 2019 and next target

To reach a million children i.e. 10 lakh children by March 2022



(c) IIT – Madras :

IIT Madras is one among the foremost institute which was established in the year 1959 and is spread over in a campus admeasuring 250 hectares. It is an autonomous statutory organization which is functioning under the Institute of Technology Act. IIT Madras houses 16 departments and has a faculty strength of 582. The number of students are around 9000 and the alumini strength is 44,470.

IIT Madras initiative of Carbon Zero Challenge (CZC) Ensures Environmental Sustainability, promoters education and is working towards a practical problem with mentors from industry and academia.

Polaris Consulting & Services Limited participated in the said initiative partnering with United States Consulate and facilitated students and provided them with a platform to think innovatively, made them aware of the current environmental issues and look at renewables as the future forward, experiment with their ideas and build prototypes to prove their ideas – Great Learning opportunity, Interact with some of the professionals, as mentors and Support “Make in India” Initiative

Corporate Social Responsibility: Details of the policy and implementation of the CSR activities during the year are as provided under Annexure 8.

21) Audit Committee Recommendation

During the year all the recommendations of the Audit Committee were accepted by the Board.

22) Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure [7].

23) Significant & Material Orders passed by the Regulators or Courts

The company has not obtained any significant and material orders passed by any regulators or court.

24) Particulars of Loans, Guarantees and Investments u/s 186

Pursuant to Section 186 of Companies Act, 2013, disclosure on particulars relating to Loans, Advances, Guarantees and Investments are provided as part of the financial statements.

Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (“ICC”) has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the financial year 2018-19:

- a) No. of complaints received : NIL
- b) No. of complaints disposed off : NIL

26) Listing Fees payable

The Company confirms that it has paid the annual listing fees for the year 2018-19 to both National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") (NSE and BSE collectively called as the "stock exchanges").

Further the company has been delisted from the stock exchanges w.e.f 1st August 2018 and the shares of the Company are no longer traded in the stock exchanges.

27) Acknowledgement

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all round operational performances at all levels.

By Order of the Board

For Polaris Consulting & Services Limited

Hari Raju Mahadevu	Arvind Sharma
Director	Director

Place: Hyderabad
Date : November 8, 2019

ANNEXURE 1

Form AOC 1

Statement (Pursuant to first proviso to sub-section(3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
PART A : Statement containing salient features of the financial statement of Subsidiaries

S No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend	Share holding %	Amount (Rs. in Lakhs)	
1	Polaris Consulting & Services Pte Ltd, Singapore	April-March	SGD	51.23	112.69	9,672.33	8,792.86	305.02	1,297.18	5,037.37	488.64	368	368	NIL	100		
2	Polaris Consulting & Services Limited, United Kingdom	April-March	GBP	90.50	4.92	13,244.33	30,294.57	17,063.99	18.67	73,239.02	6,113.27	4967.42	4,967.42	NIL	100		
3	Polaris Consulting & Services Kft, Hungary*	January-December	HUF	0.24	7.67	81.19	89.39	0.53	-	95.43	5.11	2.86	2.86	NIL	100		
4	Polaris Consulting & Services GmbH, Germany	April-March	EUR	77.91	261.99	1103.49	1,384.97	19.49	-	0	46.53	31.72	31.72	NIL	100		
5	Polaris Consulting & Services Pty Ltd, Australia	April-March	AUD	49.30	8.11	3,872.72	6,208.99	2,328.16	-	10,975.62	932.42	670.97	670.97	NIL	100		
6	Polaris Consulting & Services Ireland Ltd, Ireland	April-March	EUR	77.91	88.96	2,278.23	2,489.97	122.78	-	1030.21	64.55	54.27	54.27	NIL	100		
7	Polaris Consulting and Services Japan K.K. Japan	April-March	JPY	0.63	79.04	2,461.20	2,611.61	71.37	-	1,573.95	112.43	80.81	80.81	NIL	100		
8	Virtusa Consulting & Services Inc., Canada^^	April-March	CAD	52.02	189.51	6,278.30	10,684.49	4,216.68	-	27,861.17	1083.17	800.68	800.68	NIL	100		
9	Polaris Consulting & Service B.V. Netherlands*	April-March	EUR	77.91	10.99	244.26	704.1	448.85	-	672.7	42.56	34.63	34.63	NIL	100		
10	Polaris Software (Shanghai) Company Limited, China #	January-December	CNY	10.35	46.02	70.79	142.5	25.69	-	0	-9.29	-9.29	-9.29	NIL	100		
11	Polaris Software Consulting and Services SDN.BHD.,Malaysia#	April-March	MYR	17.01	75	112.1	185.07	-2.03	-	0	-2.01	2.27	2.27	NIL	100		
12	Virtusa Malaysia SDN.BHD. Malaysia#	April-March	MYR	17.01	716.16	1045.03	2,077.60	316.41	-	1,416.05	126.69	110.36	110.36	NIL	100		
13	Polaris Consulting and Services FZ-LLC	April-March	AED	18.91	261	1,529.67	3,011.46	1,220.79	-	8,888.91	368.35	368.35	368.35	NIL	100		
14	Polaris Consulting & Services SA	April-March	CHF	69.78	685.3	977.49	1,866.91	204.12	-	3,507.44	186.93	150.44	150.44	NIL	100		

Notes : -

- a) * Subsidiaries of Polaris Consulting & Services Ltd, UK
- b) # Subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore
- c) ** 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore
- d) ^^ the name of Polaris Consulting & Services Inc., Canada was changed to Virtusa Consulting & Services Inc. w.e.f 12th February 2019
- e) Optimus Global Services Limited was sold to Increment Language Solutions Private Limited vide SPA dated 30th May 2019 and addendum to SPA dated 26th July 2019
- f) Investment includes investments made in step down subsidiaries
- g) Information provided above is based on the Indian Accounting Standard financials of the Subsidiaries for the financial year ended 31st March 2019
- h) Reporting period for all subsidiaries is financial year except for Polaris Consulting & Services Kft and Polaris Software (Shanghai) Company Limited where the reporting period is calendar year
- i) Virtusa QFC IT Consulting LLC was incorporated on 6th January 2019 however the company had not commenced its operations during the year 2018-19.

Part “B”: Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

(Rs. in lakhs)

S. No.	Name of the Joint Venture	Intellect Polaris Design LLC
1.	Latest audited Balance Sheet Date	March 31, 2019
2.	Shares of Joint Ventures held by the company on the year end	
	No.	50
	Amount of Investment in Associates/Joint Venture	1,533.50
	Extent of Holding %	50%
	Description of how there is significant influence	NA
3.	Reason why the joint venture is not consolidated	NA
4.	Networth attributable to Shareholding as per latest audited Balance Sheet	997.88
5.	Profit/ Loss for the year	(54.24)
i.	Considered in Consolidation	(27.12)
ii.	Not Considered in Consolidation	(27.12)

By order of the Board
For **Polaris Consulting & Services Limited**

Hari Raju Mahadevu
Director

Arvind Sharma
Director

Vaidyanathan N M
Chief Financial Officer

Christina Pauline Beulah
Company Secretary

Place: Hyderabad
Date: November 08, 2019

ANNEXURE 2

a) Details of unclaimed shares as per Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Outstanding at the beginning of the year 01.04.2018		Claims during the Year		Outstanding at the end of the year 31.03.2019	
Share Holders	Shares	Share Holders	Shares	Share Holders	Shares
301	43,250	23	2,800	278	40,450

b) Employee Stock Options Plans

Your Company currently administers four stock option programs, viz., ASOP 2003, ASOP 2004, ASOP 2011 and ASOP 2015. Summary information of these various stock option programs of the Company is provided under Notes to Accounts under Standalone Financial Statements of this Annual Report.

Disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 are set out below:

S No.	Description	ASOP			
		ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
1	Date of Shareholder's approval	March 12, 2014	July 22, 2005	October 28, 2011	March 19, 2015
2	Total No. of options approved under the Plan	3,895,500	1,084,745	4,960,000	5,000,000
3	Vesting Requirements	Equally over a period of 5 years from date of grant	Equally over a period of 5 years from date of grant	Swarnam 11 – pro rata basis over a period of 5 years Swarnam 21 – pro rata basis from the 3 rd to 5 th years from date of grant Swarnam 31 – pro rata basis from the 3 rd to 5 th years from date of grant Swarnam 41 – equally over a period of 5 years	Swarnam 101 – pro rata basis over a period of 5 years Swarnam 201 – pro rata basis from the 3 rd to 5 th years from date of grant Swarnam 301 – pro rata basis from the 3 rd to 5 th years from date of grant Swarnam 401 – pro rata basis from the 3 rd to 5 th years from date of grant Swarnam 501 – pro rata basis from the 3 rd to 5 th years from date of grant
4	Exercise Price or Pricing Formula	Provided below			
5	Maximum Term of Options granted	5 years	5 years	5 years	5 years
6	Source of Shares	Primary – allotted directly by the Company	Primary – allotted directly by the Company	Primary – allotted directly by the Company	Primary – allotted directly by the Company
7	Variation in terms of Options	As no option has been granted during the 2018-19 any disclosure to this effect is not relevant. However, terms of the Scheme can be varied by the Nomination and Remuneration Committee after getting approval of such modification from the shareholders of the Company in a General Meeting.			

The Company has recorded compensation cost for all grants using the intrinsic value – based method of accounting, in line with prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, “Accounting for employee share based payments” issued as ICAI, the Company’s net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Particulars	Amount in Rs. except per share	
	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Net Profit as reported	23,880,44,000	22,635,05,000
Add: Stock – based employee compensation expense (intrinsic value method)	360,009	1,364,548
Less: Stock- based employee compensation expense (fair value method)	21,47,474	1,224,192
Pro forma net profit	238,62,56,536	22,636,45,356
Basic earnings per share as reported	23.15	22.11
Pro forma basic earnings per share	23.11	22.99
Diluted earnings per share as reported	23.12	22.03
Pro forma diluted earnings per share	23.06	21.86

Information as required under Rule 12(9) (a) to (i) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Particulars	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
Outstanding options at the beginning of the year	28,200	8,974	437,955	158,400
Options Granted	0	0	0	0
Options Vested	0	0	0	0
Options Exercised	10,200	0	262,155	50,700
Total No. of shares arising as a result of exercise of option	10,200	0	262,155	50,700
Options Lapsed	13,000	8,974	76,910	0
Options Lapsed forfeited	0	0	6,000	6,300
Exercise Price (weighted)	NIL	NIL	NIL	NIL
Variation of terms of Options	NIL	NIL	NIL	NIL
Money realized by exercise of options	13,00,140	0	28,689,908	73,87,738
Total no. of Options in force	5,000	0	92,890	1,01,400

ASOP 2003* :

The Exercise Price per share is the average of the two weeks high and low price of the share preceding the date of grant of option on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

ASOP 2004* :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

ASOP 2011* :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

If the Market Price is below Rs.175/-, options will be granted at Market Price. If the Market Price is Rs.175 or above, options will be granted at a discount of 10% on market price. However, the grant price (after discount) shall not be lower than the floor price.

***Note:**

Pursuant to the scheme of demerger approved by the Honorable High Court of Judicature at Madras vide its order dated 15th September 2014 the pre-demerger grant price has been brought down to 72% of the original grant price in respect of ASOP 2003, ASOP 2004 & ASOP 2011 Schemes.

ASOP 2015

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

If the Market Price is below Rs. 126/-, options will be granted at Market Price. If the Market Price is Rs. 126 or above, options will be granted at the discounted price as mentioned in clause 6.4 of ASOP 2015 scheme. However, the grant price (after discount) shall not be lower than the floor price.

Information as required under Rule 12(9) (j) (i) to (iii) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Name of the Senior Managerial Personnel	Designation	ESOPs Granted
NIL		
Total		NIL
Name of the Director	Designation	ESOPs Granted
NIL		
Total		NIL

ANNEXURE 3

A) Conservation of energy:

When compared to 2017-2018, in FY 18-19, there was an increase of 2.6% in the usage of electricity, an increase of 256,567.469 kWh. However, it has been our continuous endeavor to conserve energy through optimizing the energy consumption across our facilities in Navalur at Chennai, "Prestige"-Bengaluru, "Capital"-Hyderabad, SEEPZ at Mumbai, G Corp at Thane & EON at Pune. We also have nearly 69% of our energy needs serviced through Wind Power at Navalur.

While the increase in consumption is mainly attributable to enhanced Occupancy & addition of a Facility in EON, Pune, our activities are being targeted towards achieving sustainability through some of the following measures:

- a. Retrofitting existing lighting with LED across Locations in India.
- b. Installation of Motion Based sensors in select Meeting Rooms / Conference Rooms / Cabins & most importantly in Washrooms which are assisting us in our ordeal to control energy utilization in these areas.
- c. Switching off unwanted lights / Air conditioning during non-peak hours.
- d. Procurement of energy efficient equipment
- e. Working on proposals pertaining to Solar Power under Green Energy

(B) (i) Technology Innovation :

Perceive is an in-house application which is the IT dashboard for endpoint and servers security compliance. This application is integrated with the endpoint and server security tooling and provides near real-time monitoring of endpoint and server security compliance to undertake proactive remedial action. This has enabled us to achieve very high compliance levels.

(ii) Technology adoption:

Jamf Mac management solution was deployed for all Mac desktops & laptops to monitor and administer endpoint security and compliance with policies.

UPS & Data Center monitoring solution was implemented to get real-time analysis of UPS, battery, temperature and humidity alerts when values cross a threshold.

Microsoft Teams is a collaboration tool that provides effective voice and video conferencing, file & screen sharing, chat and whiteboard. This is a replacement for all the legacy voice conferencing solutions used in the company and has resulted in significant cost savings.

(iii) Technology Absorption

Lookout for work was deployed to ensure mobile devices stay free of malware.

ISE was deployed to ensure enforcement of security policies for endpoint devices and allow only compliant devices to get on to the production networks..

(iv) the expenditure incurred on Research and Development

Expenditure on R&D	Rs.in Lacs			
	Standalone		Consolidated	
	FY 2019	FY 2018	FY 2019	FY 2018
Capital	454.98	375.15	454.98	375.15
Recurring	-	-	4,855.17	5,094.03
Total	454.98	375.15	5,310.15	5,469.18

(C) Foreign exchange earnings and Outgo –

For the year ended	Rs. In Lacs	
	March 31, 2019	March 31, 2018
Foreign Exchange earnings	239,324.95	206,861.58
Foreign Exchange outgo (including capital goods)	182,670.25	128,903.59

ANNEXURE 4A

Details of Ratio of Remuneration of Director

[Section 197 (12), r/w Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel,) Rules, 2014

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name of the Director	Ratio to the Median
	Rama Sivaraman	1:3.5
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Name of the Director	% increase
	Rama Sivaraman	NA
	N M Vaidyanathan	7.9%
	Christina Pauline Beulah	10%
(iii) the percentage increase in the median remuneration of employees in the financial year;	12.87%	
(iv) the number of permanent employees on the rolls of company;	5,121	
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Not applicable since there is no salary increase in managerial remuneration	
(vi) the key parameters for any variable component of remuneration availed by the directors;	The variable pay is in accordance with the performance of the Company as well as the individual	
(vii) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, our remuneration is as per the remuneration policy of the company	

ANNEXURE 4B

Information as Per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S No	Name of the Associate	Designation	Date of Joining	CTC p.a. (in local Currency)	Currentcy	Total CTC p.a. (in INR)	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company
1	Sanjeev Gulati	Executive Vice President (Level II)	6-Sep-01	485,000	USD	33,853,000	Permanent	PGDM IIM Bangalore & B Tech from IIT Delhi	29 years	53	British High Commission, Delhi	-	No
2	Sanjay Deshpande	Executive Vice President (Level II)	3-Sep-06	631,945	CAD	31,818,431	Permanent	MBA from CSM IGS and Certification in Financial Markets	21 years	45	Head of Business Development - Middle East & Africa - CT Soft LLC (Future Technology)	-	No
3	R Senthikumar	Executive Vice President (Level II)	31-Jan-00	277,500	GBP	25,255,275	Permanent	B.E EEE from Shanmugha Arts, Science, Technology and Research Academy secondary school education	22 years	43	TCS	5,000	No
4	Charanjit Kaur Attwal	Senior Director	1-Dec-14	208,434	GBP	18,969,578	Permanent	secondary school education	25 years	49	"Senior Vice President Bank of America"	-	No
5	Madhuri Bhuvan	Senior Vice President (Level I)	15-May-02	313,000	USD	21,847,400	Permanent	MBA Finance from IIM - Calcutta	22 years	45	Ways India Ltd	-	No
6	Rahul Banerjee	Senior Vice President (Level II)	7-Jan-13	259,000	USD	18,078,200	Permanent	M.Sc (Information Systems), BITS Pilani	21 years	46	NTT Data	-	No
7	Reggie Koshiy George	Senior Vice President (Level II)	5-Jan-15	375,769	AUD	18,747,101	Permanent	MCA (NIT)	22 years	52	Infosys	-	No
8	Awanish Kumar	Vice President	11-Sep-18	189,000	GBP	17,200,890	Permanent	MBA Marketing, Strategy and General Management - Delhi	22 years	43	Oracle	-	No
9	Mangesh Milind Gupte	Senior Vice President (Level II)	19-Dec-11	252,001	USD	17,589,670	Permanent	M.Sc (Science) - Mumbai	25 years	44	Oracle	-	No
10	Rajendra Ramchandra Sawant	Senior Director	2-Dec-13	251,585	USD	17,560,633	Permanent	Masters in Marketing Management - Manipal	36 years	54	Oracle	-	No

Notes:

1. Remuneration comprises salary, allowances, commission, performance based payments, perquisite and company's contribution to PF and super-annuation etc.,
 2. None of the employees holds 2% or more of the paid up equity share capital of the Company as per clause (iii) of subrule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- # Figures mentioned in Rs are equivalent to amounts paid in US\$

B) Employees drawing salary of Rs. 102 lakhs or above per annum and posted in India

S No	Name of the Associate	Designation	Date of Joining	CTC p.a. (in INR)	Currency	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company
1	Vaidyanathan Nurani Mahadevan	Executive Vice President (Level II)	04/Mar/15	12,974,900	INR	Permanent	ACA, Grad. CWA	24	49	Vivimed Labs Ltd	-	-

Employed for part of the year with an average salary of Rs. 8.50 lakhs or above per month and posted in India

S No	Name of the Associate	Designation	Date of Joining	Gross Remuneration	Currency	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company

Nil

Notes:

1. Remuneration comprises salary, allowances, commission, performance based payments, perquisite and company's contribution to PF and super-annuation as per the definition contained in Section 2(78) of the Companies Act, 2013 paid during the year.
2. None of the employees holds 2% or more of the paid up equity share capital of the Company as per clause (iii) of subrule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. In terms of the proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing salary more than the prescribed limits have not been included in the above statement.

Nature of contracts/ arrangements/ transactions	Trade Receivables	Other financial assets- non current	Other current assets	Trade Payables	Other financial liabilities	Investments held for sale	Investments	Software development service income	Software development expenses	Expenses reimbursed	Expenses paid on behalf of	Transfer of fixed assets	Rental Income	Purchase of fixed assets	Royalty Expenses	Rental & amenities expenses
Duration of the contracts/ arrangements/ transactions																
Salient terms of the contracts or arrangements or transaction including the value if any	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines	Based on actuals and transfer pricing guidelines
"Justification for entering into such contracts or arrangements or transactions	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another
Date of approval by the Board	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018	14/05/2018
Amount Rs. in lakhs	8372.69	17.36	9.84	12165.08	689.85	5.00	2774.74	30848.33	28445.27	13881.27	985.08	28.99	46.41	57.21	3414.32	118.28

Ongoing. The contract will continue till any party terminates the contract.

Legend	
Ultimate Holding Company	Virtusa Corporation, United States
Holding Company	Virtusa Consulting Services Private Limited, India
Subsidiaries of Ultimate Holding Company	Virtusa Austria GMBH
	Virtusa Singapore Private Limited
	Virtusa Software Services Private Limited
	Virtusa Private Limited, Sri Lanka
	Virtusa UK Limited
	Virtusa Technologies India Pvt Ltd
	Virtusa Hungary, KFT
	Virtusa Switzerland, Gmbh
	Virtusa APS
	Virtusa Trade Tech BV Netherlands
	Virtusa International B.V (Netherlands)
	Virtusa AB Sweden
Subsidiary of Holding Company	Etouch Systems (India) Private Limited
Subsidiaries of Polaris Consulting & Services Limited, India	Polaris Consulting & Services Inc, Canada
	Polaris Software Lab Pty Ltd, Australia
	Polaris Consulting and Services Japan K.K, Japan
	Polaris Consulting & Services Pte Ltd, Singapore
	Polaris Consulting and Services FZ LLC, Dubai
	Polaris Consulting & Services GmbH, Germany
	Polaris Consulting & Services Ireland Limited , Ireland
	Polaris Consulting & Services Limited , United Kingdom
	Polaris Consulting & Services SA, Switzerland
	Optimus Global Services Limited, India
Joint Venture of Polaris Consulting & Services Limited	Intellect Polaris Design LLC
Stepdown subsidiary	Polaris Software (shanghai) company Limited, China (Parent – Polaris, Singapore)
	Polaris Consulting & Services B.V, Netherlands (Parent – Polaris, UK)
	Virtusa Malaysia Sdn, Bhd, Malaysia

Note :

- The Board provides omnibus approval for the related party transactions at the beginning of the year. The details of related party transactions undertaken during the quarter are placed in the meeting where the corresponding quarterly accounts are adopted.
- In accordance Regulation 23(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of computation of related party limits for obtaining Omnibus approval transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are not taken.

ANNEXURE 6

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Polaris Consulting & Services Limited

No.34, IT Highway,

Navallur, Chennai – 600130

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Polaris Consulting & Services Limited** (herein after called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s 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 and as per the explanations given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by Polaris Consulting & Services Limited for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (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(not applicable);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (f) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)) Regulations, 2015;
 - (h) the Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (vi) Special Economic Zones Act, 2005 and the rules made there under;
- (vii) Information Technology Act, 2000 and the rules made there under;
- (viii) Software Technology Parks of India rules and regulations;
- (ix) Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax and Service Tax Rules and Goods and Service Tax Act and rules, we have reviewed the systems and mechanism established by the Company for ensuring compliances under various Acts and based on the information and explanation provided to us by the management and officers of the Company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been generally complied with.
During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- ii During the period under review there were no events which required specific compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iii The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that

The Board of Directors of the Company is duly constituted and reconstituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is a change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We 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.

We further report that during the audit period the following events took place:

- (i) Resignation of Non-Executive Independent Director Mr. Jayaraman Ramachandran with effect from 02nd August, 2018.
- (ii) Resignation of Non-Executive Independent Director Mr. Sunil Bowry with effect from 03rd August, 2018.
- (iii) Reconstitution of the following Committees on 06th August, 2018 under the provisions of the Companies Act, 2013.
 - (a) Audit Committee
 - (b) Nomination and Remuneration Committee
 - (c) Risk Management Committee
 - (d) Corporate Social Responsibility Committee
- (iv) During the period of review Company allotted 3,23,055 additional Shares by virtue of exercise of ASOP by employees.

The Company got its Equity Shares delisted from BSE Ltd., (BSE) and National Stock Exchange of India Ltd (NSE) with effect from 01st August, 2018 and the shares were ceased to trade in the trading platform effective 25/07/2018 from BSE, NSE and Metropolitan Stock Exchange of India Limited. As per the terms and conditions stipulated in the delisting approval, the Company's Promoter/ Acquirer had given exit offer to the residual public shareholders vide its Exit offer letter dt.26/07/2018 and the exit offer was open from 1st August 2018 till 31st July 2019.

For **BP & Associates**
Company Secretaries

Place: Chennai

Date: 08th November, 2019

Sd/-

C. PRABHAKAR
Partner

M.No: 30433 | CP. No: 11033
UDIN: A030433A000208193

ANNEXURE - A

To
The Members,
Polaris Consulting & Services Limited.
No.34, IT Highway,
Navallur, Chennai – 600130

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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 processes and practices, we followed provide a reasonable basis for our 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 compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. 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 **BP & Associates**
Company Secretaries

Sd/-

C. PRABHAKAR
Partner

M.No: 30433 | CP. No: 11033

Place: Chennai

Date: 08th November, 2019

ANNEXURE 7
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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:

1	CIN	U65993TN1993PLC024142
2	Registration Date	05.01.1993
3	Name of the Company	POLARIS CONSULTING & SERVICES LIMITED
4	Category/Sub-category of the Company	Information Technology
5	Address of the Registered office & contact details	34 IT Highway, Navallur, Chennai-600 130
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Computer programming consultancy and related activities	62013	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
1	Optimus Global Services Limited 34 IT Highway, Navallur, Chennai-600 130*	U72300TN2002PLC049649	Subsidiary	99.99%	2(87)(ii)
2	Virtusa Consulting & Services Inc., (formerly known as Polaris Consulting & Services Inc) Suite 1800, The Exchange Tower, 130 King Street, W Toronto, Ontario, M5X 1E3. CANADA	624954-0	Subsidiary	100%	2(87)(ii)
3	Virtusa Consulting & Services Pty Ltd., (Formerly known as Polaris Consulting & Services Pty Ltd) Level 12, 31, Market Street, Sydney, NSW 2000, Australia	095 031 897	Subsidiary	100%	2(87)(ii)
4	Virtusa Consulting & Services Japan KK, (Formerly known as Polaris Consulting and Services Japan KK) Toranomom, 40MT Building, 5-13-1 Toranomom, Minato-Ku, Tokyo, Japan, Phone: +81345309888	0104-01-045576	Subsidiary	100%	2(87)(ii)
5	Polaris Consulting & Services Pte Ltd., 3 Changi Business Park Vista, No.4-02 Akzonobel House, Singapore-486 051	201418417N	Subsidiary	100%	2(87)(ii)
6	Virtusa Middle East FZ-LLC, (formerly known as Polaris Consulting and Services FZ LLC) Room No 306, Building 3, Dubai Internet City, Dubai, UAE, Po Box 501 801	93137	Subsidiary	100%	2(87)(ii)

S.No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
7	Polaris Consulting & Services GmbH, 2 Etage, Herriotstrabe, 1 Frankfurt - 60528, Germany	4724128853	Subsidiary	100%	2(87)(ii)
8	Virtusa Consulting & Services Ireland Ltd., (formerly known as Polaris Consulting & Services Ireland Ltd) Ireland Atlas Court, Bray Business Park, Southern Cross, Bray, Co Wicklow Republic of Ireland	316423	Subsidiary	100%	2(87)(ii)
9	Virtusa Consulting & Services Ltd., (formerly known as Polaris Consulting & Services Ltd) 26 Finsbury Square, London EC2A 1DS	9108870	Subsidiary	100%	2(87)(ii)
10	Virtusa Consulting & Services SA, (formerly known as Polaris Consulting & Services SA) Avenue de la Gare 49, Case Postale 2067, CH 2001, Neuchatel, Switzerland	CHE-438.772.604	Subsidiary	100%	2(87)(ii)
11	Virtusa QFC IT Consulting LLC Office 137, 1st Floor, Al-Jaidah Square Building, Airport Road, Po Box, 55743, Doha, Qatar, Phone: +97444267369	00613	Subsidiary	100%	2(87) (ii)
12	Virtusa Consulting Services Private Limited No. 34 IT Highway, Navallur, Chennai – 600 130	U93000TN2008FTC128079	Holding	96.86%	2(46)

* The shares held by Polaris in the Company has been transferred to Increment Language Solutions Private Limited vide Share Purchase Agreement (SPA) dated 30th May 2019 and addendum to SPA dated 26th July 2019 on the 16th of September 2019

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

(A) SHARE HOLDING PATTERN BETWEEN 01/04/2018 AND 31/03/2019

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT (iii)	PHYSICAL (iv)	TOTAL (v)	% OF TOTAL SHARES (vi)	DEMAT (vii)	PHYSICAL (viii)	TOTAL (ix)	% OF TOTAL SHARES (x)	
(1)	(ii)									(xi)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	95,366,826	50	95,366,876	92.64	100,039,597	16,792	100,056,389	96.89	4.25
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	95,366,826	50	95,366,876	92.64	100,039,597	16,792	100,056,389	96.89	4.25
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	95,366,826	50	95,366,876	92.64	100,039,597	16,792	100,056,389	96.89	4.25
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	779,125	0	779,125	0.76	0	0	0	0.00	-0.76
(b)	Financial Institutions /Banks	402,393	0	402,393	0.39	394,431	0	394,431	0.38	-0.01
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	294,818	0	294,818	0.29	60,407	0	60,407	0.06	-0.23
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	1,476,336	0	1,476,336	1.43	454,838	0	454,838	0.44	-0.99
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1,343,523	150	1,343,673	1.31	123,243	150	123,393	0.12	-1.19

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	3,869,697	119,999	3,989,696	3.88	2,098,471	93,921	2,192,392	2.12	-1.75
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	460,425	0	460,425	0.45	194,170	0	194,170	0.19	-0.26
(c)	Others									
	CLEARING MEMBERS	28,190	0	28,190	0.03	15	0	15	0.00	-0.03
	IEPF	83,866	0	83,866	0.08	91,397	0	91,397	0.09	0.01
	NBFC	401	0	401	0.00	500	0	500	0.00	0.00
	NON RESIDENT INDIANS	99,092	1,350	100,442	0.10	91,332	1,300	92,632	0.09	-0.01
	NRI NON-REPATRIATION	76,533	0	76,533	0.07	43,858	0	43,858	0.04	-0.03
	TRUSTS	10,474	0	10,474	0.01	10,474	0	10,474	0.01	-0.00
	TRUSTS	4,217	0	4,217	0.00	4,126	0	4,126	0.00	-0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	5,976,418	121,499	6,097,917	5.92	2,657,586	95,371	2,752,957	2.67	-3.26
	Total B=B(1)+B(2) :	7,452,754	121,499	7,574,253	7.36	3,112,424	95,371	3,207,795	3.11	-4.25
	Total (A+B) :	102,819,580	121,549	102,941,129	100.00	103,152,021	112,163	103,264,184	100.00	-0.00
(c)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	102,819,580	121,549	102,941,129	100.00	103,152,021	112,163	103,264,184	100.00	

B) Shareholding of Promoter-

S No	Name of the Share Holder	Shareholding at the beginning of the year			Shareholding at the end of the year				% change in shareholding during the year
		No. of Shares	% of total shares of the Company	No. of shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	No. of shares Pledged/ encumbered to total shares		
1	Virtusa Consulting Services Private Limited	95,366,876	92.64	--	100,018,299	96.89	--	--	4.25%

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning 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*	95,366,876	92.64	100,018,299	96.89
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	No. of Shares	Reasons	
		24/08/2018	3,940,601	Acquired during the Exit Offer period in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009	
		5/10/2018	196,113		
		19/10/2018	77,180		
		7/12/2018	75,155		
		4/1/2019	120,581		
		18/01/2019	75,209		
		22/02/2019	53,214		
		8/3/2019	23,648		
		22/03/2019	72,930		
		25/10/2018	2,102		
		16/01/2019	11,112		
		04/02/2019	300		
		22/03/2019	1,671		
		30/03/2019	1,607		
3	At the end of the year	0	0	100,018,299	96.89

D) Shareholding Pattern Of Top 10 Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sno	Name of the Share Holder	No. of shares at the beginning the beginning (01-04-18)	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding	% change in shareholding		
1	EDELWEISS CUSTODIAL SERVICES LTD	784,476	0.76	31/03/2018		Opening Balance	784,476	0.76		
				06/04/2018	648,400	Purchase	1,432,876	1.39		
				06/04/2018	(646,126)	Sale	786,750	0.76		
				13/04/2018	(600)	Sale	786,150	0.76		
				27/04/2018	(3,767)	Sale	782,383	0.76		
				04/05/2018	(1,200)	Sale	781,183	0.76		
				11/05/2018	(4,729)	Sale	776,454	0.75		
				18/05/2018	(2,450)	Sale	774,004	0.75		
				25/05/2018	2,000	Purchase	776,004	0.75		
				25/05/2018	(3,288)	Sale	772,716	0.75		
				01/06/2018	1,380	Purchase	774,096	0.75		
				01/06/2018	(2,000)	Sale	772,096	0.75		
				15/06/2018	(500)	Sale	771,596	0.75		
				29/06/2018	50	Purchase	771,646	0.75		
				29/06/2018	(50)	Sale	771,596	0.75		
		2	KOTAK EQUITY SAVINGS FUND	455,255	0.44	31/03/2018		Opening Balance	455,255	0.44
						03/08/2018	(455,255)	Sale	-	0.00
				30/03/2019		Closing Balance	-	0.00		
3	LIFE INSURANCE CORPORATION OF INDIA	394,023	0.38	31/03/2018		Opening Balance	394,023	0.38		
				30/03/2019		Closing Balance	394,023	0.38		
4	IL & FS TRUST COMPANY LIMITED - FOREFRONT ALTERNAT	294,448	0.29	31/03/2018		Opening Balance	294,448	0.29		
				18/05/2018	25,871	Purchase	320,319	0.31		
				22/06/2018	16,382	Purchase	336,701	0.33		
				29/06/2018	22,532	Purchase	359,233	0.35		
				06/07/2018	1,911	Purchase	361,144	0.35		
				13/07/2018	(426)	Sale	360,718	0.35		
				20/07/2018	42,726	Purchase	403,444	0.39		
				03/08/2018	(403,444)	Sale	-	0.00		
5	RAJASTHAN GLOBAL SECURITIES PVT LTD	196,249	0.19	31/03/2018		Opening Balance	196,249	0.19		
				06/04/2018	8,758	Purchase	205,007	0.20		
				13/04/2018	(15,259)	Sale	189,748	0.18		
				11/05/2018	25,070	Purchase	214,818	0.21		
				11/05/2018	(100,000)	Sale	114,818	0.11		
				18/05/2018	(114,689)	Sale	129	0.00		
				25/05/2018	6,900	Purchase	7,029	0.01		
				08/06/2018	2,106	Purchase	9,135	0.01		
				15/06/2018	13,477	Purchase	22,612	0.02		
				22/06/2018	68,434	Purchase	91,046	0.09		
				29/06/2018	(12,091)	Sale	78,955	0.08		
				06/07/2018	(66,432)	Sale	12,523	0.01		
				13/07/2018	31,896	Purchase	44,419	0.04		
				20/07/2018	54,141	Purchase	98,560	0.10		
				27/07/2018	116,256	Purchase	214,816	0.21		
6	GOVERNMENT PENSION FUND GLOBAL	190,200	0.18	31/03/2018		Opening Balance	190,200	0.18		
				10/08/2018	(190,200)	Sale	-	0.00		
				30/03/2019		Closing Balance	-	0.00		

Sno	Name of the Share Holder	No. of shares at the beginning the beginning (01-04-18)	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding	% change in shareholding
7	ATUL GOEL	112,384	0.11	31/03/2018		Opening Balance	112,384	0.11
				20/04/2018	16,406	Purchase	128,790	0.13
				27/04/2018	5,307	Purchase	134,097	0.13
				04/05/2018	504	Purchase	134,601	0.13
				11/05/2018	147	Purchase	134,748	0.13
				18/05/2018	1,583	Purchase	136,331	0.13
				08/06/2018	2,518	Purchase	138,849	0.13
				06/07/2018	2	Purchase	138,851	0.13
				20/07/2018	368	Purchase	139,219	0.14
				03/08/2018	(139,219)	Sale	-	0.00
		30/03/2019		Closing Balance	-	0.00		
8	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	83,866	0.08	31/03/2018		Opening Balance	83,866	0.08
				21/09/2018	7,531	Purchase	91,397	0.09
				30/03/2019		Closing Balance	91,397	0.09
9	SHILPA ATUL SHAH	55,090	0.05	31/03/2018		Opening Balance	55,090	0.05
				30/03/2019		Closing Balance	55,090	0.05
10	RAHAT HASSAN THARANI	53,500	0.05	31/03/2018		Opening Balance	53,500	0.05
				30/03/2019		Closing Balance	53,500	0.05
11	JAIDEEP BILLA	51,001	0.05	31/03/2018		Opening Balance	51,001	0.05
				30/03/2019		Closing Balance	51,001	0.05
12	POLARIS CONSULTING & SERVICES LIMITED UNCLAIMED SU	43,250	0.04	31/03/2018		Opening Balance	43,250	0.04
				08/06/2018	(100)	Sale	43,150	0.04
				21/09/2018	(1,500)	Sale	41,650	0.04
				26/10/2018	(100)	Sale	41,550	0.04
				23/11/2018	(200)	Sale	41,350	0.04
				04/01/2019	(100)	Sale	41,250	0.04
				25/01/2019	(400)	Sale	40,850	0.04
				01/02/2019	(200)	Sale	40,650	0.04
				08/02/2019	(100)	Sale	40,550	0.04
				15/03/2019	(100)	Sale	40,450	0.04
		30/03/2019		Closing Balance	40,450	0.04		
13	IMRAN S CONTRACTOR	20,101	0.02	31/03/2018		Opening Balance	20,101	0.02
				13/04/2018	14,693	Purchase	34,794	0.03
				27/07/2018	(2,000)	Sale	32,794	0.03
				30/03/2019		Closing Balance	32,794	0.03
14	STICHTING SHELL PENSIOENFONDS	38,953	0.04	31/03/2018		Opening Balance	38,953	0.04
				08/06/2018	(8,714)	Sale	30,239	0.03
				30/03/2019		Closing Balance	30,239	0.03
15	FARHAN SHAUKAT CONTRACTOR	33,700	0.03	31/03/2018		Opening Balance	33,700	0.03
				20/07/2018	(4,214)	Sale	29,486	0.03
				30/03/2019		Closing Balance	29,486	0.03
16	A J ANANTHANARAYAN	23,300	0.02	31/03/2018		Opening Balance	23,300	0.02
				30/03/2019		Closing Balance	23,300	0.02

E) Shareholding of Directors and Key Managerial Personnel:

SI No	Name of the Share Holder	Share holding at the beginning of the year	Bought	Sold	Cumulative Holding	Share holding at the end of the year	Date
1	Krishan Aruna Canekeratne, Director	0	0		0	0	31/03/2019
2	Anuranjan Krishan Kalia, Director	0	0		0	0	31/03/2019
3	Jayaraman Ramachandran, Director*	0	0		0	0	31/03/2019
4	Arvind Sharma, Director	0	0		0	0	31/03/2019
5	Hari Raju Mahadevu, Director	0	0		0	0	31/03/2019
6	Sunil Bowry, Director**	0	0		0	0	31/03/2019
7	Rama Sivaraman, Director	1	34,000	34,000	1	1	31/03/2019
8	N M Vaidyanathan, Chief Financial Officer	0	25,000	25,000	0	0	31/03/2019
9	Christina Pauline Beulah, Company Secretary	0	0		0	0	31/03/2019

* Resigned w.e.f 2nd August 2018

** Resigned w.e.f 3rd August 2018

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition				
* 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)				

NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs)

S No.	Particulars of Remuneration	MD	WTD	Total amount
1	Gross salary	-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	34,30,304	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	390,94,844	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of profit - others, specify...	-	-	
5	Others, please specify	-	-	
	Total (A)	-	425,25,148	
Ceiling as per act		It is in accordance with the ceiling as specified under Section 197 of the Companies Act, 2013.		

B. Remuneration to other directors

(Amount in Rs)

S No.	Particulars of Remuneration					
1	Independent Directors	Jayaraman Ramachandran	Sunil Bowry	Hari Raju Mahadevu	Arvind Sharma	Total Amount (Rs.)
	Fee for attending board committee meetings	20,000	35,000	210,000	215,000	480,000
	Fixed fees	1,019,022	410,870	1,200,000	1,200,000	4,309,892
	Others, please specify	-	-	-	---	-
	Total (1)	1,039,022	445,870	1,410,000	1,415,000	1,039,022
2	Other Non-Executive Directors/Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Fixed fees	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	1,019,022	410,870	1,200,000	1,200,000	4,309,892
	Total Managerial Remuneration	*				

*inclusive of perquisites to whole time directors.

Overall ceiling as per the act :

It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013.

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs)

SN	Particulars of Remuneration	WTD	CS	CFO	Total Rs.
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,30,304	12,86,684	116,77,206	16,394,194
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	390,94,844	-	160,95,886	55,190,730
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	others, specify...	-	-	-	
5	Others, please specify	-	-	-	
	Total (excluding Stock Option)	425,25,148	12,86,684	277,73,092	71,584,924

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					
Punishment					
Compounding	383A of Companies Act, 1956	Non appointment of company secretary during the period 1/11/07 to 31/1/09 and 31/08/13 to 06/10/13	100,000	RD	NA
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE 8

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

Particulars	Remarks
Date of Formation of CSR Committee	18 th March 2014
Composition of Committee*	Ms. Rama Sivaraman, Chairman Mr. Hari Raju Mahadevu, Member Mr. Arvind Sharma, Member
CSR Activity	The Company is undertaking its CSR activity through Computer Shiksha and IIT Madras which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013. The objective of computer Shiksha is to recognize and promote academic excellence for the lesser privileged and objective of IIT Madras is for promotion of education, environmental sustainability and incubation.

* The committee was reconstituted on 4th March 2016 and again on 8th February 2017 and subsequently on 6th August 2018.

Total amount to be spent for the financial year 2018-19:

Particulars	Amount (Rs in lakhs)
Avg.net profit of three years	18,342.21
2% of Avg. net profits -Sec 135	366.84

Details of CSR spent during the financial year 2018-19:

Paid on	Paid to	Amount (in Rs)
30/06/2018	IIT Madras	6,500,000
06/08/2018	Computer Shiksha	875,000
24/08/2018	IIT Madras	2,500,000
12/10/2018	Computer Shiksha	875,000
08/11/2018	IIT Madras	5,000,000
04/01/2019	Computer Shiksha	875,000
29/03/2019	Computer Shiksha	875,000
Total		17,500,000

Amount unspent – Rs. 191.84 lakhs

Since the Company was not able to finalize a project which meets the CSR essence of the company the Company was not in a position to spend the entire CSR amount during the year 2018-19. Company spends amount on projects keeping in mind sustainability, impact on the desired recipients, and efficacy of implementing agencies. Considering the multi year projects, total amount to be spent and the extent of due diligence to be performed, the Company is focusing on select projects to ensure maximum impact to society and employee participation.

Manner in which the amount spent during the financial year is detailed below.

Amount Rs in Lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs Wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the previous reporting period	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
1	The Company was undertaking its CSR activity through Ullas Trust* which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013.	Promotion of Education	Chennai, Delhi, Hyderabad, Mumbai and Pune	-	-	988.37	988.37	-
2.	Computer Shiksha	Promotion of Education	Gurgaon, Delhi, Aligarh, Amroha, Rajasthan Faridabad	35.00	35.00	85.20	120.20	35.00
3	IIT Madras	Promotion of education, environmental sustainability and incubation	Chennai	140.00	140.00	162.17	302.17	140.00
TOTAL							1,410.74	175.00

* In the column cumulative expenditure till reporting period, we have chosen to taken 2014-15 as the base year. It is however not to be interpreted that this is the First year of our CSR programs. Ullas Trust programs go back to 20 years. Given the practical challenges in reporting the cumulative expenditure from inception, we have chosen to start with the year 2014-15 as the base year.

** The details of the implementing agency are provided in Directors Report.

CSR committee Responsibility statement:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

CSR Policy is available in the website of the Company and weblink is as under :

<http://www.polarisft.com/investor/corproate-governance.asp>

(Director)

(Chairman CSR Committee)

By Order of the Board
For Polaris Consulting & Services Limited

Place: Hyderabad
Date : 8th November, 2019

Sd/-
Hari Raju Mahadevu
Chairman

Independent Auditors' Report

To the Members of Polaris Consulting & Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Polaris Consulting & Services Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 38 of the standalone financial statements, regarding a Composite Scheme of Arrangement ("the Scheme") between the Company and Virtusa Consulting Services Private Limited which was filed with National Company Law Tribunal, Chennai Bench ("NCLT") on March 28, 2019. As more fully discussed in the aforesaid note, the scheme has not been approved by NCLT as on the date of this report and thus, no adjustments have been made to the financial statements in this regard. Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, its profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements - Refer Note 31 to the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration No.101248W/W-100022

K Raghuram

Partner

Membership No. 211171

ICAI UDIN: 19211171AAAAEJ8751

Place: Chennai

Date: November 8, 2019

Annexure A to the Independent Auditors’ report on the standalone financial statements of Polaris Consulting & Services Limited for the period ended March 31, 2019

(Referred to in paragraph 1 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 company has a regular programme of physical verification of its fixed assets, by which fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were verified by the management during the year and no material discrepancies were noticed on such verification.
- c) according to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in one case as under:

Asset name	Nature	Gross block (In lakhs)	Net block (In lakhs)
Land – Hyderabad – Manikonda	Freehold	4,028	4,028

- (ii) the Company is a service company, primarily rendering software services. According, as at March 31, 2019, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) in our opinion and 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 Act. Accordingly, paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) in our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act with respect to the investments made. The Company has not granted any loans or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act. Accordingly, to that extent paragraph 3(iv) of the Order is not applicable to the Company.
- (v) the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) a) according to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees’ State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year, by the Company with the appropriate authorities though there has been a slight delay in few cases. As explained to us, the Company did not have any dues on account of duty of Sales tax, Service tax, Value added tax and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- b) according to the information and explanation given to us, there are no dues of Income tax, Sales tax or Service tax or Goods and Service tax or duty of Customs or Value added tax which have not been deposited with appropriate authorities on account of any disputes other than the following dues:

Name of the statute	Nature of dues	Amount disputed (INR in Lakhs) (Note 1)	Period to which the amount relates (Assessment year)	Forum where dispute is pending
Income tax Act, 1961	Income taxes	10,053.13	2001-12	High Court of Madras
Income tax Act, 1961	Income taxes	1,108.86	2005-06 and 2014-15	Income Tax Appellate Tribunal, Chennai
Income tax Act, 1961	Income taxes	3,590.20	2012-14 and 2015-16	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income taxes	2,562.49	2007-08	Deputy Commissioner of Income Tax
The Tamil Nadu General Sales Tax Act, 1959	Sales taxes	207.97	2004-05	High Court of Madras
Central Sales Tax Act, 1956	Central Sales Taxes (Note 2)	42.40	2006-08	High Court of Andhra Pradesh

Name of the statute	Nature of dues	Amount disputed (INR in Lakhs) (Note 1)	Period to which the amount relates (Assessment year)	Forum where dispute is pending
The Maharashtra Value Added Tax Act, 2002	Sales taxes (Note 2)	66.89	2013-15	Deputy commissioner of Sales tax (Appeals)
The Harayana Value Added Tax Act, 2003	Sales taxes (Note 2)	1,021.84	2013-15	Excise & Taxation Officer
The Finance Act, 1994	Service taxes	100.55	2004-06	High Court of Madras

Note 1: Does not include interest and penalty.

Note 2: The Company has also deposited a sum of INR 28.16 lakhs under protest

- (viii) in our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, Government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) in our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals as per provisions of Section 197 read with schedule V of the Act.
- (xii) in our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) according to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.101248W/W-100022

K Raghuram

Partner

Membership No. 211171

ICAI UDIN: 19211171AAAAEJ8751

Place: Chennai

Date: November 8, 2019

Annexure B to the Independent Auditors' report on the standalone financial statements of Polaris Consulting & Services Limited for the period ended March 31, 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1/A/g under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Polaris Consulting & Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.101248W/W-100022

K Raghuram

Partner

Membership No. 211171

ICAI UDIN: 19211171AAAAEJ8751

Place: Chennai

Date: November 8, 2019

Balance Sheet as at March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	22,606.82	15,259.02
Capital work-in-progress		-	194.66
Investment property	5A	-	5,324.54
Other intangible assets	6	896.53	786.10
Financial assets			
Investments	7	3,004.01	3,989.01
Loans	13	617.66	559.09
Other financial assets	14	21.08	19.83
Income tax asset, net		10,743.84	7,621.57
Deferred tax assets, net	8	1,548.80	1,409.40
Other non-current assets	15	524.19	193.47
Total non-current assets		39,962.93	35,356.69
Current assets			
Financial assets			
Investments	7	9,032.16	1,007.40
Trade receivables	9	18,479.51	22,155.61
Unbilled receivables (previous year: Unbilled revenue)	10	20,492.92	20,865.22
Cash and cash equivalents	11A	36,875.62	37,300.19
Other bank balances	11B	112.52	130.33
Loans	13	276.52	436.07
Derivatives	12	-	226.60
Other financial assets	14	196.79	241.67
Other current assets	16	9,909.34	4,109.99
		95,375.38	86,473.08
Disposal group - assets held for sale	5C	5,329.54	-
Total current assets		100,704.92	86,473.08
Total assets		140,667.85	121,829.77
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	5,163.21	5,147.06
Other equity		104,521.80	87,906.05
Total equity		109,685.01	93,053.11
Liabilities			
Non-current liabilities			
Deferred tax liabilities, net	8	53.51	58.36
Total non-current liabilities		53.51	58.36
Current liabilities			
Financial Liabilities			
Trade payables	21	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		17,407.21	13,445.17
Derivatives	12	27.06	-
Other financial liabilities	22	775.78	2,278.26
Provision for employee benefits	20	4,006.19	2,920.82
Current tax liabilities		2,124.78	1,807.22
Other current liabilities	23	6,588.31	8,266.83
Total current liabilities		30,929.33	28,718.30
Total liabilities		30,982.84	28,776.66
Total equity and liabilities		140,667.85	121,829.77

The notes from 1 to 38 are an integral part of these financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	37	201,017.36	181,730.87
Other income	24	3,945.52	2,837.31
Total income		204,962.88	184,568.18
Expenses			
Employee benefits expense	25	148,749.61	129,793.73
Depreciation and amortisation expense	26	2,941.54	2,372.33
Other expenses	27	27,723.70	24,760.26
Total expenses		179,414.85	156,926.32
Profit before income tax expense		25,548.03	27,641.86
Current tax		9,496.05	9,813.53
Deferred tax		(196.02)	(253.75)
Income tax expense	8	9,300.03	9,559.78
Profit after tax		16,248.00	18,082.08
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability / (asset)	20	(472.14)	157.09
Equity investments through other comprehensive income - net change in fair value		(41.09)	30.54
Gain on disposal of equity shares by trust		12.43	2.97
Income tax relating to items that will not be reclassified to profit or loss	8	142.60	(54.89)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(358.20)	135.71
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations	18Bb	800.15	4.33
Effective portion of gains (losses) on hedging instruments in cash flow hedges	18Bb	(253.66)	(3,696.41)
Income-tax relating to items that will be reclassified to profit or loss	8	(190.96)	1,278.49
Net other comprehensive income to be reclassified subsequently to profit or loss		355.53	(2,413.59)
Other comprehensive income for the year, net of income tax expense		(2.67)	(2,277.88)
Total comprehensive income for the year		16,245.33	15,804.20
Earnings per share	28		
Basic earnings per share (INR)		15.75	17.67
Diluted earnings per share (INR)		15.73	17.60

The notes from 1 to 38 are an integral part of these financial statements

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

K Raghuram
Partner
Membership No.: 211171

Place: Chennai
Date: November 8, 2019

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited
(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu
Director
DIN: 03262516

Vaidyanathan N M
Chief Financial Officer

Arvind Sharma
Director
DIN: 00012177

Christina Pauline Beulah
Company Secretary

Statements of Changes in Equity for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity Share Capital

	Note	Amount
Balance at the April 01, 2017	17	5,106.04
Changes in equity share capital during 2017-18		41.02
Balance as at March 31, 2018		5,147.06
Changes in equity share capital during 2018-19	17	16.15
Balance as at March 31, 2019		5,163.21

B. Other Equity

	Reserves and surplus				Attributable to the owners of the Company				Total
	Securities premium	Share based payments reserve	Treasury stock	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 18B)	
Balance as at April 1, 2017	5,527.22	1,771.15	(28.09)	58,055.83	2,811.28	2,565.34	7.11	173.04	70,882.88
Total comprehensive income for the year ended March 31, 2018	-	-	-	18,082.08	-	-	-	-	18,082.08
Profit or loss	-	-	-	-	4.33	(2,417.92)	30.54	105.17	(2,277.88)
Total comprehensive income	-	-	-	18,082.08	4.33	(2,417.92)	30.54	105.17	15,804.20
Transferred to retained earnings	-	-	-	166.25	-	-	-	(166.25)	-
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares options exercised	2,151.74	(1,299.62)	-	-	-	-	-	-	852.12
Share based payment	-	77.21	-	-	-	-	-	-	77.21
Shares issued by trust	-	-	25.70	-	-	-	-	-	25.70
Gain on sale of shares held by trust	263.94	-	-	-	-	-	-	-	263.94
Total transactions with owners	2,415.68	(1,222.41)	25.70	-	-	-	-	-	1,218.97
Balance as at March 31, 2018	7,942.90	548.74	(2.39)	76,304.16	2,815.61	147.42	37.65	111.96	87,906.05

	Attributable to the owners of the Company							Total	
	Reserves and surplus			Items of OCI					
	Securities premium	Share based payments reserve	Treasury stock	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 188)	
Balance as at April 1, 2018	7,942.90	548.74	(2.39)	76,304.16	2,815.61	147.42	37.65	111.96	87,906.05
Total comprehensive income for the year ended March 31, 2019									
Profit or loss	-	-	-	16,248.00	-	-	-	-	16,248.00
Other comprehensive income (net of tax)	-	-	-	-	515.28	(165.02)	(41.09)	(317.11)	(7.94)
Total comprehensive income	-	-	-	16,248.00	515.28	(165.02)	(41.09)	(317.11)	16,240.06
Transferred to retained earnings	-	-	-	(329.54)	-	-	-	329.54	-
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares options exercised	590.58	(232.95)	-	-	-	-	-	-	357.63
Share based payment	-	18.06	-	-	-	-	-	-	18.06
Shares issued by trust	-	-	-	-	-	-	-	-	-
Gain on sale of shares held by trust	-	-	-	-	-	-	-	-	-
Total transactions with owners	590.58	(214.89)	-	-	-	-	-	-	375.69
Balance as at March 31, 2019	8,533.48	333.85	(2.39)	92,222.62	3,330.89	(17.60)	(3.44)	124.39	104,521.80

The notes from 1 to 38 are an integral part of these financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited
(CIN: U65993TN1993PLC024142)

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Statement of Cash Flows for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Cashflows from operating activities		
Profit after tax for the year	16,248.00	18,082.08
Adjustments for:		
Depreciation and amortisation	2,941.54	2,372.33
Equity-settled share-based payments	18.06	77.21
Unrealised foreign exchange (gain)/loss	(919.07)	115.39
Interest income	(60.13)	(62.78)
Gain on sale of investments (net)	(771.54)	(2,577.66)
Financial assets mandatorily measured at FVTPL - net change in fair value	945.26	286.84
Net gain on sale of property, plant and equipment	(167.96)	(29.16)
Dividend income	(95.94)	(20.70)
Loss on impairment of financial assets	90.76	1,046.15
Loss on impairment of non-financial assets	267.00	-
Income tax expense	9,300.03	9,559.78
Operating profit before working capital changes	27,796.01	28,849.48
Working capital adjustments:		
Decrease/(increase) in trade receivables	4,280.17	(6,722.29)
Decrease/(increase) in other assets	(4,826.00)	(2,269.41)
Increase/(decrease) in trade payables, other liabilities and provisions	1,544.98	(1,744.36)
Cash generated from operating activities	28,795.16	18,113.42
Income taxes paid (net of refunds)	(12,077.33)	(8,770.46)
Net cash generated from operating activities (A)	16,717.83	9,342.96
Cash flows from investing activities		
Acquisition of property, plant and equipment	(10,534.05)	(4,109.21)
Acquisition of investment property	-	(15.45)
Acquisition of investments	(68,509.54)	(49,597.05)
Proceeds from sale of investments	60,984.33	63,808.10
Movement in bank deposits not treated as cash and cash equivalents	(6.30)	348.95
Proceeds from sale of property, plant and equipment	358.07	86.92
Interest received	35.45	57.30
Dividend received	95.94	20.70
Net cash (used in) / generated from investing activities (B)	(17,576.10)	10,600.26
Cash flows from financing activities		
Proceeds from share capital issued on exercise of share options	16.15	41.02
Proceeds from securities premium on exercise of share options	357.63	852.12
Proceeds from sale of treasury shares	-	289.64
Dividend paid during the year	(17.81)	(8.11)
Net cash from financing activities (C)	355.97	1,174.67
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(502.30)	21,117.89
Cash and cash equivalents as at April 1	37,300.19	16,178.87
Effect of exchange rate fluctuations on cash held	77.73	3.43
Cash and cash equivalents at March 31	36,875.62	37,300.19
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balance with banks in current accounts	33,875.62	25,800.19
Deposits with original maturity of less than three months	3,000.00	11,500.00
Balance as per statement of cash flows	36,875.62	37,300.19

The notes from 1 to 38 are an integral part of these financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***1 Reporting entity**

Polaris Consulting & Services Limited (formerly known as Polaris Financial Technology Limited) (“Polaris” or “the Company”), is primarily engaged in the business of Information Technology (IT) services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services. The Company is a public limited Company domiciled and incorporated in India. The Company is a subsidiary of Virtusa Consulting Services Private Limited (“holding company” or “Virtusa India”) and its ultimate holding company is Virtusa Corporation (“Virtusa”).

On July 11, 2018, Virtusa Consulting Services Private Limited (“Virtusa India”), the holding company, in connection with the Company’s delisting offer notified that trading, on the stock exchanges on which company’s common shares are listed, in equity shares of Polaris would be discontinued and delisted effective on August 1, 2018. For a period of one year following the date of delisting, Virtusa India will, in compliance with SEBI Delisting Regulations, permit the public shareholders of Polaris to tender their shares for sale to Virtusa India at the exit price of INR 480 per share.

2 Summary of significant accounting policies

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

a) Basis of preparation**(i) Statement of compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the ‘Act’) and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company’s Board of the Directors on November 8, 2019.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(iii) Basis of measurement

The financial statements of the Company have been prepared using the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 8(E) - Unrecognised deferred tax liabilities
- Note 33 - Consolidation: whether the Company has de facto control over an investee

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

adjustment in the year ending March 31, 2019 is included in the following notes:

- Note 2(j) – revenue recognition for time and material, fixed price contracts based on ‘percentage of completion’ method;
- Note 8 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 20 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 29 – impairment of financial assets.”

(v) Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).”

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 19 – share-based payment arrangements;
- Note 5 – investment property (for disclosures); and
- Note 29 – financial instruments”

b) Foreign currency**Foreign currency transactions**

Transactions in foreign currencies are translated into INR at monthly average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into INR at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Foreign operations

The assets and liabilities of foreign operations (foreign branches) are translated into INR, the functional currency of the Company, at the exchange rates at the reporting dates. The income and expenses of foreign operations are translated into INR at monthly average rate which approximates to the actual rate at the date of the transaction.

c) Financial instruments**(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(ii) Classification and subsequent measurement****Financial assets**

On initial recognition, a financial asset is classified and measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL”

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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”

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial 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.”

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss. However, see Note 2(c)(vi) for derivatives designated as hedging instruments
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit or Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss. See Note 2(c)(vi) for financial liabilities designated as hedging instruments.

(iii) Derecognition**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Treasury shares

Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT) were created for providing share-based payment to the employees of the Company. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. When treasury shares are issued to the employees by trusts, the amount received is recognised as an increase in Equity and the resultant gain / (loss) is adjusted in Reserves and Surplus.

(vi) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, changes therein are generally recognised in Statement of Profit and Loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Profit and Loss in the same period or periods as the hedged

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

expected future cash flows affect Statement of Profit and Loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Statement of Profit and Loss.

(vii) Cash dividend to equity holders

The Company recognises a liability to make cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

d) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the Statement of Profit and Loss. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Buildings	30
Plant and equipments	15
Computer equipments and accessories	3-6
Electrical fittings	10
Furniture and fixtures	10
Office equipments	5
Vehicles	4-8
Leasehold improvements	Over the lease period or 10 years whichever is lower

Based on the technical evaluation, Management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the month in which asset is ready for use (disposed of).

e) Other intangible assets**(i) Internally generated: Research and development**

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise,

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

it is recognised in Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated intangibles is recognised in Statement of Profit and Loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Assets	Useful life (in years)
Computer software	3
Customer contracts acquired on business purchase agreements	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognised in Statement of Profit and Loss. The fair values of investment property is disclosed in the notes.

Any decision on the part of the management to dispose the investment property in the near future, and upon meeting the criteria to be classified as asset held for sale in accordance with IND AS 105, it is reclassified as Asset Held for Sale.

g) Impairment**(i) Impairment of financial instruments**

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL 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.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to Statement of Profit and Loss and is recognised in OCI.

(ii) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its estimated recoverable amount in the Statement of Profit and Loss.

The Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits**(i) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Share-based payment transactions

Recognition and measurement

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The ultimate holding company provides restricted stock units (stock options) for its shares to the employees of the Company. With regard to these restricted stock units, the ultimate holding company cross-charges the cost to the Company, and accordingly a liability to the parent has been created by debiting employee expenses.

(iii) Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

(iv) Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(v) Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust by the name "Polaris Software Lab Ltd Superannuation Scheme" has been created which is approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Company has no further obligations under the Plan beyond its monthly contributions which are periodically contributed to a trust.

(vi) Compensated absences

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

(vii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(i) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

(j) Revenue recognition**(i) Rendering of services**

The Company derives its revenue from a variety of IT Consulting, technology implementation and application outsourcing services. Contracts for these services have different terms and conditions based on the scope, deliverables and complexity of the engagement. Fees for these contracts may be in the form of Time and Material or Fixed Price arrangements including Fixed Price Retainer arrangements.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of adoption of the standard on the financial statements of the Company is insignificant.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenues are recognized when control of the promised services is transferred to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company generally recognizes revenue for services over time as the Company's performance creates or enhances an asset that the customer controls from fixed price contracts related to development, technology implementation and customization. For these contracts, the Company measures the progress and recognizes revenue using effort-based input methods, as the Company performs, based on actual efforts spent compared to the total expected efforts for the contract. The use of the effort based input method requires significant judgment relative to estimating total efforts, including assumptions relative to the length of time to complete the project and the nature and complexity of the work to be performed. Estimates of total efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified. An input method is used to recognize revenue as the value of services provided to the customer is best represented by the hours expended to deliver those services.

The Company generally recognizes revenue from fixed-price applications management, maintenance, or support engagements over time as customers receive and consume the benefits of such services. Revenue on time-and-material contracts are recognised as the related services are performed.

Contracts are often modified to account for changes in contract specification and requirements. The Company considers a contract modification when the modification either creates new or changes the existing enforceable rights and obligations. The accounting for modifications involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Certain customers receive discounts, incentive payments or service level credits. A portion of the revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any revenue will not occur. The Company estimates these amounts based on the expected amount to be provided to customers and adjusts revenues recognized. The Company estimates the amount of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of the Company's anticipated performance and all information that is reasonably available with the Company.

From time to time, the Company may enter into contracts with customers that include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on an expected cost plus a margin approach.

When the Company receives consideration from a customer prior to transferring services to the customer under the terms of a contract, the Company records deferred revenue, which represents a contract liability. The Company recognizes deferred revenue as revenue after the Company has transferred control of the services to the customer and all revenue recognition criteria are met.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company's payment terms vary by the type and location of its customers. The term between invoicing and when payment is due is not significant. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is one year or less.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction is excluded from the Company's assessment of transaction prices.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

(k) Leases**(i) Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Lease payments

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(l) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(m) Income tax

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured

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using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries and joint venture to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;"

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, excluding treasury shares

(ii) Diluted earnings per share

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

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

(o) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). Virtusa's Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Company's CODM reviews financial information presented at Company level for purposes of making operating decisions and assessing financial performance of the Company. Therefore, the Company has determined that it operates in a single operating and reportable segment.

3 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified

Notes to the financial statements

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the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

Ind AS 116 - Leases

The Company will recognize new assets and liabilities for its operating leases of its offices and facilities. The nature of expenses related to those leases will now change because the Company will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognized operating lease expense on a straight-line basis, wherever applicable over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

The Company plans to apply Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Company is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Amendments to existing standards

Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in the process of assessing the potential impact of the amendments to Ind AS 12 on its financial statements.

Ind AS 19 - Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is in the process of assessing the potential impact of the amendment to Ind AS 19 on its financial statements.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

Reconciliation of carrying amount

	Land	Buildings	Plant and equipments (including computer equipments and accessories)	Electrical fittings	Furniture and fixtures	Office Equipments	Vehicles	Leasehold improvement	Total
Gross carrying amount									
Balance as at April 1, 2017	4,210.35	6,012.43	4,698.79	418.34	1,150.38	903.15	857.28	99.29	18,350.01
Additions	-	-	2,179.40	132.27	302.72	571.38	42.25	-	3,228.02
Disposals	-	(0.10)	(98.41)	(8.39)	(23.18)	(0.18)	(183.39)	-	(313.65)
Exchange differences on translation of foreign operations	-	(0.89)	(7.67)	-	(1.96)	(4.33)	-	(0.22)	(15.07)
Balance as at March 31, 2018	4,210.35	6,011.44	6,772.11	542.22	1,427.96	1,470.02	716.14	99.07	21,249.31
Balance as at April 1, 2018	4,210.35	6,011.44	6,772.11	542.22	1,427.96	1,470.02	716.14	99.07	21,249.31
Additions	4,028.00	3.49	3,886.81	113.64	939.94	635.37	-	420.88	10,028.13
Disposals	(29.80)	(73.53)	(167.53)	(3.96)	(22.12)	(25.64)	(314.48)	-	(637.06)
Exchange differences on translation of foreign operations	2.52	11.60	62.79	-	21.84	35.51	-	5.20	139.46
Balance as at March 31, 2019	8,211.07	5,953.00	10,554.18	651.90	2,367.62	2,115.26	401.66	525.15	30,779.84
Accumulated depreciation and impairment losses									
Balance as at April 1, 2017	-	609.98	1,950.24	139.74	405.06	529.17	470.57	87.83	4,192.59
Depreciation for the year	-	273.19	1,179.39	59.84	173.54	191.47	169.15	11.24	2,057.82
Disposals	-	(0.01)	(89.92)	(7.83)	(23.00)	(0.18)	(139.11)	-	(260.05)
Exchange differences on translation of foreign operations	-	(0.99)	6.86	(0.35)	(2.25)	(3.34)	-	-	(0.07)
Balance as at March 31, 2018	-	882.17	3,046.57	191.40	553.35	717.12	500.61	99.07	5,990.29
Balance as at April 1, 2018	-	882.17	3,046.57	191.40	553.35	717.12	500.61	99.07	5,990.29
Depreciation for the year	-	271.03	1,477.77	74.54	267.08	285.62	84.89	85.65	2,546.58
Disposals	-	(17.32)	(150.28)	(1.90)	(17.44)	(9.68)	(267.59)	-	(464.21)
Exchange differences on translation of foreign operations	-	6.81	48.19	-	16.37	23.84	-	5.15	100.36
Balance as at March 31, 2019	-	1,142.69	4,422.25	264.04	819.36	1,016.90	317.91	189.87	8,173.02
Carrying amounts (net)									
At March 31, 2018	4,210.35	5,129.27	3,725.54	350.82	874.61	752.90	215.53	-	15,259.02
At March 31, 2019	8,211.07	4,810.31	6,131.93	387.86	1,548.26	1,098.36	83.75	335.28	22,606.82

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

5 Investment Property

A Reconciliation of carrying amount

Gross carrying amount	
Balance as at April 1, 2017	5,309.09
Acquisitions	15.45
Balance as at March 31, 2018	5,324.54
Balance as at April 1, 2018	5,324.54
Acquisitions	-
Classified as Held for Sale	(5,324.54)
Balance as at March 31, 2019	-
Fair Value	
At March 31, 2018	8,730.00
At March 31, 2019	-

B Measurement of fair values

i. Derecognition & Disposal group held for sale

Investment property comprised of land in Gurgaon. During the year the Company has proposed to dispose the property in the near future and accordingly the Board of Directors has accorded its approval by way of approving the draft term sheet in the board meeting dated May 3, 2019. Upon meeting the criteria to be classified as asset held for sale in accordance with Ind AS 105, it is reclassified to asset held for sale.

ii. Valuation technique

The group follows a sales comparison approach. For the previous year, the fair valuation has been done based on prospective purchaser quotation for the land.

C Disposal group held for sale

(i) Parcel of land, Gurgaon - Investment property

(ii) Investment in Optimus Global Services Limited

During the year, the Company had decided to dispose its wholly owned subsidiary, Optimus Global Services Limited ('Optimus'). Accordingly, the Company has identified a buyer for Optimus and has reclassified the disposal value of the investment to assets held for sale. The difference between the disposal value and the carrying value has been recorded as an impairment of financial asset (refer note 27)

As at March 31, 2019, the disposal group has been stated at their carrying amount and comprises of the following assets:

Particulars	Amount
Investment property	5,324.54
Investment in subsidiaries	5.00
Assets held for sale	5,329.54

6 Other intangible assets

Reconciliation of carrying amount

	Computer Software	Customer Contracts	Total	Intangible assets under development
Gross carrying amount				
Balance as at April 1, 2017	667.81	58.33	726.14	277.41
Additions	896.76	-	896.76	-
Deletions/Capitalisation	-	-	-	(277.41)
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2018	1,564.57	58.33	1,622.90	-
Balance as at April 1, 2018	1,564.57	58.33	1,622.90	-
Additions	505.37	-	505.37	-

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

6 Other intangible assets (Continued)

	Computer Software	Customer Contracts	Total	Intangible assets under development
Deletions/Capitalisation	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2019	2,069.94	58.33	2,128.27	-
Accumulated amortisation and impairment losses				
Balance as at April 1, 2017	463.96	58.33	522.29	-
Amortisation for the year	314.51	-	314.51	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2018	778.47	58.33	836.80	-
Balance as at April 1, 2018	778.47	58.33	836.80	-
Amortisation for the year	394.94	-	394.94	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2019	1,173.41	58.33	1,231.74	-
Carrying amounts (net)				
At March 31, 2018	786.10	-	786.10	-
At March 31, 2019	896.53	-	896.53	-

7 Investments

See accounting policies in Note 2(c)(i)-(iii) and (g)(i)

A Non-current investments

	March 31, 2019	March 31, 2018
Quoted instruments		
<i>Preference shares at FVTPL</i>		
8,000 (March 31, 2018: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	130.48	1,075.74
<i>Equity shares at FVOCI</i>		
45,808 (March 31, 2018: 83,808) equity shares of Intellect Polaris Design Arena Limited (refer note below)	93.16	138.53
Preference shares at cost		
<i>Preference shares at FVTPL</i>		
1,492,030 (March 31, 2018: 1,492,030) Optimus Global Services Limited, less impairment of INR 29.84 Lakhs (March 31, 2018: INR 29.84 Lakhs)	-	-
Unquoted equity instruments		
207,295 (March 31, 2018: 151,000) equity shares of Hexa Wind Farm Private Limited, less impairment of INR 15.10 Lakhs (March 31, 2018 : INR 15.10 Lakhs)	5.63	-
Equity shares at cost		
600,000 (March 31, 2018: 6,00,000) Polaris Consulting & Services GmbH (Germany)	261.99	261.99
25,000 (March 31, 2018: 25,000) Polaris Consulting & Services Pty Ltd (Australia)	8.11	8.11
176,186 (March 31, 2018: 176,186) Polaris Consulting & Services Ireland Ltd (Ireland)	88.96	88.96
400 (March 31, 2018: 400) Polaris Consulting and Services Japan K.K (Japan)	79.04	79.04
296,350 (March 31, 2018: 296,350) Virtusa Consulting & Services Inc.,(Canada)	109.38	109.38
235,072 (March 31, 2018: 235,072) Polaris Consulting & Services Pte Ltd (Singapore)	112.69	112.69
5,001 (March 31, 2018: 5,001) Polaris Consulting & Services Limited (UK)	4.92	4.92
1,500 (March 31, 2018: 1,500) Polaris Consulting and Services FZ- LLC (Dubai)	261.00	261.00

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

7 Investments (Continued)

	March 31, 2019	March 31, 2018
200,000 (March 31, 2018: 200,000) Polaris Consulting & Services SA (Swiss)	685.30	685.30
14,449,949 (March 31, 2018: 849,997) Optimus Global Services Limited, less impairment of INR 284 lakhs (March 31, 2018 : INR 17 lakhs)	5.00	-
Less: Reclassification to assets held for sale		
14,449,949 (March 31, 2018: 849,997) Optimus Global Services Limited, less impairment of INR 284 lakhs (March 31, 2018 : INR 17 lakhs)	(5.00)	-
Investment in Joint Venture		
50 (March 31, 2018: 50) Intellect Polaris Design LLC, USA, less impairment of INR 369.95 lakhs (March 31, 2018 : 369.95 lakhs)	1,163.35	1,163.35
	3,004.01	3,989.01
Aggregate book value of quoted investments	223.64	1,214.27
Aggregate market value of quoted investments	223.64	1,214.27
Aggregate value of unquoted investments	2,780.37	2,774.74
Aggregate amount of impairment in value of investments	414.89	431.89

Note: Investment in equity shares of Intellect Design Arena Limited, relates to equity shares held for employees, to be issued on exercise of stock options. Accordingly, the Company has made an irrevocable election to measure investment in equity shares as fair value through other comprehensive income.

B Current investments

	March 31, 2019	March 31, 2018
Investment in mutual funds		
Quoted		
234,457 (March 31,2018: Nil) units in Birla Sun Life Cash Plus Fund	701.04	-
26,103 (March 31,2018: Nil) units in Kotak Money Market Scheme	803.14	-
194,349 (March 31,2018: Nil) units in ICICI Prudential Money Market Fund	503.04	-
33,838 (March 31,2018: Nil) units in Reliance Liquid-Treasury Plan(G)	1,535.96	-
44,218 (March 31,2018: Nil) units in HDFC Liquid Fund	1,618.51	-
11,650,819 (March 31,2018: Nil) units in IDFC Corporate Bond Fund	1,488.21	-
13,357 (March 31,2018: Nil) units in IDFC Cash Fund-Regular	301.52	-
27,191 (March 31,2018: Nil) units in Kotak Liquid Regular Plan Growth	1,025.82	-
Nil (March 31,2018: 10,000,000) units in Reliance Fixed Horizon Fund	-	1,007.40
383,025 (March 31,2018: Nil) units in ICICI Prudential Liquid Fund	1,054.92	-
	9,032.16	1,007.40
All units are in absolute numbers		
Aggregate book value of quoted investments	9,032.16	1,007.40
Aggregate market value of quoted investments	9,032.16	1,007.40
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

8 Income taxes

See accounting policy in Note 2 (m).

A Amounts recognised in profit or loss	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
a) Current tax	9,496.05	9,813.53
b) Deferred tax:		
Attributable to:		
Origination and reversal of temporary difference	(196.02)	(253.75)
Income tax expense reported in the statement of profit or loss	9,300.03	9,559.78

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

B Income tax recognised in other comprehensive income

	March 31, 2019			March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Deferred tax related to items recognised in OCI during the year:						
Exchange differences in translating financial statements of foreign operations	800.15	(279.60)	520.55	4.33	-	4.33
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	(253.66)	88.64	(165.02)	(3,696.41)	1,278.49	(2,417.92)
Fair value of equity investments through OCI	(41.09)	-	(41.09)	30.54	-	30.54
Gain on disposal of equity shares by trust	12.43	-	12.43	2.97	-	2.97
Remeasurements of defined benefit liability (asset)	(472.14)	142.60	(329.54)	157.09	(54.89)	102.20
	45.69	(48.36)	(2.67)	(3,501.48)	1,223.60	(2,277.88)

C. Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2019 and March 31, 2018:

	March 31, 2019		March 31, 2018	
Profit before tax		25,548.03		27,641.86
Tax using the Company's domestic tax rate	34.94%	8,927.50	34.61%	9,566.29
Tax exempt income	-0.13%	(33.53)	-0.03%	(7.16)
Non-deductible expenses	1.90%	485.11	0.66%	182.05
Employee stock compensation cost	0.00%	-	0.10%	26.72
Others	-0.31%	(79.05)	-0.75%	(208.12)
Effective tax rate	36.40%	9,300.03	34.58%	9,559.78
Current tax		9,496.05		9,813.53
Deferred tax		(196.02)		(253.75)
Tax expense reported in the statement of comprehensive income		9,300.03		9,559.78

D. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	68.01	178.03	-	-
Difference on account of revenue recognition	49.58	80.19	-	12.96
Allowances for doubtful debts	527.77	520.00	-	-
Others	914.18	712.94	-	-
	A	1,559.54	1,491.16	12.96
Less: Deferred tax (liability) arising on account of :				
Gain on fair valuation of investments	(20.20)	(2.58)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	-	-	(53.51)	(71.32)
Derivative asset/(liability) on the effective portion of cash flow hedges	9.46	(79.18)	-	-
	B	(10.74)	(53.51)	(71.32)
Net deferred tax asset	(A+B)	1,548.80	(53.51)	(58.36)

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

8. Income taxes (Contd...)

Movement in temporary differences

	Balance as at March 31, 2017	Recognised in OCI during 2017-18	Recognised in profit or loss during 2017-18	FCTR impact on account of average and closing rates	Balance as at March 31, 2018	Recognised in OCI during 2018-19	Recognised in profit or loss during 2018-19	FCTR impact on account of average and closing rates	Balance as at March 31, 2019
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	350.23	-	(172.20)	-	178.03	-	(110.02)	-	68.01
Difference on account of revenue recognition	174.27	-	(81.12)	-	93.15	-	(43.57)	-	49.58
Allowances for doubtful debts	280.98	-	239.02	-	520.00	-	7.77	-	527.77
Others	644.16	(54.89)	123.67	-	712.94	(137.00)	341.65	(3.41)	914.18
Less: Deferred tax liability arising on account of:									
Gain on fair valuation of investments	(83.05)	-	80.47	-	(2.58)	-	(17.62)	-	(20.20)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(134.98)	-	63.91	(0.25)	(71.32)	-	17.81	-	(53.51)
Derivative liability on the effective portion of cash flow hedges	(1,357.67)	1,278.49	-	-	(79.18)	88.64	-	-	9.46
Total	(126.06)	1,223.60	253.75	(0.25)	1,351.04	(48.36)	196.02	(3.41)	1,495.29

E. Unrecognised deferred tax liabilities

As at March 31, 2019 and March 31, 2018, deferred tax liability on the undistributed reserves of the subsidiaries has not been recognised because the Company controls the dividend policy of its subsidiaries i.e., the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	March 31, 2019		March 31, 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	2,463.79	573.96	2,557.69	595.84
Total	2,463.79	573.96	2,557.69	595.84

The tax losses expire in 2021-2025. The deductible temporary differences do not expire under current tax legislation.

G. Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	31-Mar-19	Expiry date	31-Mar-18	Expiry date
Expires	2,463.79	2021-25	2,557.69	2019-25

9. Trade receivables

See accounting policies in Note 2(c) & 2(g)

	March 31, 2019	March 31, 2018
Trade receivables		
Considered good, unsecured	19,990.31	23,634.37
Considered good, secured	-	-
Credit impaired	-	-
Less: Loss allowance	(1,510.80)	(1,478.76)
Net trade receivables	18,479.51	22,155.61
Of the above, trade receivables from related parties are as below:		
	March 31, 2019	March 31, 2018
Total trade receivables from related parties	8,372.69	9,508.35
Allowance for credit loss	-	-
Net trade receivables	8,372.69	9,508.35

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

For terms and conditions of trade receivables owing from related parties, see Note 32.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 29.

10. Unbilled receivables (previous year: Unbilled revenue)

	March 31, 2019	March 31, 2018
Unbilled receivables (previous year: Unbilled revenue)	20,492.92	20,865.22
	20,492.92	20,865.22

11. Cash and bank balances

	March 31, 2019	March 31, 2018
A. Cash and cash equivalents		
Balance with banks in current accounts	33,875.62	25,800.19
Deposits with original maturity of less than three months	3,000.00	11,500.00
	36,875.62	37,300.19

B. Other bank balances

	March 31, 2019	March 31, 2018
Deposits with banks	26.59	26.59
Unclaimed dividend accounts	85.93	103.74
	112.52	130.33

C Disclosure required pursuant to G.S.R. 307(E) and G.S.R. 308(E) dated March 30, 2017

The Company did not have any holdings or dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016. Accordingly, no disclosure has been made in this regard.

12 Derivatives - Current assets

	March 31, 2019	March 31, 2018
Forward exchange contracts used for hedging	-	226.60
	-	226.60
Non-current	-	-
Current	-	226.60
	-	226.60

12 Derivatives - Current liabilities

	March 31, 2019	March 31, 2018
Forward exchange contracts used for hedging	27.06	-
	27.06	-
Non-current	-	-
Current	27.06	-
	27.06	-

13 Loans

	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	Current	Non current	Current	Non current
Loans to employees	106.33	-	222.51	-
Employee advance	(1.28)	-	0.42	-
Security deposits	171.47	617.66	213.14	559.09
	276.52	617.66	436.07	559.09
<i>The above shall also be sub-classified as:</i>				
Considered good - secured	-	-	-	-
Considered good - unsecured	276.52	617.66	436.07	559.09
Balances which have significant increase in credit risk	-	-	-	-
Credit impaired	-	-	-	-
	276.52	617.66	436.07	559.09

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

14. Other financial assets

	March 31, 2019		March 31, 2018	
	Current	Non current	Current	Non current
Deposits with banks	-	21.08	-	19.83
Interest receivable	36.36	-	11.68	-
Other advances	160.43	-	229.99	-
	196.79	21.08	241.67	19.83

15. Other non-current assets

	March 31, 2019	March 31, 2018
Capital advances	150.84	158.89
Prepaid expenses	373.35	34.58
	524.19	193.47

16 Other current assets

	March 31, 2019	March 31, 2018
Balance with statutory authorities	6,246.13	2,445.43
Prepaid expenses	1,743.20	1,113.68
Prepaid Gratuity (Refer Note 20)	-	138.33
Contracted assets	1,904.84	-
Other advances	15.17	412.55
	9,909.34	4,109.99

17 Equity share capital

Authorised	March 31, 2019	March 31, 2018
120,000,000 (March 31, 2018: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00
10,000,000 (March 31, 2018: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00
Issued, subscribed and paid-up		
103,264,184 equity shares of INR 5 each (March 31, 2018 : 102,941,129 equity shares of INR 5 each) fully paid up	5,163.21	5,147.06
	5,163.21	5,147.06

All issued shares are fully paid up.

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

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	102,941,129	5,147.06	102,120,754	5,106.04
Shares issued on exercise of employee stock options	323,055	16.15	820,375	41.02
At the end of the period	103,264,184	5,163.21	102,941,129	5,147.06

The Company has also issued share options to its employees. (see Note 19)

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/her/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Employee stock options/ share purchase plan

Terms attached to stock options granted to employees are described in Note 19 regarding share-based payments.

Shares held by holding/ultimate holding company (i.e., parent of the Company) and/or their subsidiaries/associates

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	100,056,389	5,002.82	95,366,876	4,768.34

Number of shares are in absolute numbers

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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

	March 31, 2019		March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	100,056,389	96.89%	95,366,876	92.64%

Virtusa Consulting Services Private Limited ('Virtusa'), the parent entity, through letter dated October 26, 2017 made a proposal ('Delisting proposal') to the Board of Directors of the Company ('the Board') to voluntarily delist the equity shares of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 by purchasing the shares held by the Company's public shareholders. This Delisting proposal was approved by the Board on November 14, 2017 and subsequently by the shareholders of the Company on December 27, 2017. Virtusa has made a public announcement and letter of offer to the public shareholders, subsequent to obtaining in-principle approval from the stock exchanges. Consequently, Virtusa had increased the total holding to 92.64% of the share capital of the Company as at March 31, 2018. The Company had been delisted in India on receipt of final approval from the stock exchanges on July 11, 2018 effecting the delisting from August 1, 2018.

Shares reserved for issue under options:

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 8,234 equity shares (March 31, 2018: 8,234 equity shares) of INR 5 each (see Note 19)	8,234	0.41	8,234	0.41

18A Other equity

(i) Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. Securities premium also includes gains/losses arising from sale of the Company's shares by the trusts.

(ii) Share based payments reserve

The Company has established various equity-settled share-based payment plans for certain categories of employees of the Company. Refer to Note 19 for further details on these plans.

(iii) Treasury Shares

Own equity instruments that are reacquired are recognised at cost and deducted from equity.

18B. Analysis of accumulated OCI, net of tax

a Other items of OCI

	March 31, 2019	March 31, 2018
Gain on sale of equity instruments classified as FVOCI	124.39	111.96

(i) Remeasurements of defined benefit liability (asset)

	March 31, 2019	March 31, 2018
Opening balance	-	64.05
Remeasurements of defined benefit liability (asset)	(329.54)	102.20
Transferred to retained earnings	329.54	(166.25)
Closing balance	-	-

(ii) Gain on sale of equity instruments classified as FVOCI

	March 31, 2019	March 31, 2018
Opening balance	111.96	108.99
Gain on sale of equity shares during the year	12.43	2.97
Closing balance	124.39	111.96

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

18B. Analysis of accumulated OCI, net of tax (Continued)

b. Disaggregation of changes in items of OCI

	Attributable to the owners of the Company					Total attributable to owners of parent
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Remeasurements of defined benefit liability (asset)	Gain on sale of equity instruments classified as FVOCI	
Year ended March 31, 2018						
Exchange differences on translating financial statements of foreign operations	4.33	-	-	-	-	4.33
Effective portion of gains (losses) on hedging instruments in cash flow hedges	-	(2,417.92)	-	-	-	(2,417.92)
Equity investments through OCI - net change in fair value	-	-	30.54	-	-	30.54
Gain on disposal of equity shares by trust	-	-	-	-	2.97	2.97
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income	-	-	-	-	-	-
Remeasurement of defined benefit liability (asset)	-	-	-	102.20	-	102.20
	4.33	(2,417.92)	30.54	102.20	2.97	(2,277.88)
Year ended March 31, 2019						
Exchange differences on translating financial statements of foreign operations	520.55	-	-	-	-	520.55
Effective portion of gains (losses) on hedging instruments in cash flow hedges	-	(165.02)	-	-	-	(165.02)
Equity investments through OCI - net change in fair value	-	-	(41.09)	-	-	(41.09)
Gain on disposal of equity shares by trust	-	-	-	-	12.43	12.43
Remeasurement of defined benefit liability (asset)	-	-	-	(329.54)	-	(329.54)
	520.55	(165.02)	(41.09)	(329.54)	12.43	(2.67)

Exchange differences on translation of foreign operations

These comprise of all exchange differences arising from translation of financial statements of foreign operations.

Effective portion of cash flow hedges

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Investments through OCI

This comprises changes in the fair value of investments recognised in other comprehensive income and accumulated within equity. As at March 31, 2019, the Company does not hold any investment which are classified as FVOCI. However, the Company holds certain investments in equity instruments where an irrevocable election has been made to present subsequent changes in fair value in other comprehensive income (FVOCI). Accordingly, the fair value changes of such equity instruments are disclosed under this sub-head.

Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Gain on sale of equity instruments classified as FVOCI

The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in FVOCI. This sub-head comprises of gain on sale of such equity instruments subsequently classified as FVOCI.

19 Share-based payments

A Description of share-based payment arrangements

At March 31, 2019, the Company has the following share-based payment arrangements

Associate Stock Option Plan 2003

The Shareholders of the Company at the Extra-ordinary General Meeting (EGM) held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (SEBI) Employee Stock Option

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Share-based payments (continued)

Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on July 22, 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs.5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of INR 5 each. The 2011 plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non executive directors	Non – Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000
Grant price				
A. Market price upto INR 175	Market price 15% discount on market price.	Market price 30% discount on market price.	Market price 50% discount on market price.	Market price
B. Market price between INR 175 – INR 500	(Subject to being Not lower than INR 175)	(Subject to being Not lower than INR 175)	(Subject to being Not lower than INR 175)	Market price
C. Market price greater than INR 500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfilment of vesting conditions as follows:

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***19 Share-based payments (continued)**

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on March 19, 2015 approved an Associate Stock Option Plan (the 2015 plan). The 2015 plan provides for issuance of 5,000,000 options convertible into equivalent number of equity shares of INR 5 each. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
Grant price					
Market price upto INR 126	Market price	Market price	Market price	Market price	Market price
Market price between INR 126 – INR 360	15% discount on market price. (Subject to being Not lower than INR 126)	30% discount on market price. (Subject to being Not lower than INR 126)	50% discount on market price. (Subject to being Not lower than INR 126)	25% discount on market price. (Subject to being Not lower than INR 126)	up to 50% discount on market price. (Subject to being Not lower than INR 126)
Market price greater than INR 360	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price	Up to 50% discount on market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. No options were granted under this plan during the year.

During September 15, 2014, the Products business was demerged / spun of into a separate legal entity, Intellect Design Arena Limited (IDAL) through a court approved demerger scheme. As per the scheme of arrangement, the exercise price of stock options for the above plans, held by employees, were modified to 72% of the erstwhile exercise price and the employees were granted an equivalent number of options in IDAL. The balance exercise price represented the price of the stock options issued by IDAL to the employees.

Associate Stock Option Plan (Trust) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of INR 5 each. The options shall be granted at the market price if the market price is below INR 175 or at discount of 10% on market price if the market price is INR 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. No options were granted under this plan during the year.

Restricted stock units

Certain employees of the Company received stock options of the ultimate holding company, Virtusa Corporation, USA, under the Employee Stock option plans instituted by Virtusa Corporation.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Share-based payments (continued)

In May 2015, the Virtusa Corporation adopted the 2015 Stock Option and Incentive Plan (“2015 Plan”) which was also approved by the Virtusa Corporation’s stockholders on September 1, 2015. The 2015 Plan permits the granting of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, unrestricted stock awards, performance share awards, performance-based awards to covered employees, cash-based awards and dividend equivalent rights. During the year, the employees of the company were allotted 338,171 units under the above 2015 Plan.

B Measurement of fair values

The fair value of employee share options has been measured using Black-Scholes model.

Scheme	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015
Grant date	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101
	April 30, 2015	May 8, 2015	August 6, 2015	October 29, 2015	February 16, 2016
Fair value at grant date	51.71	52.67	88.78	80.18	85.16
Share price at grant date	153.20	158.10	211.70	198.30	210.00
Exercise price	130.22	145.18	179.95	168.56	178.67
Expected volatility	52.79%	52.92%	50.93%	50.85%	49.25%
Expected life (expected weighted average life)	6 years	6 years	6 years	6 years	6 years
Expected dividends	7.34%	7.12%	4.72%	5.04%	4.76%
Risk-free interest rate (based on government bonds)	7.83%	7.97%	7.85%	7.60%	7.74%

Expected volatility has been based on an evaluation of the historical volatility of the Company’s share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

C Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows

Associate Stock Option Plan 2003

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	126.07	28,200	127.86	188,300
Granted during the period	-	-	-	-
Forfeited during the period	-	-	137.28	(11,900)
Exercised during the period	127.46	(10,200)	132.01	(119,300)
Expired during the period	137.89	(13,000)	108.60	(28,900)
Outstanding at 31 March	92.52	5,000	126.07	28,200
Exercisable at 31 March	92.52	5,000	126.07	28,200

The options outstanding at March 31, 2019 have an exercise price of INR 92.52 (March 31, 2018: INR 92.52 to INR 150.33) and a weighted average remaining contractual life of 0.17 years (March 31, 2018: 0.49 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 473.72 (2017-18: INR 372.76)

Associate Stock Option Plan 2004

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	133.88	8,974	128.64	48,500
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	126.95	(38,026)
Expired during the period	133.88	(8,974)	140.08	(1,500)
Outstanding at 31 March	-	-	133.88	8,974
Exercisable at 31 March	-	-	133.88	8,974

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Share-based payments (continued)

The options outstanding at March 31, 2019 have an exercise price was INR Nil (March 31, 2018: INR 133.88) and a weighted average remaining contractual life of Nil (March 31, 2018: 0.24 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR Nil (2017-18: INR 342.20)

Associate Stock Option Plan 2011

	Weighted average exercise price March 31, 2019	Number of options March 31, 2019	Weighted average exercise price March 31, 2018	Number of options March 31, 2018
Outstanding at 1 April	111.02	437,955	105.09	1,469,830
Granted during the period	-	-	-	-
Forfeited during the period	126.39	(82,910)	106.05	(402,450)
Exercised during the period	109.44	(262,155)	100.39	(629,425)
Expired during the period	-	-	-	-
Outstanding at 31 March	110.96	92,890	111.02	437,955
Exercisable at 31 March	110.96	92,890	107.33	381,455

The options outstanding at March 31, 2019 have an exercise price in the range of INR 82.58 to INR 175 (March 31, 2018: INR 81.50 to INR 175) and a weighted average remaining contractual life of 1.81 years (March 31, 2018: 3.32 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 472.28 (2017-18: INR 377.37)

Associate Stock Option Plan 2015

	Weighted average exercise price March 31, 2019	Number of options March 31, 2019	Weighted average exercise price March 31, 2018	Number of options March 31, 2018
Outstanding at 1 April	146.66	158,400	145.74	264,450
Granted during the period	-	-	-	-
Forfeited during the period	146.45	(6,300)	143.39	(34,400)
Exercised during the period	145.71	(50,700)	144.83	(71,650)
Expired during the period	-	-	-	-
Outstanding at 31 March	147.15	101,400	146.66	158,400
Exercisable at 31 March	152.31	34,800	153.98	28,600

The options outstanding at March 31, 2019 have an exercise price in the range of INR 130.22 to INR 179.95 (March 31, 2018: INR 130.22 to INR 179.95) and a weighted average remaining contractual life of 2.08 years (March 31, 2018: 3.02 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 474.01 (2017-18: INR 410.05)

Restricted stock units

	Weighted average exercise price March 31, 2019	Number of options March 31, 2019	Weighted average exercise price March 31, 2018	Number of options March 31, 2018
Outstanding at 1 April	-	73,047	-	112,052
Granted during the period	-	29,700	-	26,285
Forfeited during the period	-	(17,381)	-	(31,404)
Exercised during the period	-	(28,999)	-	(33,886)
Expired during the period	-	-	-	-
Outstanding at 31 March	-	56,367	-	73,047
Exercisable at 31 March	-	-	-	-

The weighted average remaining contractual life of the restricted stock units is 1.24 years (March 31, 2018: 1.40 years)

D Expense recognised in statement of profit and loss

For details on the employee benefits expense, see Note 25.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

20 Provision for employee benefits

	March 31, 2019	March 31, 2018
Net defined benefit liability - Gratuity plan	553.59	-
Liability for compensated absences	3,452.60	2,920.82
	4,006.19	2,920.82
Non-current	-	-
Current	4,006.19	2,920.82
	4,006.19	2,920.82

For details about the related employee benefit expenses, see Note 25

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The Company provides the gratuity benefit through contributions to ICICI Prudential Life Insurance and Life Insurance Corporation of India (LIC).

A Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

Reconciliation of present value of defined benefit obligation

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2,203.52	2,423.94
Benefits paid	(413.21)	(365.24)
Current service cost	381.76	343.02
Interest cost	146.45	148.59
Increase (decrease) due to effect of any business combination, divestitures, transfers	(124.16)	-
Actuarial (gains)/losses recognised in other comprehensive income		
- changes in financial assumptions	294.85	(51.14)
- experience adjustments	163.77	(295.65)
Balance at the end of the year	2,652.98	2,203.52

Reconciliation of the present value of plan assets

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2,341.85	2,165.85
Contributions paid into the plan	1.78	583.46
Benefits paid	(413.21)	(364.03)
Interest income	170.96	146.28
Actuarial gains (losses) recognised in other comprehensive income	(1.99)	(189.71)
Balance at the end of the year	2,099.39	2,341.85
Net defined benefit (asset) / obligation	553.59	(138.33)

B i. Expense recognised in profit or loss

	March 31, 2019	March 31, 2018
Current service cost	381.76	343.02
Interest cost	146.45	148.59
Interest income	(170.96)	(146.28)
	357.25	345.33

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

20 Provision for employee benefits (continued)**ii. Remeasurements recognised in other comprehensive income**

	March 31, 2019	March 31, 2018
Actuarial loss (gain) on defined benefit obligation	(458.62)	346.80
Actuarial (loss) gain on plan assets	(1.99)	(189.71)
	(460.61)	157.09

As at March 31, 2019 and March 31, 2018, the plan assets have been invested in:

Corporate Bonds	91.47%
Government Securities	4.26%
Money Market Instruments	0.65%
Others	3.62%
Total	100%

C Defined benefit obligation**i. Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	March 31, 2019	March 31, 2018
Discount rate	7.10%	7.30%
Return on plan assets	7.10%	7.30%
Future salary growth	1.9 % - 8%	1.9 % - 5%
Attrition rate	14.5% - 19.08%	14.5% - 19.08%

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(60.79)	63.65	(45.58)	47.57
Future salary growth (50 basis points)	52.85	(51.62)	42.25	(40.97)
Withdrawal rate (100 basis points)	(14.57)	14.66	(0.91)	0.18

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 5 years (March 31, 2018: 5 years).

21 Trade and other payables

	March 31, 2019	March 31, 2018
Trade payables to related parties	12,165.09	8,231.06
Other trade payables	5,242.12	5,214.11
	17,407.21	13,445.17

All trade payables are 'current'.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 29.

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

As at March 31, 2019, the Company had no outstanding dues to Micro and Small enterprises is Nil (March 31, 2018: Nil). The list of Micro and Small enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

22 Other financial liabilities

	March 31, 2019	March 31, 2018
Liabilities for restricted stock units	689.85	2,174.52
Unclaimed dividend	85.93	103.74
	775.78	2,278.26

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in Note 29.

23 Other current liabilities

	March 31, 2019	March 31, 2018
Employee related payables	3,791.77	4,258.67
Deferred revenue	1,449.07	2,273.24
Statutory tax payable	1,157.06	1,271.82
Others	190.41	463.10
	6,588.31	8,266.83

24 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income under effective interest method on		
Cash and bank balances	60.13	62.78
Gain on sale of investments (net)	706.31	2,577.66
Financial assets at FVTPL-net change in fair value:		
Mandatorily measured at FVTPL	65.23	-
Dividend income	95.94	20.70
Net gain on sale of property, plant and equipment	167.96	29.16
Net gain on foreign currency transactions	2,429.15	-
Miscellaneous income	420.80	147.01
	3,945.52	2,837.31

25 Employee benefits expense

See accounting policies in Note 2(h)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus		140,474.42	122,559.88
Contribution to provident fund and other funds		2,549.81	2,171.89
Gratuity	20	357.25	345.33
Share based payments	19	382.99	878.71
Staff welfare expense		4,985.14	3,837.91
		148,749.61	129,793.72

26 Depreciation and amortisation expense

See accounting policies in Note 2(d) and (e)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	4	2,546.58	2,057.82
Amortisation of intangible assets	6	394.94	314.51
		2,941.52	2,372.33

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***27 Other expenses**

	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	1,047.22	909.63
Rent	1,078.89	844.73
Subcontracting expenses	4,552.29	5,302.10
Repairs and maintenance	3,241.16	2,396.78
Rates and taxes	73.88	103.01
Travelling expenses	7,584.58	6,745.93
Legal and professional charges	920.40	2,267.96
Payment to the auditors (see note (i) below)	50.00	99.89
Business promotion	1,199.61	875.07
Expenditure on corporate social responsibility (see note (ii) below)	175.00	312.17
Communication expenses	934.30	1,109.12
Office maintenance	1,360.85	1,264.90
Impairment loss on financial assets	90.76	1,046.15
Impairment loss on non-financial assets	267.00	-
Change in fair value of investments	945.26	-
Insurance	251.31	329.70
Printing and stationery	81.87	63.91
Directors' sitting fees	43.15	75.25
Net Loss on foreign currency transactions	-	328.70
Miscellaneous expenses	3,826.17	685.26
	27,723.70	24,760.26

(i) Payments to auditors

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Statutory audit	25.00	63.50
In other capacity	13.00	18.00
Reimbursement of expenses	12.00	18.39
	50.00	99.89

(ii) Details of corporate social responsibility expenditure

Amount required to be spent by the Company during the year	361.86	307.25
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	175.00	312.17

28 Earnings per share**A Basic earnings per share**

The calculations of basic earnings per share based on profit attributable to equity shareholders and weighted average number of equity shares outstanding are as follows:

i. Profit attributable to equity shareholders (basic)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year, attributable to the equity holders	16,248.00	18,082.08

ii. Weighted average number of equity shares (basic)

	March 31, 2019	March 31, 2018
Opening balance	102,941,129	102,120,754
Effect of share options exercised	202,992	235,019
Weighted average number of equity shares for the year	103,144,121	102,355,773

Number of equity shares are in absolute terms

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

28 Earnings per share (continued)

B Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

i. Profit attributable to equity shareholders (diluted)

	March 31, 2019	March 31, 2018
Profit for the year, attributable to the equity holders	16,248.00	18,082.08

ii. Weighted average number of equity shares (diluted)

	March 31, 2019	March 31, 2018
Weighted average number of equity shares (basic)	103,144,121	102,355,773
Effect of exercise of share options	145,769	372,802
Weighted average number of equity shares for the year	103,289,890	102,728,575

Number of equity shares are in absolute terms

29 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy

March 31, 2019

	Carrying amount						Fair value			
	Fair value-hedging instruments	Mandatorily at FVT-PL-others	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
- Preference shares	-	130.48	-	-	-	130.48	130.48	-	-	130.48
- Mutual funds	-	9,032.16	-	-	-	9,032.16	9,032.16	-	-	9,032.16
- Equity instruments	-	-	93.16	-	-	93.16	93.16	-	-	93.16
	-	9,162.64	93.16	-	-	9,255.80	9,255.80	-	-	9,255.80
Financial assets not measured at fair value										
Trade receivables	-	-	-	18,479.51	-	18,479.51				
Unbilled receivables (PY: Unbilled revenue)	-	-	-	20,492.92	-	20,492.92				
Loans	-	-	-	894.18	-	894.18				
Cash and cash equivalents	-	-	-	36,875.62	-	36,875.62				
Other bank balances	-	-	-	112.52	-	112.52				
Other financial assets	-	-	-	217.87	-	217.87				
	-	-	-	77,072.62	-	77,072.62				
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	27.06	-	-	-	-	27.06	-	27.06	-	27.06
	27.06	-	-	-	-	27.06	-	27.06	-	27.06
Financial liabilities not measured at fair value										
Trade and other payables	-	-	-	-	17,407.21	17,407.21				
Other financial liabilities	-	-	-	-	775.78	775.78				
	54.12	-	-	-	18,182.99	18,237.11				

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29 Financial instruments - Fair values and risk management (continued)

March 31, 2018

	Carrying amount						Fair value			
	Fair value- hedging instruments	Mandatorily at FVT- PL-others	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
- Preference shares	-	1,075.74	-	-	-	1,075.74	1,075.74	-	-	1,075.74
- Mutual funds	-	1,007.40	-	-	-	1,007.40	1,007.40	-	-	1,007.40
- Equity instruments	-	-	138.53	-	-	138.53	138.53	-	-	138.53
Forward exchange contracts used for hedging	226.60	-	-	-	-	226.60	-	226.60	-	226.60
	226.60	2,083.14	138.53	-	-	2,448.27	2,221.67	226.60	-	2,448.27
Financial assets not measured at fair value										
Trade receivables	-	-	-	22,155.61	-	22,155.61				
Unbilled receivables (PY: Unbilled revenue)	-	-	-	20,865.22	-	20,865.22				
Loans	-	-	-	222.93	-	222.93				
Cash and cash equivalents	-	-	-	37,300.19	-	37,300.19				
Other bank balances	-	-	-	130.33	-	130.33				
Other financial assets	-	-	-	1,033.73	-	1,033.73				
	-	-	-	81,708.01	-	81,708.01				
Financial liabilities not measured at fair value										
Trade and other payables	-	-	-	-	13,445.17	13,445.17				
Other financial liabilities	-	-	-	-	2,278.26	2,278.26				
	-	-	-	-	15,723.43	15,723.43				

For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximate the fair values.

B Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the balance sheet. Related valuation processes are described in Note 2(a)(v).

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (C)(ii));
- liquidity risk (see (C)(iii)); and
- market risk (see (C)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29 Financial instruments - Fair values and risk management (continued)

The Company’s audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables and unbilled revenue are typically unsecured and are derived of revenue earned from customers primarily Citi Bank Group. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss model to assess the impairment loss or gain. The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of loss.

The details in respect of the percentage of revenues generated from top customer and top five customers are as follows

	March 31, 2019	March 31, 2018
Revenue from top customer	119,557.61	92,943.13
Revenue from top five customers	151,340.53	120,833.79

At March 31, 2019, the carrying amount of the Company’s most significant customer is INR 4,217,18 lakhs (March 31, 2018: INR 4,956.85 lakhs).

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables for corporate customers

March 31, 2019	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Gross carrying amount	7.62%	17,269.73	(1,155.35)
Expected credit loss (loss allowance)	13.07%	2,460.43	(321.57)
Expected loss rate	13.02%	260.15	(33.88)
Carrying amount of trade receivables		19,990.31	(1,510.80)

March 31, 2018	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Gross carrying amount	5.19%	20,143.95	(1,044.49)
Expected credit loss (loss allowance)	12.74%	3,392.02	(432.19)
Expected loss rate	2.11%	98.40	(2.08)
Carrying amount of trade receivables		23,634.37	(1,478.76)

The movement in the allowance for impairment in respect of trade receivables is as follows

	March 31, 2019	March 31, 2018
Balance as at April 1	1,478.76	811.90
Amounts written off	(54.15)	-
Net remeasurement of loss allowance	86.19	666.86
Balance as at March 31	1,510.80	1,478.76

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, bonds and preference shares.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***29 Financial instruments - Fair values and risk management (continued)**

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2019, the Company had a working capital of INR 87,996.74 lakhs including cash and bank balances of INR 36,988.14 lakhs and investments of INR 12,036.17 lakhs. As of March 31, 2018, the Company had a working capital of INR 85,447.76 lakhs including cash and bank balances of INR 37,430.52 lakhs and investments of INR 4,996.41 lakhs.

The Company maintains positive cash resources and has sufficient available funds for operations and planned expansion of its existing activities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31, 2019

	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	17,407.21	(17,407.21)	(17,407.21)	-
Other financial liabilities	775.78	(775.78)	(775.78)	-
	18,182.99	(18,182.99)	(18,182.99)	-

March 31, 2018

	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	13,445.17	(13,445.17)	(13,445.17)	-
Other financial liabilities	2,278.26	(2,278.26)	(2,278.26)	-
	15,723.43	(15,723.43)	(15,723.43)	-

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows

March 31, 2019	USD	GBP	EUR	Others	Total
Cash and cash equivalents	29,314.50	32.42	28.77	4.93	29,380.62
Trade receivables	12,588.86	1,819.76	66.70	1,662.65	16,137.97
Unbilled receivables (PY: Unbilled revenue)	20,503.14	0.01	27.65	-	20,530.79
Trade payables	(7,806.79)	(893.94)	(1,028.30)	(2,543.05)	(12,272.08)
Net exposure in respect of recognised assets and liabilities	54,599.70	958.25	(905.18)	(875.47)	53,777.30

March 31, 2018	USD	GBP	EUR	Others	Total
Cash and cash equivalents	22,678.11	-	64.32	1.98	22,744.41
Trade receivables	12,539.30	2,427.36	56.83	2,225.56	17,249.05
Unbilled receivables (PY: Unbilled revenue)	17,273.72	-	29.29	61.64	17,364.65
Trade payables	(3,357.17)	(271.79)	(635.43)	(3,339.00)	(7,603.38)
Net exposure in respect of recognised assets and liabilities	49,133.97	2,155.57	(484.99)	(1,049.81)	49,754.73

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against USD or GBP at March 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2019				
INR / USD (1% movement)	483.05	(483.05)	546.00	(546.00)
INR / GBP (1% movement)	(5.60)	5.60	9.58	(9.58)
March 31, 2018				
INR / USD (1% movement)	655.74	(655.74)	491.34	(491.34)
INR / GBP (1% movement)	35.64	(35.64)	21.56	(21.56)

Hedge accounting

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Cash flow hedges

At March 31, 2019, the Company holds the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of INR)	4,155.17	-	-
Average INR:USD forward contract rate	69.25	-	-

At March 31, 2018, the Company held the following instruments to hedge exposures to changes in foreign currency rates

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of INR)	16,237.00	9,742.20	-
Average INR:USD forward contract rate	66.81	67.40	-

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting

	March 31, 2019	March 31, 2018
	Equity head 'Effective portion of cash flow hedges'	Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	226.60	3,923.01
Effective portion of changes in fair value		
Foreign currency risk – Sales	(1,743.60)	1,560.78
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	1,489.94	(5,257.19)
Tax on movements in relevant items of OCI during the year	88.64	1,278.49
Balance as at March 31	61.58	1,505.09

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29C. Financial instruments - Fair values and risk management (continued)

iv. Market risk (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	March 31, 2019		During the period 2018-2019					Line item in profit or loss affected by the reclassification					
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness		Cost of hedging recognised in OCI	Amount transferred from equity head 'effective portion of cash flow hedges' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss
Foreign currency risk													
Forward exchange contracts - Sales	4,155.17	-	27.06	Derivative liability	(1,743.60)	Nil	Not applicable	-	-	-	(1,489.94)	-	Revenue
	March 31, 2018		During the period 2017-2018					Line item in profit or loss affected by the reclassification					
Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI		Amount transferred from equity head 'effective portion of cash flow hedges' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss	Line item in profit or loss affected by the reclassification
Foreign currency risk													
Forward exchange contracts - Sales	25,979.20	226.60	-	Derivative asset	1,560.78	Nil	Not applicable	-	-	-	5,257.19	-	Revenue

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***29. Financial instruments - Fair values and risk management (continued)****D Capital management**

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company. Management monitors the operating profitability of the Company.

The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through the cash reserves and the operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

The Company maintains adequate liquidity to meet their near-term requirements and there are no borrowings in the Company as at March 31, 2019 and March 31, 2018. The Company has a healthy risk profile driven by its healthy capital structure with no debts and a net worth of INR 109,685.01 lakhs as at March 31, 2019. Moreover the Company has strong liquidity, marked by cash and cash equivalents of around INR 93,053.11 lakhs as on March 31, 2018.

The Company will strive to improve capital efficiency and grow revenues in order to generate higher return on capital employed. The Company monitors capital using a ratio of Daily Sales Outstanding ('DSO') or adjusted debtors turnover ratio. For this purpose, adjusted debtors is defined as the sum of total debtors excluding the taxes, and unbilled revenue. Turnover comprises of operating revenues for the year.

	31-Mar-19	31-Mar-18
Total debtors	18,479.51	22,155.61
Less: Taxes	(458.77)	(624.22)
Contracted assets	1,904.84	-
Unbilled receivables (PY: Unbilled revenue)	20,492.92	20,865.22
Adjusted debtors	40,418.50	42,396.61
Operating revenue	201,017.36	181,730.87
DSO	73	85

The Company's policy is to keep the DSO as minimum as possible.

30 Operating leases**Leases as lessee**

The Company has taken on lease a number of offices and residential premises for the employees under operating leases. The leases typically expires at various dates in future years. There are no significant restrictions imposed by the lease arrangements. Some leases agreements have price escalation clauses.

i. Future minimum lease payments

At March 31, the future minimum lease payments to be made under non-cancellable operating leases are as follows

	March 31, 2019	March 31, 2018
Payable in less than one year	1,006.10	812.77
Payable between one and five years	4,102.77	3,169.37
Payable after more than five years	3,633.84	1,862.92
	8,742.71	5,845.06

ii. Amounts recognised in profit or loss

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	1,078.89	844.73

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

31 Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2019	March 31, 2018
Contingent liabilities		
a. Claims against the Company not acknowledged as debts		
Income tax related matters (see Note (i) and (ii) below)	15,761.92	15,811.59
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	1,439.65	417.81
Other matters including claims related to employees/ ex-employees, etc. (see Note (i) & (ii) below)	-	-
	17,201.57	16,229.41
Commitments		
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)	1,344.17	1,419.68

Notes

- i. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.
- ii. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- iii. As at March 31, 2019, the Company is committed to spend INR 1,344.17 lakhs (March 31, 2018: 1,419.68 lakhs) under a contract to purchase property, plant and equipment.
- iv. On February 28, 2019, the Honorable Supreme Court of India issued a ruling interpreting Provident Fund contribution obligations of employees and employers, which altered historical understandings of such obligations, extending them to cover additional portions of employee income. As a result, contributions by our employees and the Company will increase in future periods. Based on the legal opinion we understand that there is uncertainty as to whether the Indian Government will apply the Supreme Court's ruling on a retroactive basis and if so, how this liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the ultimate amount of our obligation is difficult to quantify. If the Indian Government were to apply the Supreme Court ruling retroactively, without assessing interest and penalties, the impact would be a charge of approximately INR 1,543 lakhs to our income from operations and cash flows.

32 Related parties

A Parent and ultimate controlling party

The parent Company is Virtusa Consulting Services Private Limited and the ultimate controlling party is Virtusa Corporation, USA.

List of related parties

Name of the related party and nature of relationship

Virtusa Corporation	Ultimate Holding Company
Virtusa Consulting Services Pvt. Ltd.	Holding Company

List of subsidiaries	Key Management Personnel
Polaris Consulting & Services Pte Ltd, Singapore	Rama Sivaraman, Executive Director
Virtusa Consulting & Services Inc., Canada (formerly known as Polaris Consulting & Services Inc., Canada)	Vaidyanathan N M, Chief Financial Officer
Polaris Consulting & Services Limited, United Kingdom	Christina Pauline Beulah, Company Secretary
Polaris Consulting & Services GmbH, Germany	
Polaris Consulting & Services Pty Ltd, Australia	
Polaris Consulting and Services Japan K.K, Japan	
Optimus Global Services Limited, India	
Polaris Consulting & Services Ireland Ltd., Ireland	Joint Venture
Polaris Consulting & Services B.V, Netherlands	Intellect Polaris Design LLC, USA
Polaris Software (Shanghai) Company Limited, China	

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

32 Related parties (continued)

List of subsidiaries

Polaris Software Consulting & Services Sdn. Bhd., Malaysia
 Polaris Consulting & Services, KFT, Hungary
 Polaris Consulting and Services FZ- LLC, Dubai
 Polaris Consulting & Services SA, Switzerland
 Virtusa Malaysia SDN BHD
 Virtusa QFC IT Consulting LLC

Fellow subsidiaries

Virtusa Technologies India Pvt. Ltd.
 Virtusa Software Services Pvt. Ltd
 Virtusa Austria GmbH
 Virtusa International BV, Netherlands
 Virtusa Pvt.Ltd, Sri Lanka
 Virtusa Singapore Private Limited
 Virtusa UK Limited
 Virtusa AB, Sweden
 Virtusa Switzerland GmbH
 Virtusa Hungary Kft.
 Virtusa APS
 Etouch Systems (India) Private Limited (from March 12, 2018)

B Transactions with key management personnel

i. Key management personnel compensation

	Year ended March 31, 2019	Year ended March 31, 2018
Remuneration and other benefits	715.85	683.49
	<u>715.85</u>	<u>683.49</u>

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 20).

Executive officers also participate in the Company's share option plan (see Note 19).

C Related party transactions other than those with key management personnel

	March 31, 2019	March 31, 2018
Balance due from related parties		
Trade receivables (see note 9)		
Virtusa Corporation	4,152.23	3,938.16
Virtusa Consulting Services Pvt. Ltd.	113.41	231.98
Virtusa Austria GmbH	5.19	6.22
Virtusa Malaysia SDN BHD	-	0.93
Virtusa Pvt.Ltd, Sri Lanka	8.43	19.70
Virtusa Singapore Private Limited	96.86	98.69
Virtusa UK Limited	246.65	296.34
Virtusa AB- Sweden	6.50	-
Etouch Systems (India) Private Limited	5.16	-
Polaris Consulting & Services Pty Ltd, Australia	194.03	2.89
Polaris Consulting & Services Pte Ltd, Singapore	5.70	0.47
Polaris Consulting & Services GmbH, Germany	-	3.19
Polaris Consulting and Services Japan K.K, Japan	(121.53)	127.07
Polaris Consulting & Services Limited, United Kingdom	1,928.85	2,130.77
Polaris Consulting & Services Inc., Canada	1,640.20	1,832.39
Polaris Software (Shanghai) Company Limited, China	-	23.10
Polaris Consulting and Services FZ- LLC, Dubai	186.92	615.98

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

32 Related parties (continued)

	March 31, 2019	March 31, 2018
Polaris Consulting & Services Ireland Ltd., Ireland	-	13.71
Polaris Consulting & Services B.V, Netherlands	(1.56)	-
Polaris Consulting & Services SA, Switzerland	(97.88)	1.59
Optimus Global Services Limited, India	3.53	165.17
	8,372.69	9,508.35
Other financial assets - non current		
Intellect Polaris Design LLC,USA	17.36	16.24
	17.36	16.24
Other current assets		
Intellect Polaris Design LLC,USA	9.84	9.20
	9.84	9.20
Balance due to related parties		
Trade payables		
Virtusa Corporation	3,633.53	2,631.61
Virtusa Consulting Services Pvt. Ltd.	2,198.13	770.98
Virtusa Pvt.Ltd, Sri Lanka	268.57	275.09
Virtusa Singapore Private Limited	371.19	-
Virtusa UK Limited	885.13	102.99
Virtusa Technologies India Pvt. Ltd.	247.05	97.38
Virtusa APS	92.20	-
Virtusa Software Services Pvt. Ltd	330.89	198.98
Virtusa AB- Sweden	16.10	-
Virtusa Switzerland GmbH	14.07	43.83
Virtusa Hungary Kft.	-	23.34
Virtusa Malaysia SDN BHD	13.35	(13.56)
Polaris Consulting & Services GmbH, Germany	26.75	11.11
Polaris Consulting and Services FZ- LLC, Dubai	1,818.26	2,455.22
Polaris Consulting and Services Japan K.K, Japan	4.10	120.89
Polaris Consulting & Services Ireland Ltd., Ireland	884.78	596.81
Polaris Consulting & Services Limited, United Kingdom	111.96	163.41
Polaris Consulting & Services Pte Ltd, Singapore	934.52	218.48
Polaris Consulting & Services SA, Switzerland	0.73	443.05
Polaris Consulting & Services B.V, Netherlands	140.42	0.24
Polaris Consulting & Services Inc., Canada	173.35	52.23
Optimus Global Services Limited, India	-	38.98
	12,165.08	8,231.06
Other financial liabilities		
Virtusa Corporation	689.85	-
	689.85	-
Investments held for sale		
Optimus Global Services Limited, India (classified as Assets Held for Sale during the year)	5.00	-
	5.00	-
Investments		
Polaris Consulting & Services Pty Ltd, Australia	8.11	8.11
Polaris Consulting and Services Japan K.K, Japan	79.04	79.04
Polaris Consulting & Services Pte Ltd, Singapore	112.69	112.69
Polaris Consulting & Services Inc., Canada	109.38	109.38
Polaris Consulting & Services GmbH, Germany	261.99	261.99
Polaris Consulting & Services Ireland Ltd., Ireland	88.96	88.96

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

32 Related parties (continued)

C Related party transactions other than those with key management personnel (continued)

	March 31, 2019	March 31, 2018
Polaris Consulting & Services Limited, United Kingdom	4.92	4.92
Polaris Consulting and Services FZ- LLC, Dubai	261.00	261.00
Polaris Consulting & Services SA, Switzerland	685.30	685.30
Optimus Global Services Limited, India (classified as Assets Held for Sale during the year)	-	-
Intellect Polaris Design LLC, USA	1,163.35	1,163.35
	2,774.74	2,774.74

	Year ended March 31, 2019	Year ended March 31, 2018
Software development service income		
Virtusa Corporation	14,660.73	16,362.16
Virtusa Consulting Services Pvt. Ltd.	466.60	412.94
Virtusa International BV, Netherlands	-	3.03
Virtusa Pvt.Ltd, Sri Lanka	12.39	18.40
Virtusa Singapore Private Limited	279.52	189.54
Virtusa UK Limited	1,714.21	555.20
Virtusa AB- Sweden	24.06	-
Virtusa Austria GmbH	27.90	46.53
Polaris Consulting & Services Pty Ltd, Australia	1,991.30	67.68
Polaris Consulting and Services Japan K.K, Japan	82.30	238.14
Polaris Consulting & Services GmbH, Germany	-	3.20
Polaris Consulting & Services Limited, United Kingdom	4,901.18	3,804.25
Virtusa Malaysia SDN BHD	0.19	-
Polaris Consulting & Services SA, Switzerland	240.17	-
Polaris Consulting & Services Inc., Canada	6,447.78	5,747.46
	30,848.33	27,448.53
Software development expenses		
Virtusa Corporation	10,500.70	4,670.56
Virtusa Consulting Services Pvt. Ltd.	6,077.60	4,472.54
Virtusa Pvt.Ltd, Sri Lanka	256.30	575.41
Virtusa UK Limited	257.21	373.83
Virtusa International BV, Netherlands	-	(2.24)
Virtusa Switzerland GmbH	91.61	69.45
Virtusa AB- Sweden	17.04	-
Virtusa Hungary Kft.	16.61	22.92
Virtusa APS	95.18	59.66
Virtusa Singapore Private Limited	303.74	-
Virtusa Software Services Pvt. Ltd	1,029.96	1,156.03
Virtusa Technologies India Pvt. Ltd.	819.38	609.53
Virtusa Malaysia SDN BHD	33.09	-
Polaris Consulting & Services Pty Ltd, Australia	-	217.21
Polaris Consulting and Services Japan K.K, Japan	-	139.08
Polaris Consulting & Services GmbH, Germany	-	69.90
Polaris Consulting & Services Ireland Ltd., Ireland	908.28	479.38
Polaris Consulting & Services Limited, United Kingdom	-	697.81
Polaris Consulting & Services Pte Ltd, Singapore	710.42	1,750.11
Polaris Consulting and Services FZ- LLC, Dubai	7,328.15	7,252.78
Polaris Consulting & Services SA, Switzerland	-	1,445.57
	28,445.27	24,059.53

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

32 Related parties (continued)

	Year ended March 31, 2019	Year ended March 31, 2018
Expenses reimbursed		
Virtusa Corporation	12,436.51	3,461.59
Virtusa Consulting Services Pvt. Ltd.	245.26	2.19
Virtusa Pvt.Ltd, Sri Lanka	925.61	907.34
Virtusa UK Limited	116.28	-
Virtusa Singapore Private Limited	9.93	-
Virtusa Software Services Pvt. Ltd	-	0.99
Virtusa Technologies India Pvt. Ltd.	-	0.26
Polaris Consulting and Services Japan K.K, Japan	1.71	-
Polaris Consulting & Services SA, Switzerland	0.80	-
Polaris Consulting & Services Limited, United Kingdom	115.37	-
Polaris Consulting and Services FZ- LLC, Dubai	6.11	-
Polaris Consulting & Services GmbH, Germany	23.69	19.71
	13,881.27	4,392.08
Expenses paid on behalf of		
Virtusa Corporation	416.51	-
Virtusa Consulting Services Pvt. Ltd., India	1.05	-
Virtusa Pvt.Ltd, Sri Lanka	62.42	8.57
Virtusa Singapore Private Limited	5.14	-
Virtusa UK Limited	5.37	-
Polaris Consulting & Services Pty Ltd, Australia	10.26	-
Polaris Consulting & Services Inc., Canada	215.61	-
Polaris Consulting and Services Japan K.K, Japan	2.35	-
Polaris Consulting & Services SA, Switzerland	7.27	-
Polaris Consulting & Services Ireland Ltd., Ireland	2.40	-
Polaris Consulting & Services Limited, United Kingdom	109.13	-
Polaris Consulting & Services Pte Ltd, Singapore	23.14	-
Polaris Consulting and Services FZ- LLC, Dubai	124.43	-
	985.08	8.57
Transfer of fixed assets		
Virtusa Consulting Services Pvt. Ltd.	10.16	-
Etouch Systems (India) Private Limited	18.83	-
	28.99	-
Rental Income		
Etouch Systems (India) Private Limited	46.41	-
	46.41	-
Purchase of fixed assets		
Virtusa Corporation	30.24	-
Virtusa Consulting Services Pvt. Ltd.	26.97	-
	57.21	-
Royalty Expenses		
Virtusa Corporation	2,558.37	-
Virtusa UK Limited	855.95	-
	3,414.32	-
Rental & amenities expenses		
Intellect Polaris Design LLC, USA	118.28	142.48
	118.28	142.48

All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash. None of the balances are secured.

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

33 Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT)

The company does not hold any interest in two trusts Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT). However, these entities have been created for the benefit of the employees and administered by the trustees appointed by the company. Consequently, the Company consolidates the entities.

34 Operating segments

A Basis for segmentation

Accounting pronouncements establish standards for the manner in which public companies report information about operating segments in annual and interim financial statements. Operating segments are component of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision-Maker (CODM) on deciding on how to allocate resources and in assessing performance. The Company's operations predominantly relate to IT services only and accordingly this is the only business segment. The Company's CODM is considered to be the Virtusa's Chief Executive Officer. The Company's CODM reviews financial information presented at Company level for purposes of making operating decisions and assessing financial performance of the Company. Therefore, the Company has determined that it operates in a single operating and reportable segment.

B Geographical information

i. Revenue

	Year ended March 31, 2019	Year ended March 31, 2018
India	19,618.94	22,957.19
Americas	152,918.27	132,843.49
Europe	12,472.66	14,019.06
Rest of the World	16,007.49	11,911.12
Total	201,017.36	181,730.86

ii. Non-current assets*

	March 31, 2019	March 31, 2018
India	23,529.92	21,226.47
Americas	497.62	531.32
Total	24,027.54	21,757.79

*Non-current assets exclude financial instruments, deferred tax assets and income tax assets.

C Major customer

Revenue from one customer of the Company is INR 119,557.61 lakhs (2017-2018: INR 92,943.13 lakhs) which is approx. 59% percent of the Company's total revenue.

35 Unbilled receivables and contract balances

The Company classifies its right to consideration in exchange for deliverables as either an unbilled receivable or a contract asset. An unbilled receivable is a right to consideration that is unconditional (i.e. only the passage of time is required before payment is due). The Company presents such receivables in accounts receivable or unbilled receivable at their net estimated realizable value.

Contract assets are recorded when services have been provided but the company does not have an unconditional right to receive consideration. Contracts assets are primarily related to unbilled amounts on fixed-price contracts utilizing the input method of revenue recognition. The timing between services rendered and timing of payment is less than one year.

The table below shows significant movements during the fiscal year ended March 31, 2019 in contract assets:

Particulars	Contract assets
Balance as at April 1, 2018	2,225.77
Revenue recognised during the year	15,873.74
Amounts invoiced	16,000.19
Others	(194.48)
Balance as at March 31, 2019	33,905.22

Contract liabilities comprise amounts billed to customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***35 Unbilled receivables and contract balances (Continued)**

The table below shows significant movements in the deferred revenue balances during the fiscal year ended March 31, 2019:

Particulars	Contract liabilities
Balance as at April 1, 2018	2,273.24
Amounts billed but not yet recognized as revenues	1,058.22
Revenues recognized related to the opening balance of deferred revenue	(1,935.93)
Others	53.54
Balance as at March 31, 2019	1,449.07

36 Costs to obtain and fulfill

The Company's costs to obtain contracts are generally expensed as incurred, as the liability is not solely a result of obtaining the contract. The costs to obtain contracts are triggered by multiple conditions such as being contingent on future performance, including continued employment and revenue recognized associated with the contract.

The Company's recurring operating costs for contracts with customers are recognized as expense as incurred. Certain eligible costs incurred in the initial phases of the company's application maintenance, business process outsourcing and infrastructure services contracts (i.e. set-up or transition costs) are capitalized when such costs (1) relate directly to the contract, (2) generate or enhance resources of the company that will be used in satisfying the performance obligation in the future, and (3) are expected to be recovered. These costs are expensed ratably over the estimated life of the customer relationship, including expected renewals. In determining the estimated life of the customer relationship, the company evaluates the contract term, the expected life of the enhanced assets as well as the rate of technological and industry change. Capitalized amounts are monitored regularly for impairment.

The following table presents information related to the capitalized costs to fulfill, such as set-up or transition activities, for the fiscal years ended March 31, 2019:

Particulars	Costs to fulfill
Balance as at April 1, 2018	-
Costs capitalised	330.90
Amortisation expenses	(78.13)
Foreign currency translation adjustments	1.36
Balance as at March 31, 2019	254.13

Costs to fulfill are recorded in Prepaid expenses under "Other current assets" and "Other non-current assets"

37 Disaggregation of Revenue

The table below presents disaggregated revenues from the company's contracts with customers by geography, industry groups, service offerings and contract-type. The company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenue by geography:	Year ended March 31, 2019
India	19,618.94
Americas	152,918.27
Europe	12,472.66
Rest of the World	16,007.49
Consolidated revenue	201,017.36
Revenue by Customer's Industry Groups	Year ended March 31, 2019
Banking financial services	162,754.90
Others	38,262.46
Consolidated revenue	201,017.36
Revenue by Contract type	Year ended March 31, 2019
Time and Material	90,934.68
Fixed price *	110,082.68
	201,017.36

* Fixed-price includes both retainer-billing basis and fixed-price progress towards completion

Notes to the financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

38 Composite scheme of arrangement

During the current year, the Company (“Transferor”) has filed a Composite Scheme of Arrangement (“the Scheme”), entered into with Virtusa Consulting Services Private Limited (“Transferee”) and their respective shareholders, with the National Company Law Tribunal (‘NCLT’) filed on March 28, 2019. The Scheme is proposed to be effective from April 1, 2018. The objectives of the scheme are capital reduction of public shareholding in the books of transferor Company followed by merger of the transferor Company with the transferee Company. Upon the scheme being approved, entire business of the transferor Company shall be transferred to and vested in the transferee Company. The Company continues to be a separate legal entity pending approval of such scheme by the NCLT and these financial statements have been prepared on a going concern basis.

The notes from 1 to 38 are an integral part of these financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm’s Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Independent Auditors' Report

To the Members of Polaris Consulting & Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Polaris Consulting & Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 other auditors on separate financial statements of such subsidiaries and joint ventures as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 and its joint venture as at March 31, 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 42 of the consolidated financial statements, regarding a scheme of Merger ("Scheme") between Polaris Consulting & Services Limited and Virtusa Consulting Services Private Limited which was filed with National Company Law Tribunal, Chennai Bench ("NCLT") on March 28, 2019. As more fully discussed in the aforesaid note, the scheme has not been approved by NCLT as on the Audit report date and thus, no adjustments have been made to the financial statements in this regard.

Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as the joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and the joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matter' in this audit report.
- We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

- (a) We did not audit the financial statements of thirteen subsidiaries and one joint venture, whose financial statements reflect total assets of INR 31,024.65 lakhs and net assets of INR 25,875.20 lakhs as at March 31, 2019, total revenues of INR 33,528.03 lakhs and net cash flows amounting to INR 4,939.53 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of INR 27.12 lakhs for the year ended March 31, 2019, in respect of a joint venture, whose financial statements / financial information have not been audited by us. These financial statements/financial information have been audited by

other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, 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 other auditors.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint venture as were audited by other auditors, as noted in the 'Other Matter' paragraph, 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 financial statements.
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) on the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to fifteen overseas subsidiaries of the Holding Company and its joint venture, reporting on the adequacy of the internal financial controls with reference to financial statements are not applicable. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure"
- B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint venture, as noted in the 'Other Matter' paragraph:
- i. the consolidated financial statements disclose the impact of pending litigations as at March 31, 2019 on the consolidated financial position of the Group and joint venture. Refer Note 33 to the consolidated financial statements;
 - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended March 31, 2019;
 - iv. the disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2019;
- C. With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. The Group did not have any subsidiary companies or joint venture incorporated in India, which are being consolidated.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.101248W/W-100022

K Raghuram

Partner

Membership No. 211171

ICAI UDIN: 19211171AAAAEJ8751

Place: Chennai

Date: November 8, 2019

Annexure to the Independent Auditors' report on the consolidated financial statements of Polaris Consulting & Services Limited for the year ended March 31, 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of Polaris Consulting & Services Limited (hereinafter referred to as "the Holding Company") incorporated in India under the Companies Act, 2013.

In our opinion, the Holding Company incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.101248W/W-100022

K Raghuram

Partner

Membership No. 211171

ICAI UDIN: 19211171AAAAEJ8751

Place: Chennai

Date: November 8, 2019

Consolidated Balance Sheet as at March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	23,132.33	15,562.51
Capital Work in Progress		11.31	194.66
Investment property	5A	-	5,324.54
Other intangible assets	6	896.58	786.10
Equity accounted investees	7	997.88	1,025.00
Financial assets			
Investments	8A	229.27	1,214.27
Loans	14	5,981.13	908.87
Other financial assets	15	21.08	19.83
Income tax assets, net		11,209.79	8,215.60
Deferred tax assets, net	9	1,702.37	1,610.20
Other non-current assets	16	1,133.84	1,094.93
Total non-current assets		45,315.58	35,956.51
Current assets			
Financial assets			
Investments	8B	9,032.16	1,007.40
Trade receivables	10	33,651.21	28,932.21
Unbilled receivables (previous year: Unbilled revenue)	11	29,842.39	35,491.60
Cash and cash equivalents	12A	63,069.55	65,805.59
Other bank balances	12B	4,973.74	4,229.66
Derivative financial instruments	13	-	226.60
Loans	14	370.04	549.15
Other financial assets	15	257.79	276.52
Other current assets	17	14,828.67	5,006.66
		156,025.55	141,525.39
Disposal group - assets held for sale	5C	5,329.54	-
Total current assets		161,355.09	141,525.39
Total assets		206,670.67	177,481.90
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	5,163.21	5,147.06
Other equity		152,595.95	128,020.55
Total equity		157,759.16	133,167.61
Liabilities			
Non-current liabilities			
Deferred tax liabilities, net	9	53.51	72.86
Total non-current liabilities		53.51	72.86
Current liabilities			
Financial Liabilities			
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		28,094.77	20,597.83
Derivatives	23	27.06	-
Other financial liabilities	24	900.82	3,739.41
Provision for employee benefits	21	5,979.85	4,929.18
Current tax liabilities		2,262.78	2,162.93
Other current liabilities	25	11,592.72	12,812.08
Total current liabilities		48,858.00	44,241.43
Total equity and liabilities		206,670.67	177,481.90

The notes from 1 to 42 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2019*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		312,507.15	262,787.17
Other income	26	4,809.11	1,513.26
Total income		317,316.26	264,300.43
Expenses			
Employee benefits expense	27	209,375.10	170,598.77
Depreciation and amortisation expense	28	3,023.42	2,516.78
Other expenses	29	69,771.82	57,427.42
Total expenses		282,170.34	230,542.97
Profit before share of loss of equity accounted investees and income tax expense		35,145.92	33,757.46
Share of loss from equity accounted investee (net of income tax)	7	(27.12)	(75.74)
Profit before income tax expense		35,118.80	33,681.72
Current tax		11,404.22	11,335.63
Deferred tax		(165.86)	(288.96)
Income tax expense	9	11,238.36	11,046.67
Profit after tax		23,880.44	22,635.05
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability / (asset)	19Bb	(472.14)	157.09
Equity investments through other comprehensive income - net change in fair value		(41.09)	30.54
Gain on disposal of equity shares		12.43	2.97
Income tax relating to items that will not be reclassified to profit or loss	9	142.60	(54.89)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(358.20)	135.71
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations	19Bb	1,034.71	2,709.70
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	19Bb	(253.66)	(3,696.41)
Income-tax relating to items that will be reclassified to profit or loss	9	(190.96)	1,278.49
Net other comprehensive income that will be reclassified subsequently to profit or loss		590.09	291.78
Other comprehensive income for the year, net of income tax		231.89	427.49
Total comprehensive income for the year		24,112.33	23,062.54
Earnings per share	30		
Basic earnings per share (INR)		23.15	22.11
Diluted earnings per share (INR)		23.12	22.03

The notes from 1 to 42 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Consolidated Statements of Changes in Equity for the year ended March 31, 2019
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity Share Capital

	Note
Balance as at March 31, 2017	5,106.04
Changes in equity share capital during 2017-18	18 41.02
Balance as at March 31, 2018	5,147.06
Changes in equity share capital during 2018-19	16.15
Balance as at March 31, 2019	5,163.21

B. Other Equity

	Attributable to the owners of the Company							Total attributable to owners of Company	Attributable to NCI	Total		
	Reserves and surplus			Items of OCI								
	Securities premium	Share based payments reserve	Treasury stock	Capital Reserve	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges				Investments through OCI	Other items of OCI (Refer note 19B)
Balance at April 1, 2017	5,527.22	2,625.22	(28.09)	213.83	93,147.94	111.03	2,565.34	7.11	173.04	104,342.64	-	104,342.64
Total comprehensive income for the year ended March 31, 2018	-	-	-	-	22,635.05	-	(2,417.92)	30.54	105.17	427.49	-	22,635.05
Profit or loss	-	-	-	-	-	-	(2,417.92)	30.54	105.17	427.49	-	427.49
Other comprehensive income (net of tax)	-	-	-	-	22,635.05	2,709.70	(2,417.92)	30.54	105.17	23,062.54	-	23,062.54
Total comprehensive income	-	-	-	-	22,635.05	2,709.70	(2,417.92)	30.54	105.17	23,062.54	-	23,062.54
Transferred to retained earnings	-	-	-	-	166.25	-	-	-	(166.25)	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-
Shares options exercised	2,141.25	(1,299.63)	-	-	-	-	-	-	-	841.62	-	841.62
Share based payment	-	77.21	-	-	-	-	-	-	-	77.21	-	77.21
Shares issued by trust	-	-	25.70	-	-	-	-	-	-	25.70	-	25.70
Gain on sale of shares held by trust	263.93	-	-	-	-	-	-	-	-	263.93	-	263.93
Total transactions with owners	2,405.18	(1,222.42)	25.70	-	-	-	-	-	-	1,208.46	-	1,208.46
Consideration paid with respect to common control acquisition (Refer note 37)	-	-	-	(593.09)	-	-	-	-	-	(593.09)	-	(593.09)
Balance at March 31, 2018	7,932.40	1,402.80	(2.39)	(379.26)	115,949.24	2,820.73	147.42	37.65	111.96	128,020.55	-	128,020.55

	Attributable to the owners of the Company											
	Reserves and surplus					Items of OCI					Total attributable to owners of Company	
	Securities premium	Share based payments reserve	Treasury stock	Capital Reserve	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 19B)	Attributable to NCI		Total
Balance at April 1, 2018	7,932.40	1,402.80	(2.39)	(379.26)	115,949.24	2,820.73	147.42	37.65	111.96	128,020.55	-	128,020.55
Total comprehensive income for the year ended March 31, 2019	-	-	-	-	23,880.44	-	-	-	-	23,880.44	-	23,880.44
Profit or loss	-	-	-	-	23,880.44	-	-	-	-	23,880.44	-	23,880.44
Other comprehensive income (net of tax)	-	-	-	-	-	751.38	(165.02)	(41.09)	(317.11)	228.16	-	228.16
Total comprehensive income	-	-	-	-	23,880.44	751.38	(165.02)	(41.09)	(317.11)	24,108.60	-	24,108.60
Transferred to held for sale	-	-	-	-	91.11	-	-	-	-	91.11	-	91.11
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-
Shares options exercised	590.58	(232.95)	-	-	-	-	-	-	-	357.63	-	357.63
Share based payment	-	18.06	-	-	-	-	-	-	-	18.06	-	18.06
Shares issued by trust	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of shares held by trust	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	590.58	(214.89)	-	-	-	-	-	-	-	375.69	-	375.69
Balance at March 31, 2019	8,522.98	1,187.91	(2.39)	(379.26)	139,920.79	3,572.11	(17.60)	(3.44)	(205.15)	152,595.95	-	152,595.95

The notes from 1 to 42 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

K Raghuram
Partner
Membership No.: 211171

Place: Chennai
Date: November 8, 2019

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited
(CIN: U65993TN1993PLC024142)

Arvind Sharma
Director
DIN: 00012177

Christina Pauline Beulah
Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year	23,880.44	22,635.05
Adjustments for:		
Depreciation and amortisation	3,023.42	2,516.78
Equity-settled share-based payments	18.06	77.21
Share of loss from joint venture	27.12	75.74
Unrealised foreign exchange (gain)/loss	(1,418.88)	613.77
Interest income	(419.93)	(213.51)
Gain on sale of investments (net)	(771.54)	(1,046.05)
Financial assets mandatorily measured at FVTPL - net change in fair value	945.26	286.84
Net gain on sale of property, plant and equipment	(163.44)	(29.15)
Dividend income	(95.94)	(20.70)
Loss on impairment of financial assets	120.48	780.27
Loss on impairment of non-financial assets	267.00	369.95
Income tax expense	11,238.36	11,046.69
Operating profit before working capital changes	36,650.41	37,092.89
Working capital adjustments:		
Decrease/(increase) in trade receivables	(1,075.34)	(8,627.46)
Decrease/(increase) in other assets	(4,480.72)	(3,285.15)
Increase/(decrease) in trade payables, other liabilities and provisions	3,101.18	3,746.15
Cash generated from operations	34,195.53	28,926.43
Direct taxes paid (net of refunds)	(14,149.94)	(10,139.80)
Net cash flow generated from operating activities (A)	20,045.59	18,786.63
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(10,858.66)	(4,186.52)
Acquisition of investment property	-	(15.45)
Acquisition of investments	(68,509.54)	(50,259.06)
Proceeds from sale of investments	60,984.33	62,253.68
Movement in bank deposits	(5,090.33)	3,911.85
Proceeds from sale of property, plant and equipment	357.50	104.20
Interest received	379.83	210.23
Dividend received	95.94	59.46
Net cash used in investing activities (B)	(22,640.93)	12,078.39
Cash flows from financing activities		
Proceeds from share capital issued on exercise of share options	16.15	41.02
Proceeds from securities premium on exercise of share options	357.62	852.12
Maturity of short term fixed deposits	4,073.88	-
Loans given	(5,304.78)	-
Proceeds from sale of treasury shares	-	289.63
Dividend paid during the year	(17.81)	(8.11)
Net cash flow from financing activities (C)	(874.94)	1,174.66
Net increase in cash and cash equivalents (A+B+C)	(3,470.28)	32,039.68
Cash and cash equivalents as at April 1	65,805.59	32,405.51
Effect of exchange rate fluctuations on cash held	734.24	1,360.40
Cash and cash equivalents at March 31	63,069.55	65,805.59
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balance with banks in current accounts	53,036.95	51,933.56
Deposits with original maturity of less than three months	10,032.60	13,872.03
Balance as per statement of cash flows	63,069.55	65,805.59

The notes from 1 to 42 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***1 Reporting entity**

Polaris Consulting & Services Limited (formerly known as Polaris Financial Technology Limited) (“Polaris” or “the Company”), its subsidiaries and its joint venture (collectively referred to as “the Group”) are primarily engaged in the business of Information technology (IT) services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services. The Company is a public limited Company domiciled and incorporated in India. The Group is a subsidiary of Virtusa Consulting Services Private Limited (“holding company” or “Virtusa India”) and its ultimate holding company is Virtusa Corporation (“Virtusa”).

On July 11, 2018, Virtusa Consulting Services Private Limited (“Virtusa India”), the holding company, in connection with the Company’s delisting offer notified that trading, on the stock exchanges on which Company’s common shares were listed, in equity shares of Polaris would be discontinued and delisted effective on August 1, 2018. For a period of one year following the date of delisting, Virtusa India will, in compliance with SEBI Delisting Regulations, permit the public shareholders of Polaris to tender their shares for sale to Virtusa India at the exit price of INR 480 per share.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Polaris, its subsidiaries and its joint venture.

a) Basis of preparation**(i) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the ‘Act’) and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Company’s Board of the Directors on November 8, 2019.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. In respect of subsidiaries and a joint venture whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

(iii) Basis of measurement

The consolidated financial statements of the Group have been prepared using the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgment

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 9(E) - Unrecognised deferred tax liabilities
- Note 35 - Consolidation: whether the Group has de facto control over an investee

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

- Note 2(k) – revenue recognition for time and material, fixed price contracts based on ‘percentage of completion’ method;
- Note 9 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 21 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 31 – impairment of financial assets.

(v) Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 20 - share-based payment arrangements;
- Note 5 - investment property (for disclosures);
- Note 7 - Equity accounted investee and
- Note 31 - financial instruments

b) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated Statement of Profit and Loss.

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree’s net identifiable assets at the date of the acquisition.

Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

(iv) Equity accounted investee

The Group's interests in equity accounted investees comprise interests in joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture is accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which joint control ceases.

(v) Business Combination

Business combinations arising from transfers of interests in entities that are under the control of the ultimate holding company of the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve (Refer Note 37).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Foreign currency***Foreign currency transactions***

Transactions in foreign currencies are translated into respective functional currencies of the Group Companies at monthly average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in consolidated Statement of Profit and Loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Foreign operations

The assets and liabilities of foreign operations (subsidiaries and joint venture) are translated into INR, the functional currency of the Company, at the exchange rates at the reporting dates. The income and expenses of foreign operations are translated into INR at monthly average rate which approximates to the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to consolidated Statement of Profit and Loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated Statement of Profit and Loss.

d) Financial instruments**(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVOCI – equity investment). This election is made on an investmentbyinvestment basis

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated Statement of Profit and Loss. However, see Note 2(d)(vi) for derivatives designated as hedging instruments
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in consolidated Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated Statement of Profit or Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to consolidated Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as heldfortrading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of

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Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss. See Note 2(d)(vi) for financial liabilities designated as hedging instruments.

(iii) Derecognition*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in consolidated Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Treasury shares

Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT) were created for providing share-based payment to the employees of the Group. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. When treasury shares are issued to the employees by trusts, the amount received is recognised as an increase in Equity and the resultant gain / (loss) is adjusted in Reserves and Surplus.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, changes therein are generally recognised in Statement of Profit and Loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in consolidated Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a nonfinancial item, it is included in the nonfinancial item's cost on its initial recognition or, for

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other cash flow hedges, it is reclassified to consolidated Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect consolidated Statement of Profit and Loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to consolidated Statement of Profit and Loss.

(vii) Cash dividend to equity holders

The Group recognises a liability to make cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company’s Board of Directors.

e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in consolidated Statement of Profit and Loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the consolidated Statement of Profit and Loss. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Buildings	30
Plant and equipments	15
Computer equipments and accessories	3-6
Electrical fittings	10
Furniture and fixtures	10
Office equipments	5
Vehicles	4-8
Leasehold improvements	Over the lease period or 10 years whichever is lower

Based on the technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the month in which asset is ready for use (disposed of).

f) Other intangible assets

(i) Internally generated: Research and development

Expenditure on research activities is recognised in the consolidated Statement of Profit and Loss as incurred.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated intangibles is recognised in Statement of Profit and Loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Assets	Useful life (in years)
Computer software	3
Customer contracts acquired on business purchase agreements	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognised in consolidated Statement of Profit and Loss. The fair values of investment property is disclosed in the notes.

Any decision of the management to dispose the investment property in the near future, and upon meeting the criteria as specified in Ind AS 105 - Non current assets held for sale and discontinued operations, are reclassified to Assets Held for Sale.

h) Impairment**(i) Impairment of financial instruments**

In accordance with Ind AS 109, the Group applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL 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.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to Statement of Profit and Loss and is recognised in OCI.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or cash-generating units CGU exceeds its estimated recoverable amount in the Statement of Profit and Loss.

The Group's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or Group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits**(i) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Share-based payment transactions*Recognition and measurement*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The ultimate holding company provides restricted stock units (stock options) for its shares to the employees of the Group. With regard to these restricted stock units, the ultimate holding company cross-charges the cost to the Group, and accordingly a liability to the parent has been created by debiting employee expenses.

(iii) Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

(iv) Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(v) Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust by the name "Polaris Software Lab Ltd Superannuation Scheme" has been created which is approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Company has no further obligations under the Plan beyond its monthly contributions which are periodically contributed to a trust.

(vi) Compensated absences

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

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The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(vii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(j) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

(k) Revenue recognition**(i) Rendering of services**

The Group derives its revenue from a variety of IT Consulting, technology implementation and application outsourcing services. Contracts for these services have different terms and conditions based on the scope, deliverables and complexity of the engagement. Fees for these contracts may be in the form of Time and Material or Fixed Price arrangements including Fixed Price Retainer arrangements.

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of adoption of the standard on the financial statements of the Group is insignificant.

The Group accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable

Revenues are recognized when control of the promised services is transferred to its customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those services.

The Group generally recognizes revenue for services over time as the Group's performance creates or enhances an asset that the customer controls from fixed price contracts related to development, technology implementation and customization. For these contracts, the Group measures the progress and recognizes revenue using effort-based input methods, as the Group performs, based on actual efforts spent compared to the total expected efforts for the contract. The use of the effort based input method requires significant judgment relative to estimating total efforts, including assumptions relative to the length of time to complete the project and the nature and complexity of the work to be performed. Estimates of total efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified. An input method is used to recognize revenue as the value of services provided to the customer is best represented by the hours expended to deliver those services.

The Company generally recognizes revenue from fixed-price applications management, maintenance, or support engagements over time as customers receive and consume the benefits of such services. Revenue on time-and-material contracts are recognised as the related services are performed.

Contracts are often modified to account for changes in contract specification and requirements. The Group considers a contract modification when the modification either creates new or changes the existing enforceable rights and obligations. The accounting for modifications involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative

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catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Certain customers receive discounts, incentive payments or service level credits. A portion of the revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any revenue will not occur. The Group estimates these amounts based on the expected amount to be provided to customers and adjusts revenues recognized. The Group estimates the amount of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of the Group's anticipated performance and all information that is reasonably available with the Group.

From time to time, the Group may enter into contracts with customers that include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on an expected cost plus a margin approach.

When the Group receives consideration from a customer prior to transferring services to the customer under the terms of a contract, the Group records deferred revenue, which represents a contract liability. The Group recognizes deferred revenue as revenue after the Group has transferred control of the services to the customer and all revenue recognition criteria are met.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Group's payment terms vary by the type and location of its customers. The term between invoicing and when payment is due is not significant. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is one year or less.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction is excluded from the Group's assessment of transaction prices.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

(l) Leases**(i) Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Lease payments

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(m) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(n) Income tax

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

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(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(o) Research and development expenditure Credit (RDEC)

RDEC are recognised initially at fair value when the relevant conditions are met and there is a reasonable assurance that the credits would be allowed by the relevant Government authorities. RDEC which compensates the Group for expenses incurred are netted off in the Statement of Profit and Loss from the relevant expense in the periods in which such expenses are recognised.

(p) Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, excluding treasury shares

(ii) Diluted earnings per share

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

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

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(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The Group's Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Group's CODM reviews financial information presented at Group level for purposes of making operating decisions and assessing financial performance of the Group. Therefore, the Group has determined that it operates in a single operating and reportable segment.

3 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2019:

Ind AS 116 - Leases

The Group will recognize new assets and liabilities for its operating leases of its offices and facilities. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognized operating lease expense on a straight-line basis, wherever applicable over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

The Group plans to apply Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Group is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Amendments to existing standards**Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group is in the process of assessing the potential impact of the amendments to Ind AS 12 on its financial statements.

Ind AS 19 - Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group is in the process of assessing the potential impact of the amendment to Ind AS 19 on its financial statements.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)4 Property, plant and equipment
Reconciliation of carrying amount

	Land	Buildings	Plant and equipments (including computer equipments and accessories)	Electrical fittings	Furniture and fixtures	Office equipments	Vehicles	Leasehold improvements	Total
Gross carrying amount									
Balance as at April 1, 2017	4,210.35	6,106.59	4,798.66	380.38	1,177.33	917.35	841.34	193.33	18,625.33
Additions	-	-	2,238.58	132.27	302.72	571.38	42.25	45.47	3,332.67
Disposals	-	(0.10)	(103.57)	(8.39)	(23.18)	(0.17)	(183.39)	-	(318.80)
Exchange differences on translation of foreign operations	-	(2.45)	1.58	(0.15)	(2.43)	(5.41)	-	(0.44)	(9.30)
Balance as at March 31, 2018	4,210.35	6,104.04	6,935.25	504.11	1,454.44	1,483.15	700.20	238.36	21,629.90
Balance as at April 1, 2018	4,210.35	6,104.04	6,935.25	504.11	1,454.44	1,483.15	700.20	238.36	21,629.90
Additions	4,028.00	3.49	3,961.35	113.64	1,031.03	642.90	-	551.06	10,331.47
Disposals	(29.80)	(73.53)	(174.91)	(3.96)	(32.02)	(25.70)	(314.48)	-	(654.40)
Exchange differences on translation of foreign operations	2.52	18.28	69.01	0.37	23.46	36.90	-	13.32	163.86
Balance as at March 31, 2019	8,211.07	6,052.28	10,790.70	614.16	2,476.91	2,137.25	385.72	802.74	31,470.83
Accumulated depreciation and impairment losses									
Balance as at April 1, 2017	-	571.26	1,981.03	89.88	362.92	524.71	454.69	157.98	4,142.47
Depreciation for the year	-	276.55	1,244.01	62.46	185.25	197.46	169.16	67.39	2,202.28
Disposals	-	(0.01)	(91.66)	(7.83)	(23.00)	(0.18)	(139.11)	-	(261.79)
Exchange differences on translation of foreign operations	-	(11.49)	(22.27)	2.06	7.96	(4.82)	-	12.99	(15.57)
Balance as at March 31, 2018	-	836.31	3,111.11	146.57	533.13	717.17	484.74	238.36	6,067.39
Balance as at April 1, 2018	-	836.31	3,111.11	146.57	533.13	717.17	484.74	238.36	6,067.39
Depreciation for the year	-	274.67	1,524.33	76.46	283.94	290.71	84.91	93.46	2,628.48
Disposals	-	(17.32)	(157.13)	(1.90)	(27.34)	(9.74)	(267.59)	-	(481.02)
Exchange differences on translation of foreign operations	-	8.68	53.59	0.14	23.26	24.65	-	13.33	123.65
Balance as at March 31, 2019	-	1,102.34	4,531.90	221.27	812.99	1,022.79	302.06	345.15	8,338.50
Carrying amounts (net)									
At March 31, 2018	4,210.35	5,267.73	3,824.14	357.54	921.31	765.98	215.46	-	15,562.51
At March 31, 2019	8,211.07	4,949.94	6,258.80	392.89	1,663.92	1,114.46	83.66	457.59	23,132.33

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***5 Investment Property****A Reconciliation of carrying amount**

Gross carrying amount	Amount
Balance as at April 1, 2017	5,309.09
Acquisitions	15.45
Balance as at March 31, 2018	5,324.54
Balance as at April 1, 2018	5,324.54
Acquisitions	-
Classified as assets held for sale	(5,324.54)
Balance as at March 31, 2019	-
Fair Value	
At March 31, 2018	8,730.00
At March 31, 2019	-

B Measurement of fair values**i. Derecognition & Disposal group held for sale**

Investment property comprised of land in Gurgaon. During the year the Company has proposed to dispose the property in the near future and accordingly the Board of Directors has accorded its approval by way of approving the draft term sheet in the board meeting dated May 3, 2019. Upon meeting the criteria to be classified as asset held for sale in accordance with Ind AS 105, it is reclassified to asset held for sale.

ii. Valuation technique

The group follows a sales comparison approach. For the previous year, the fair valuation has been done based on prospective purchaser quotation for the land.

C Disposal group held for sale**(i) Parcel of land, Gurgaon - Investment property****(ii) Investment in Optimus Global Services Limited**

During the year, the Company had decided to dispose its wholly owned subsidiary, Optimus Global Services Limited ('Optimus'). Accordingly, the Company has identified a buyer for Optimus and has reclassified the disposal value of the investment to assets held for sale. The difference between the disposal value and the carrying value has been recorded as an impairment of financial asset (refer note 29)

As at March 31, 2019, the disposal group has been stated at their carrying amount and comprises of the following assets:

Particulars	Amount
Investment property	5,324.54
Investment in subsidiaries	5.00
Assets held for sale	5,329.54

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

6 Other intangible assets

Reconciliation of carrying amount

	Computer Software	Customer Contracts	Total	Intangible assets under development
Gross carrying amount				
Balance as at April 1, 2017	701.37	58.33	759.70	277.41
Additions	896.75	-	896.75	-
Deletions/Capitalisation	-	-	-	(277.41)
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2018	1,598.12	58.33	1,656.45	-
Balance as at April 1, 2018	1,598.12	58.33	1,656.45	-
Additions	505.42	-	505.42	-
Deletions/Capitalisation	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2019	2,103.54	58.33	2,161.87	-
Accumulated amortisation and impairment losses				
Balance as at April 1, 2017	497.52	58.33	555.85	-
Amortisation for the year	314.50	-	314.50	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2018	812.02	58.33	870.35	-
Balance as at April 1, 2018	812.02	58.33	870.35	-
Amortisation for the year	394.94	-	394.94	-
Exchange differences on translation of foreign operations	-	-	-	-
Balance as at March 31, 2019	1,206.96	58.33	1,265.29	-
Carrying amounts (net)				
At March 31, 2018	786.10	-	786.10	-
At March 31, 2019	896.58	-	896.58	-

7. Equity accounted investees

	March 31, 2019	March 31, 2018
Interest in joint venture	997.88	1,025.00
	997.88	1,025.00

On December 31, 2015, the Company divested 45% of its membership interest in Intellect Polaris Design LLC ('IDLLC') for a consideration of INR 1,380.15 lakhs to Intellect Design Arena Limited. After the divestment, Intellect Design Arena Limited and Polaris Software Lab Inc. ("PSL") (a wholly owned subsidiary of Intellect Design Arena Limited, which already owns 5% of the membership interest in Intellect Polaris Design LLC) together holds 50% of the membership interest in IDLLC and the Company holds the remaining 50%. As the Company held 95% shareholding in IDLLC till December 31, 2015, it has been accounted as a subsidiary until December 31, 2015 and effective, January 1, 2016, treated as a joint venture and accounted under equity method.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The following table summarizes the financial information of IDLLC and the carrying amount of the Group's interest in IDLLC

	March 31, 2019	March 31, 2018
Percentage ownership interest	50%	50%
Non-current assets	2,613.07	2,581.50
Current assets (including cash and cash equivalents - March 31, 2019: INR 256.09 lakhs; March 31, 2018: INR 198.48 lakhs)	271.56	209.05
Current liabilities	(46.02)	(43.70)
Net assets	2,838.61	2,746.85
Group's share of net assets (50%)	1,419.31	1,373.43
Less: Impairment	(369.95)	(369.95)
Exchange Adjustment	(51.48)	21.52
Carrying amount of interest in joint venture	997.88	1,025.00
	March 31, 2019	March 31, 2018
Other income	236.55	219.40
Depreciation of plant and machinery	(107.45)	(99.66)
Other expenses	(183.34)	(271.22)
Loss	(54.24)	(151.48)
Other comprehensive income	-	-
Total comprehensive income	(54.24)	(151.48)
Group's share of Profit (50%)	(27.12)	(75.74)
Group's share of OCI (50%)	-	-
Group's share of total comprehensive income (50%)	(27.12)	(75.74)

In years ended March 31, 2019 and March 31, 2018, the Group did not receive dividends from the joint venture

8. Investments

A Non-current investments

	March 31, 2019	March 31, 2018
Quoted instruments		
<i>Preference shares at FVTPL</i>		
8,000 (March 31, 2018: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	130.48	1,075.74
<i>Equity shares at FVOCI</i>		
45,808 (March 31, 2018: 83,808) equity shares of Intellect Design Arena Limited (refer note below)	93.16	138.53
	223.64	1,214.27
	March 31, 2019	March 31, 2018
Unquoted instruments		
<i>Preference shares at FVTPL</i>		
481,232 (March 31, 2018: 481,232) series B Preference shares of Tyfone Inc, less impairment of INR 250.61 lakhs (March 31, 2018: INR 250.61 lakhs)	-	-
<i>Equity shares at FVTPL</i>		
2,07,295 (March 31, 2018: 1,51,000) equity shares of Hexa Wind Farm Private Limited at Rs 10 each, less impairment of INR 15.10 Lakhs (March 31, 2018: INR 15.10 lakhs)	5.63	-
	5.63	-
<i>All units are in absolute numbers</i>		
Aggregate book value of quoted investments	223.64	1,214.27
Aggregate market value of quoted investments	223.64	1,214.27
Aggregate value of unquoted investments	5.63	-
Aggregate amount of impairment in value of investments	265.71	265.71

Note

Investment in equity shares of Intellect Design Arena Limited, relates to equity shares held for employees, to be issued on exercise of stock options. Accordingly, the Group has made an irrevocable election to measure investment in equity shares as fair value through other comprehensive income.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

B. Current investments

	March 31, 2019	March 31, 2018
Investment in mutual funds		
Quoted		
234,457 (March 31,2018: Nil) units in Birla Sun Life Cash Plus Fund	701.04	-
26,103 (March 31,2018: Nil) units in Kotak Money Market Scheme	803.14	-
194,349 (March 31,2018: Nil) units in ICICI Prudential Money Market Fund	503.04	-
33,838 (March 31,2018: Nil) units in Reliance Liquid-Treasury Plan(G)	1,535.96	-
44,218 (March 31,2018: Nil) units in HDFC Liquid Fund	1,618.51	-
11,650,819 (March 31,2018: Nil) units in IDFC Corporate Bond Fund	1,488.21	-
13,357 (March 31,2018: Nil) units in IDFC Cash Fund-Regular	301.52	-
27,191 (March 31,2018: Nil) units in Kotak Liquid Regular Plan Growth	1,025.82	-
Nil (March 31,2018: 10,000,000) units in Reliance Fixed Horizon Fund	-	1,007.40
383,025 (March 31,2018: Nil) units in ICICI Prudential Liquid Fund	1,054.92	-
	9,032.16	1,007.40
<i>All units are in absolute numbers</i>		
Aggregate book value of quoted investments	9,032.16	1,007.40
Aggregate market value of quoted investments	9,032.16	1,007.40
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

9 Income taxes

A Amounts recognised in profit or loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
a) Current tax	11,404.22	11,335.63
b) Deferred tax:		
Attributable to:		
Origination and reversal of temporary difference	(165.86)	(288.96)
Income tax expense reported in the statement of profit or loss (a+b)	11,238.36	11,046.67

B Income tax recognised in other comprehensive income

	March 31, 2019			March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Deferred tax related to items recognised in OCI during in the year:						
Exchange differences in translating financial statements of foreign operations	1,034.71	(279.60)	755.11	2,709.70	-	2,709.70
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	(253.66)	88.64	(165.02)	(3,696.41)	1,278.49	(2,417.92)
Fair value of equity investments through OCI	(41.09)	-	(41.09)	30.54	-	30.54
Gain on disposal of equity shares by trust	12.43	-	12.43	2.97	-	2.97
Remeasurements of defined benefit liability (asset)	(472.14)	142.60	(329.54)	157.09	(54.89)	102.20
Income tax charged to OCI	280.25	(48.36)	231.89	(796.11)	1,223.60	427.49

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

C Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2019:

	March 31, 2019		March 31, 2018	
Profit before tax		35,118.80		33,681.72
Tax using the Company's domestic tax rate	34.94%	12,271.91	34.61%	11,986.78
Tax exempt income	-0.12%	(42.48)	-0.34%	(114.48)
Non-deductible expenses	1.50%	528.53	0.69%	231.36
Employee stock compensation cost	0.00%	-	0.08%	26.72
Differences in tax rates in foreign jurisdictions	-3.87%	(1,357.70)	-3.34%	(1,124.98)
Others	-0.46%	(161.90)	0.12%	41.27
Effective tax rate	32.00%	11,238.36	31.82%	11,046.67
Current tax		11,404.22		11,335.63
Deferred tax		(165.86)		(288.96)
Tax expense reported in the statement of comprehensive income		11,238.36		11,046.67

D Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	68.02	178.94	-	-
Difference on account of revenue recognition	49.58	80.19	-	12.96
Allowance for doubtful debts	544.40	537.62	-	-
Others	1,058.70	899.58	-	(14.50)
	1,720.70	1,696.33	-	(1.54)
Less: Deferred tax liability arising on account of :				
Gain on fair valuation of investments	(20.20)	(2.59)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(7.58)	(4.37)	(53.51)	(71.32)
Derivative asset/(liability) on the effective portion of cash flow hedges	9.45	(79.18)	-	-
	(18.33)	(86.14)	(53.51)	(71.32)
Net deferred tax assets (liabilities)	1,702.37	1,610.19	(53.51)	(72.86)

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Movement in temporary differences

	Balance as at March 31, 2017	Recognised in OCI during 2017-18	Recognised in profit or loss during 2017-18	FCTR impact on account of average and closing rates	Balance as at March 31, 2018	Recognised in OCI during 2018-19	Recognised in profit or loss during 2018-19	FCTR impact on account of average and closing rates	Balance as at March 31, 2019
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	351.75	-	(172.80)	-	178.95	-	(110.93)	-	68.02
Difference on account of revenue recognition	174.27	-	(81.12)	-	93.15	-	(43.57)	-	49.58
Allowance for doubtful debts	302.47	-	235.15	-	537.62	-	6.78	-	544.40
Others	732.28	(54.89)	207.69	-	885.08	(137.00)	310.62	-	1,058.70
Less: Deferred tax liability arising on account of :									
Gain on fair valuation of investments	(83.05)	-	80.47	-	(2.58)	-	(17.62)	-	(20.20)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(118.32)	-	19.57	23.05	(75.70)	-	20.58	(5.97)	(61.09)
Derivative liability on the effective portion of cash flow hedges	(1,357.68)	1,278.49	-	-	(79.19)	88.64	-	-	9.45
Total	1.72	1,223.60	288.96	23.05	1,537.33	(48.36)	165.86	(5.97)	1,648.86

E Unrecognised deferred tax liabilities

As at March 31, 2019 and March 31, 2018, deferred tax liability on the undistributed reserves of the subsidiaries has not been recognised because the company controls the dividend policy of its subsidiaries i.e., the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

F Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	March 31, 2019		March 31, 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	2,683.24	648.36	3,100.95	751.19
	2,683.24	648.36	3,100.95	751.19

The tax losses expire in 2020-2025. The deductible temporary differences do not expire under current tax legislation.

G Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	31-Mar-19	Expiry date	31-Mar-18	Expiry date
Expires	2,683.24	2020-2025	3,100.95	2019-2025

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

10 Trade receivables

	March 31, 2019	March 31, 2018
Trade receivables		
Considered good - unsecured	35,248.46	30,529.49
Considered good - secured	-	-
Balances which have significant increase in credit risk	-	-
Credit impaired	-	-
Less: Loss allowance	(1,597.25)	(1,597.28)
Net trade receivables	33,651.21	28,932.21

Of the above, trade receivables from related parties are as below:

	March 31, 2019	March 31, 2018
Total trade receivables from related parties	6,038.44	5,271.17
Less: Loss allowance	-	-
Net trade receivables	6,038.44	5,271.17

For terms and conditions of trade receivables owing from related parties, see Note 34

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 31

11 Unbilled receivables (previous year: Unbilled revenue)

	March 31, 2019	March 31, 2018
Unbilled receivables (previous year: Unbilled revenue)	29,842.39	35,491.60
	29,842.39	35,491.60

12 Cash and bank balances

A Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balance with banks in current accounts	53,036.95	51,933.56
Deposits with original maturity of less than three months	10,032.60	13,872.03
	63,069.55	65,805.59

B Other bank balances

	March 31, 2019	March 31, 2018
	Current	Current
Deposits with banks	4,887.81	4,125.92
Unclaimed dividend accounts	85.93	103.74
	4,973.74	4,229.66

C Disclosure required pursuant to G.S.R. 307(E) and G.S.R. 308(E) dated March 30, 2017

The Company did not have any holdings or dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016. Accordingly, no disclosure has been made in this regard.

13 Derivatives - Assets

	March 31, 2019	March 31, 2018
Forward exchange contracts used for hedging	-	226.60
	-	226.60
Non-current	-	-
Current	-	226.60
	-	226.60

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

14 Loans

	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	Current	Non current	Current	Non current
Loans to employees	162.95	-	332.32	-
Loans to related party	-	5,128.19	-	-
Employee advance	-	-	1.50	-
Security deposits	207.09	852.94	215.33	908.87
	370.04	5,981.13	549.15	908.87
<i>The above shall also be sub-classified as:</i>				
Considered good - secured	-	-	-	-
Considered good - unsecured	370.04	5,981.13	549.15	908.87
Balances which have significant increase in credit risk	-	-	-	-
Credit impaired	-	-	-	-
	370.04	5,981.13	549.15	908.87

15 Other financial assets

	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	Current	Non current	Current	Non current
Deposits with banks	-	21.08	-	19.83
Interest receivable	75.17	-	29.17	-
Other advances	182.62	-	247.35	-
	257.79	21.08	276.52	19.83

16 Other non-current assets

	March 31, 2019	March 31, 2018
Capital advances	150.84	158.89
Prepaid expenses	983.00	936.04
	1,133.84	1,094.93

17 Other current assets

	March 31, 2019	March 31, 2018
Contract assets	5,891.70	-
Balances with statutory authorities	6,274.76	2,517.55
Prepaid expenses	2,588.19	2,309.39
Prepaid Gratuity (Refer Note 21)	-	138.33
Other advances	74.02	41.39
	14,828.67	5,006.66

18 Equity share capital

Authorised	March 31, 2019	March 31, 2018
120,000,000 (March 31, 2018: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00
10,000,000 (March 31, 2018: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00
Issued, subscribed and paid-up		
103,264,184 equity shares of INR 5 each (March 31, 2018 : 102,941,129 equity shares of INR 5 each) fully paid up	5,163.21	5,147.06
	5,163.21	5,147.06

All issued shares are fully paid up.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	102,941,129	5,147.06	102,120,754	5,106.04
Shares issued on exercise of employee stock options	323,055	16.15	820,375	41.02
At the end of the period	103,264,184	5,163.21	102,941,129	5,147.06

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/her/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Employee stock options

Terms attached to stock options granted to employees are described in Note 20.

Shares held by holding/ultimate holding company (i.e., parent of the Company) and/or their subsidiaries/associates

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	100,056,389	5,002.82	95,366,876	4,768.34

Number of shares are in absolute numbers

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

	March 31, 2019		March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	100,056,389	96.89%	95,366,876	92.64%

Virtusa Consulting Services Private Limited ('Virtusa'), the parent entity, through letter dated October 26, 2017 made a proposal ('Delisting proposal') to the Board of Directors of the Company ('the Board') to voluntarily delist the equity shares of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 by purchasing the shares held by the Company's public shareholders. This Delisting proposal was approved by the Board on November 14, 2017 and subsequently by the shareholders of the Company on December 27, 2017. Virtusa has made a public announcement and letter of offer to the public shareholders, subsequent to obtaining in-principle approval from the stock exchanges. Consequently, Virtusa had increased the total holding to 92.64% of the share capital of the Company as at March 31, 2018. The Company had been delisted in India on receipt of final approval from the stock exchanges on July 11, 2018 effecting the delisting from August 1, 2018.

Shares reserved for issue under options:

	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 8,234 equity shares (March 31, 2018: 8,234 equity shares) of INR 5 each (see Note 20)	8,234	0.41	8,234	0.41

19A Other equity

(i) Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. Securities premium also includes gains/losses arising from sale of the Company's shares by the trusts which are consolidated.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

(ii) Share based payments reserve

The Group has established various equity-settled share-based payment plans for certain categories of employees of the Group. Refer to Note 20 for further details on these plans.

(iii) Treasury shares

Own equity instruments that are reacquired [treasury shares] are recognised at cost and deducted from equity.

19B Analysis of accumulated OCI, net of tax

a. Other items of OCI

	March 31, 2019	March 31, 2018
Remeasurements of defined benefit liability	-	-
Gain on sale of equity instruments classified as FVOCI	124.39	111.96

(i) Remeasurements of defined benefit liability

	March 31, 2019	March 31, 2018
Opening balance	-	64.05
Remeasurements of defined benefit liability	(329.54)	102.20
Transferred to retained earnings	329.54	(166.25)
Closing balance	-	-

(ii) Gain on sale of equity instruments classified as FVOCI

	March 31, 2019	March 31, 2018
Opening balance	111.96	108.99
Changes in fair value	12.43	2.97
Closing balance	124.39	111.96

b. Disaggregation of changes in items of OCI

	Attributable to the owners of the Company					Total
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Remeasurements of defined benefit liability (asset)	Gain on sale of equity instruments classified as FVOCI	
Year ended March 31, 2018						
Exchange differences on translating financial statements of foreign operations	2,709.70	-	-	-	-	2,709.70
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	(2,417.92)	-	-	-	(2,417.92)
Equity investments through OCI - net change in fair value	-	-	30.54	-	-	30.54
Gain on disposal of equity shares by trust	-	-	-	-	2.97	2.97
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	102.20	-	102.20
	2,709.70	(2,417.92)	30.54	102.20	2.97	427.49
Year ended March 31, 2019						
Exchange differences on translating financial statements of foreign operations	755.11	-	-	-	-	755.11
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	(165.02)	-	-	-	(165.02)
Equity investments through OCI - net change in fair value	-	-	(41.09)	-	-	(41.09)
Gain on disposal of equity shares by trust	-	-	-	-	12.43	12.43
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	(329.54)	-	(329.54)
	755.11	(165.02)	(41.09)	(329.54)	12.43	231.89

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Exchange differences on translation of foreign operations

These comprise of all exchange differences arising from translation of financial statements of foreign operations.

Effective portion of cash flow hedges

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Investments through OCI

This comprises changes in the fair value of investments recognised in other comprehensive income and accumulated within equity. As at March 31, 2019, the Company does not hold any investment which are classified as FVOCI. However, the Company holds certain investments in equity instruments where an irrevocable election has been made to present subsequent changes in fair value in other comprehensive income (FVOCI). Accordingly, the fair value changes of such equity instruments are disclosed under this sub-head.

Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Gain on sale of equity instruments classified as FVOCI

The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income (FVOCI). This sub-head comprises of the gain on sale of such equity instruments subsequently classified as FVOCI.

20 Share-based payments**A Description of share-based payment arrangements**

At March 31, 2019, the Group has the following share-based payment arrangements

Associate Stock Option Plan 2003

The Shareholders of the Company at the Extra-ordinary General Meeting (EGM) held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (SEBI) Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on July 22, 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs.5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of INR 5 each. The 2011 plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non executive directors	Non – Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000
Grant price				
A. Market price upto INR 175	Market price	Market price	Market price	Market price
B. Market price between INR 175 – INR 500	15% discount on market price. (Subject to being Not lower than INR 175)	30% discount on market price. (Subject to being Not lower than INR 175)	50% discount on market price. (Subject to being Not lower than INR 175)	Market price
C. Market price greater than INR 500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfilment of vesting conditions as follows:

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. No options were granted under this plan during the year.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Associate Stock Option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on March 19, 2015 approved an Associate Stock Option Plan (the 2015 plan). The 2015 plan provides for issuance of 5,000,000 options convertible into equivalent number of equity shares of INR 5 each. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
Grant price					
Market price upto INR 126	Market price	Market price	Market price	Market price	Market price
Market price between INR 126 – INR 360	15% discount on market price. (Subject to being Not lower than Rs 126)	30% discount on market price. (Subject to being Not lower than Rs 126)	50% discount on market price. (Subject to being Not lower than Rs 126)	25% discount on market price. (Subject to being Not lower than Rs 126)	up to 50% discount on market price. (Subject to being Not lower than Rs 126)
Market price greater than INR 360	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price	Up to 50% discount on market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. No options were granted under this plan during the year.

During September 15 2014, the Products business was demerged / spun of into a separate legal entity, Intellect Design Arena Limited (IDAL) through a court approved demerger scheme. As per the scheme of arrangement, the exercise price of stock options for the above plans, held by employees, were modified to 72% of the erstwhile exercise price and the employees were granted an equivalent number of options in IDAL. The balance exercise price represented the price of the stock options issued by IDAL to the employees.

Associate Stock Option Plan (Trust) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of INR 5 each. The options shall be granted at the market price if the market price is below INR 175 or at discount of 10% on market price if the market price is INR 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. No options were granted under this plan during the year.

Restricted stock units

Certain employees of the Group received stock options of the ultimate holding company, Virtusa Corporation, USA, under the Employee Stock option plans instituted by Virtusa Corporation.

In May 2015, the Virtusa Corporation adopted the 2015 Stock Option and Incentive Plan (“2015 Plan”) which was also approved the Virtusa Corporation’s stockholders on September 1, 2015. The 2015 Plan permits the granting of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, unrestricted stock awards, performance share awards, performance-based awards to covered employees, cash-based awards and dividend equivalent rights. During the year, the employees of the Group were allotted 338,171 units under the above 2015 Plan.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

B Measurement of fair values

The fair value of employee share options has been measured using Black-Scholes model.

Scheme	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015
	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101
Grant date	April 30, 2015	May 8, 2015	August 6, 2015	October 29, 2015	February 16, 2016
Fair value at grant date	51.71	52.67	88.78	80.18	85.16
Share price at grant date	153.20	158.10	211.70	198.30	210.00
Exercise price	130.22	145.18	179.95	168.56	178.67
Expected volatility	52.79%	52.92%	50.93%	50.85%	49.25%
Expected life (expected weighted average life)	6 years	6 years	6 years	6 years	6 years
Expected dividends yields	7.34%	7.12%	4.72%	5.04%	4.76%
Risk-free interest rate (based on government bonds)	7.83%	7.97%	7.85%	7.60%	7.74%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows

Associate Stock Option Plan 2003

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	126.07	28,200	127.07	188,300
Granted during the period	-	-	-	-
Forfeited during the period	-	-	137.28	(11,900)
Exercised during the period	127.46	(10,200)	132.01	(119,300)
Expired during the period	137.89	(13,000)	108.60	(28,900)
Outstanding at 31 March	92.52	5,000	126.07	28,200
Exercisable at 31 March	92.52	5,000	126.07	28,200

The options outstanding at March 31, 2019 have an exercise price of INR 92.52 (March 31, 2018: INR 92.52 to INR 150.33) and a weighted average remaining contractual life of 0.17 years (March 31, 2018: 0.49 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 473.72 (2017-18: INR 372.76)

Associate Stock Option Plan 2004

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	133.88	8,974	128.64	48,500
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	126.95	(38,026)
Expired during the period	133.88	(8,974)	140.08	(1,500)
Outstanding at 31 March	-	-	133.88	8,974
Exercisable at 31 March	-	-	133.88	8,974

The options outstanding at March 31, 2019 have an exercise price was INR Nil (March 31, 2018: INR 133.88) and a weighted average remaining contractual life of Nil (March 31, 2018: 0.24 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR Nil (2017-18: INR 342.20)

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Associate Stock Option Plan 2011

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	111.02	437,955	105.09	1,469,830
Granted during the period	-	-	-	-
Forfeited during the period	126.39	(82,910)	106.05	(402,450)
Exercised during the period	109.44	(262,155)	100.39	(629,425)
Expired during the period	-	-	-	-
Outstanding at 31 March	110.96	92,890	111.02	437,955
Exercisable at 31 March	110.96	92,890	107.33	381,455

The options outstanding at March 31, 2019 have an exercise price in the range of INR 82.58 to INR 175 (March 31, 2018: INR 81.50 to INR 175) and a weighted average remaining contractual life of 1.81 years (March 31, 2018: 3.32 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 472.28 (2017-18: INR 377.37)

Associate Stock Option Plan 2015

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	146.66	158,400	145.74	264,450
Granted during the period	-	-	-	-
Forfeited during the period	146.45	(6,300)	143.39	(34,400)
Exercised during the period	145.71	(50,700)	144.83	(71,650)
Expired during the period	-	-	-	-
Outstanding at 31 March	147.15	101,400	146.66	158,400
Exercisable at 31 March	152.31	34,800	153.98	28,600

The options outstanding at March 31, 2019 have an exercise price in the range of INR 130.22 to INR 179.95 (March 31, 2018: INR 130.22 to INR 179.95) and a weighted average remaining contractual life of 2.08 years (March 31, 2018: 3.02 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 was INR 474.01 (2017-18: INR 410.05)

Restricted stock units

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Outstanding at 1 April	-	122,183	-	149,222
Granted during the period	-	51,400	-	51,550
Forfeited during the period	-	(20,356)	-	(33,226)
Exercised during the period	-	(50,144)	-	(45,363)
Expired during the period	-	-	-	-
Outstanding at 31 March	-	103,083	-	122,183
Exercisable at 31 March	-	103,083	-	122,183

The weighted average remaining contractual life of the restricted stock units is 1.25 years (March 31, 2018: 1.41)

D Expense recognised in Statement of Profit and Loss

For details on the employee benefits expense, see Note 27

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

21 Provision for employee benefits

	March 31, 2019	March 31, 2018
Net defined benefit liability - Gratuity plan	553.59	-
Liability for compensated absences	5,035.02	4,510.23
Others	391.24	418.95
	5,979.85	4,929.18
Non-current	-	-
Current	5,979.85	4,929.18
	5,979.85	4,929.18

For details about the related employee benefit expenses, see Note 27

The Group has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The Company provides the gratuity benefit through contributions to ICICI Prudential Life Insurance and Life Insurance Corporation of India (LIC).

A Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

Reconciliation of present value of defined benefit obligation

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2,203.52	2,423.94
Benefits paid	(413.21)	(365.23)
Current service cost	381.76	343.02
Interest cost	146.45	148.59
Increase (decrease) due to effect of any business combination, divestitures, transfers	(124.16)	
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	294.85	(51.15)
- experience adjustments	163.77	(295.65)
Balance at the end of the year	2,652.98	2,203.52

Reconciliation of the present value of plan assets

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2,341.85	2,165.85
Contributions paid into the plan	1.78	583.46
Benefits paid	(413.21)	(364.03)
Interest income	170.96	146.28
Actuarial gains (losses) recognised in other comprehensive income	(1.99)	(189.71)
Balance at the end of the year	2,099.39	2,341.85
Net defined benefit (asset)/obligation	553.59	(138.33)

B i. Expense recognised in profit or loss

	March 31, 2019	March 31, 2018
Current service cost	381.76	343.02
Interest cost	146.45	148.59
Interest income	(170.96)	(146.28)
	357.25	345.33

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

ii. Remeasurements recognised in other comprehensive income

	March 31, 2019	March 31, 2018
Actuarial loss (gain) on defined benefit obligation	458.62	346.80
Actuarial (loss) gain on plan assets	(1.99)	(189.71)
	456.63	157.09

As at March 31, 2019 and March 31, 2018, the plan assets have been invested in:

Corporate Bonds	91.47%
Government Securities	4.26%
Money Market Instruments	0.65%
Others	3.62%
Total	100.00%

C Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date

	March 31, 2019	March 31, 2018
Discount rate	7.10%	7.30%
Return on plan assets	7.10%	7.30%
Future salary growth	1.9 % - 8%	1.9 % - 5%
Attrition rate	14.5% - 19.08%	14.5% - 19.08%

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(60.79)	63.65	(45.58)	47.57
Future salary growth (50 basis points)	52.85	(51.62)	42.24	(40.98)
Withdrawal rate (100 basis points)	(14.57)	14.66	(0.92)	0.17

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 5 years (March 31, 2018: 5 years)

22 Trade payables

	March 31, 2019	March 31, 2018
Trade payables to related parties	13,567.46	7,347.97
Other trade payables	14,527.31	13,249.86
	28,094.77	20,597.83

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 31

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

As at March 31, 2019, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2018: Rs Nil). The list of Micro and Small enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

23 Derivatives - Liabilities

	March 31, 2019	March 31, 2018
Forward exchange contracts used for hedging	27.06	-
	27.06	-
Non-current		
Current	27.06	-
	27.06	-

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

24 Other financial liabilities

	March 31, 2019	March 31, 2018
Liabilities for restricted stock units	814.89	3,635.67
Unclaimed dividend	85.93	103.74
	900.82	3,739.41

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in Note 31.

25 Other current liabilities

	March 31, 2019	March 31, 2018
Employee related payables	4,922.81	5,725.05
Contract liabilities	2,269.74	2,777.16
Statutory tax payable	4,107.88	3,391.02
Others	292.29	918.85
	11,592.72	12,812.08

26 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Cash and bank balances	419.93	213.51
Gain on sale of investments, net	706.31	1,046.05
Financial assets at FVTPL - net change in fair value:		
Mandatorily measured at FVTPL	65.23	-
Dividend income	95.94	20.70
Net gain on sale of property, plant and equipment	163.44	29.15
Net gain on foreign currency transactions	2,884.64	-
Miscellaneous income	473.62	203.85
	4,809.11	1,513.26

27 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	198,844.49	161,442.24
Contribution to provident fund and other funds	3,462.03	3,135.97
Gratuity	360.52	345.33
Share based payments	201,006.92	1,282.98
Staff welfare expense	5,701.14	4,392.25
	209,375.10	170,598.77

28 Depreciation and amortisation expense

		Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	4	2,628.48	2,202.28
Amortisation of intangible assets	6	394.94	314.50
		3,023.42	2,516.78

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Subcontracting expenses	39,528.31	32,593.77
Power and fuel	1,052.56	923.30
Rent	1,566.58	1,340.49
Repairs and maintenance	3,347.37	2,537.65
Rates and taxes	99.55	114.50
Travelling expenses	9,608.62	8,262.83
Legal and professional charges	2,405.94	3,750.70
Payment to the auditors (see note (i) below)	50.00	99.89
Business promotion	1,360.34	1,019.78
Expenditure on corporate social responsibility (see note (ii) below)	175.00	312.17
Communication expenses	1,110.67	1,395.80
Office maintenance	1,546.78	1,418.04
Impairment loss on financial assets	120.48	1,150.22
Impairment loss on non-financial assets	267.00	-
Change in fair value of investments	945.26	-
Insurance	256.93	333.39
Printing and stationery	92.38	82.44
Directors' sitting fees	43.15	75.25
Net loss of foreign currency transactions	-	1,069.48
Cash discount	60.90	107.80
Royalty expenses	5,393.09	-
Miscellaneous expenses	740.91	839.92
	69,771.82	57,427.42

(i) Payments to auditors

As auditor		
Statutory audit	25.00	63.50
In other capacity	13.00	18.00
Reimbursement of expenses	12.00	18.39
	50.00	99.89

(ii) Details of corporate social responsibility expenditure

Amount required to be spent by the Group during the year	361.86	307.25
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset		
(ii) On purposes other than (i) above	175.00	312.17

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

30 Earnings per share

A Basic earnings per share

The calculations of basic earnings per share based on profit attributable to equity shareholders and weighted average number of equity shares outstanding are as follows:

i. Profit attributable to equity shareholders (basic)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year, attributable to the equity holders	23,880.44	22,635.05

ii. Weighted average number of equity shares (basic)

	March 31, 2019	March 31, 2018
Opening balance	102,941,129	102,120,754
Effect of share options exercised	202,992	235,019
Weighted average number of equity shares for the year	103,144,121	102,355,773

Number of equity shares are in absolute terms

B Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

i. Profit attributable to equity shareholders (diluted)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year, attributable to the equity holders	23,880.44	22,635.05

ii. Weighted average number of equity shares (diluted)

	March 31, 2019	March 31, 2018
Weighted average number of equity shares (basic)	103,144,121	102,355,773
Effect of exercise of share options	145,769	372,802
Weighted average number of equity shares for the year	103,289,890	102,728,575

Number of equity shares are in absolute terms

31. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

March 31, 2019

	Carrying amount						Fair value			
	Fair value-hedging instruments	Mandatorily at FVTPL-others	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
- Preference shares	-	130.48	-	-	-	130.48	130.48	-	-	130.48
- Mutual funds	-	9,032.16	-	-	-	9,032.16	9,032.16	-	-	9,032.16
- Equity instruments	-	-	93.16	-	-	93.16	93.16	-	-	93.16
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-	-
	-	9,162.64	93.16	-	-	9,255.80	9,255.80	-	-	9,255.80

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Carrying amount					Total carrying amount	Fair value			
	Fair value-hedging instruments	Mandatorily at FVTPL-others	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	-	-	-	5.63	-	5.63				
Trade receivables	-	-	-	33,651.21	-	33,651.21				
Unbilled receivables (PY: Unbilled revenue)	-	-	-	29,842.39	-	29,842.39				
Loans	-	-	-	6,351.17	-	6,351.17				
Cash and cash equivalents	-	-	-	63,069.55	-	63,069.55				
Other bank balances	-	-	-	4,973.74	-	4,973.74				
Other financial assets	-	-	-	278.87	-	278.87				
	-	-	-	138,172.56	-	138,172.56				
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	27.06	-	-	-	-	27.06	-	27.06	-	27.06
	27.06	-	-	-	-	27.06	-	27.06	-	27.06
Financial liabilities not measured at fair value										
Trade payables	-	-	-	-	28,094.77	28,094.77				
Other financial liabilities	-	-	-	-	900.82	900.82				
	-	-	-	-	28,995.59	29,049.71	-	-	-	-

March 31, 2018

	Carrying amount					Total carrying amount	Fair value			
	Fair value-hedging instruments	Mandatorily at FVTPL-others	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
- Preference shares	-	1,075.74	-	-	-	1,075.74	1,075.74	-	-	1,075.74
- Mutual funds	-	1,007.40	-	-	-	1,007.40	1,007.40	-	-	1,007.40
- Equity instruments	-	-	138.53	-	-	138.53	138.53	-	-	138.53
Forward exchange contracts used for hedging	226.60	-	-	-	-	226.60	-	226.60	-	226.60
	226.60	2,083.14	138.53	-	-	2,448.27	2,221.67	226.60	-	2,448.27
Financial assets not measured at fair value										
Trade receivables	-	-	-	28,932.21	-	28,932.21				
Unbilled receivables (PY: Unbilled revenue)	-	-	-	35,491.60	-	35,491.60				
Loans	-	-	-	333.82	-	333.82				
Cash and cash equivalents	-	-	-	65,805.59	-	65,805.59				
Other bank balances	-	-	-	4,229.66	-	4,229.66				
Other financial assets	-	-	-	1,420.55	-	1,420.55				
	-	-	-	136,213.43	-	136,213.43				
Financial liabilities not measured at fair value										
Trade payables	-	-	-	-	20,597.83	20,597.83				
Other financial liabilities	-	-	-	-	3,739.41	3,739.41				
	-	-	-	-	24,337.24	24,337.24				

For all of the Group's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***31 B Measurement of fair values****i. Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the balance sheet. Related valuation processes are described in Note 2(a)(v).

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

31 C Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (C)(ii));
- liquidity risk (see (C)(iii)); and
- market risk (see (C)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily Citi Bank Group. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, the Group uses ECL model to assess the impairment loss or gain. The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of loss.

The details in respect of the percentage of revenues generated from top customer and top five customers are as follows

	March 31, 2019	March 31, 2018
Revenue from top customer	126,153.06	99,695.59
Revenue from top five customers	231,391.88	180,028.05

At March 31, 2019, the carrying amount of the Group's most significant customer is INR 5,098.20 lakhs (March 31, 2018: INR 6,492.09 lakhs).

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables for corporate customers

March 31, 2019	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	3.29%	31,794.65	(1,046.76)
Amber (Moderate risk)	16.01%	3,382.62	(541.57)
Red (High Risk)	12.52%	71.19	(8.91)
		35,248.46	(1,597.25)
March 31, 2018	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	3.71%	25,691.10	(952.25)
Amber (Moderate risk)	13.58%	4,715.25	(640.49)
Red (High Risk)	3.69%	123.14	(4.54)
		30,529.49	(1,597.28)

The movement in the allowance for impairment in respect of trade receivables is as follows

	March 31, 2019	March 31, 2018
Balance as at April 1	1,597.28	811.90
Amounts written off	(111.42)	-
Net remeasurement of loss allowance	111.39	785.38
Balance as at March 31	1,597.25	1,597.28

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, bonds and preference shares.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2019, the Group had a working capital of INR 140,798.32 lakhs including cash and bank balances of INR 68,043.29 lakhs and investments of INR 9,261.43 lakhs. As of March 31, 2018, the Group had a working capital of INR 136,680.73 lakhs including cash and bank balances of INR 70,035.25 lakhs and investments of INR 2,221.67 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31, 2019

	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	28,094.77	(28,094.77)	(28,094.77)	-
Other financial liabilities	900.82	(900.82)	(900.82)	-
	28,995.59	(28,995.59)	(28,995.59)	-

March 31, 2018

	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	20,597.83	(20,597.83)	(20,597.83)	-
Other financial liabilities	3,739.41	(3,739.41)	(3,739.41)	-
	24,337.24	(24,337.24)	(24,337.24)	-

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk (based on notional amounts) as reported to the management is as follows

March 31, 2019

	USD	GBP	EUR	Others	Total
Cash and cash equivalents	35,923.76	32.42	227.98	1.59	36,185.75
Other bank balances	4,874.62	-	-	-	4,874.62
Trade receivables	13,124.27	238.83	201.73	414.62	13,979.45
Unbilled revenue	20,961.71	0.01	51.70	16.62	21,030.04
Trade payables	(8,120.81)	(899.19)	(12.98)	(464.53)	(9,497.51)
Net exposure in respect of recognised assets and liabilities	66,763.55	(627.94)	468.43	(31.70)	66,572.34

March 31, 2018

	USD	GBP	EUR	Others	Total
Cash and cash equivalents	32,804.21	-	669.48	1.98	33,475.67
Other bank balances	2,273.18	-	-	-	2,273.18
Trade receivables	13,898.16	312.48	168.67	851.39	15,230.69
Unbilled revenue	18,396.66	-	65.81	78.97	18,541.44
Trade payables	(4,266.94)	(111.89)	(23.75)	(217.53)	(4,620.12)
Net exposure in respect of recognised assets and liabilities	63,105.27	200.59	880.21	714.81	64,900.86

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar and sterling against all other currencies at March 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2019				
INR / USD (1% movement)	476.29	(476.29)	667.64	(667.64)
INR / GBP (1% movement)	54.22	(54.22)	(6.28)	6.28
March 31, 2018				
INR / USD (1% movement)	688.08	(688.08)	631.05	(631.05)
INR / GBP (1% movement)	57.64	(57.64)	2.01	(2.01)

Hedge accounting

The Group holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Cash flow hedges

At March 31, 2019, the Group holds the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in lakhs of INR)	4,155.17	-	-
Average INR:USD forward contract rate	69.25	-	-

At March 31, 2018, the Group holds the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in lakhs of INR)	16,237.00	9,742.20	-
Average INR:USD forward contract rate	66.81	67.40	-

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting

	March 31, 2019	March 31, 2018
	Equity head 'Effective portion of cash flow hedges'	Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	226.60	3,923.01
Effective portion of changes in fair value		
Foreign currency risk – Sales	(1,743.60)	1,560.78
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	1,489.94	(5,257.19)
Tax on movements in relevant items of OCI during the year	88.64	1,278.49
Balance as at March 31	61.58	1,505.09

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

31. Financial instruments - Fair values and risk management (continued)

iv. Market risk (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

		March 31, 2019				During the period 2018-2019					
Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'effective portion of cash flow hedges' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Line item in profit or loss affected by the reclassification
Foreign currency risk											
Forward exchange contracts - Sales	4,155.17	-	27.06	Derivative liability	(1,743.60)	Nil	Not applicable	-	-	(1,489.94)	Revenue
March 31, 2018											
Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'effective portion of cash flow hedges' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Line item in profit or loss affected by the reclassification
Forward exchange contracts - Sales	25,979.20	-	226.60	Derivative asset	1,560.78	Nil	Not applicable	-	-	5,257.19	Revenue
Foreign currency risk											

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

31 D Capital management

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group. Management monitors the operating profitability of the Group.

The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through the cash reserves and the operating cash flows generated. The Group is not subject to any externally imposed capital requirements.

The Group maintains adequate liquidity to meet their near-term requirements and there are no borrowings in the Group as at March 31, 2019 and March 31, 2018. The Group has a healthy risk profile driven by its healthy capital structure with no debts and a networth of INR 157,759.16 lakhs as at March 31, 2019. Moreover the Group has strong liquidity, marked by cash and cash equivalents of around INR 63,069.55 lakhs as on March 31, 2019.

The Group will strive to improve capital efficiency and grow revenues in order to generate higher return on capital employed. The Group monitors capital using a ratio of Daily Sales Outstanding ('DSO') or adjusted debtors turnover ratio. For this purpose, adjusted debtors is defined as the sum of total debtors excluding the taxes, and unbilled revenue. Turnover comprises of operating revenues for the year.

	31-Mar-19	31-Mar-18
Total debtors	33,651.21	28,932.21
Less: Taxes	(2,898.92)	(2,099.40)
Unbilled receivables (PY: Unbilled revenue)	29,842.39	35,491.60
Contract assets	5,891.70	-
Adjusted debtors	66,486.38	62,324.41
Operating revenue	312,507.15	262,787.17
DSO	78	87

The Group's policy is to keep the DSO as minimum as possible.

32 Operating leases

Leases as lessee

The Group has taken on lease a number of offices and guest houses for the employees under operating leases. The leases typically expires at various dates in future years. There are no significant restrictions imposed by the lease arrangements. Some leases agreements have price escalation clauses.

i. Future minimum lease payments

At March 31, the future minimum lease payments to be made under non-cancellable operating leases are as follows

	March 31, 2019	March 31, 2018
Payable in less than one year	1,141.93	991.17
Payable between one and five years	4,166.31	3,329.89
Payable after more than five years	3,633.84	1,862.92
	8,942.08	6,183.98

ii. Amounts recognised in profit or loss

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	1,566.58	1,340.49

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33 Contingent liabilities and commitments (to the extent not provided for)**

	March 31, 2019	March 31, 2018
Contingent liabilities		
a. Claims against the Group not acknowledged as debts		
Income tax related matters (see Note (i) and (ii) below)	15,761.92	15,811.59
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	1,439.65	496.14
	17,201.57	16,307.73

Commitments

b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)	1,357.60	1,419.68
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Notes

- i. Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.
- ii. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- iii. As at March 31, 2019, the Group is committed to spend INR 1,357.60 lakhs (March 31, 2018: 1,419.68 lakhs) under a contract to purchase property, plant and equipment.
- iv. On February 28, 2019, the Honorable Supreme Court of India issued a ruling interpreting Provident Fund contribution obligations of employees and employers, which altered historical understandings of such obligations, extending them to cover additional portions of employee income. As a result, contributions by our employees and the Company will increase in future periods. Based on the legal opinion we understand that there is uncertainty as to whether the Indian Government will apply the Supreme Court's ruling on a retroactive basis and if so, how this liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the ultimate amount of our obligation is difficult to quantify. If the Indian Government were to apply the Supreme Court ruling retroactively, without assessing interest and penalties, the impact would be a charge of approximately INR 1,543 lakhs to our income from operations and cash flows.

34 Related parties**A Parent and ultimate controlling party**

The parent Company is Virtusa Consulting Services Private Limited and the ultimate controlling party is Virtusa Corporation, USA.

List of related parties**Name of the related party and nature of relationship**

Virtusa Corporation	Ultimate Holding Company
Virtusa Consulting Services Pvt. Ltd.	Holding Company

Fellow subsidiaries

Virtusa Austria GmbH
Virtusa Germany GmbH, Germany
Virtusa Canada, Inc.
Virtusa International BV, Netherlands
Virtusa Pvt.Ltd, Sri Lanka
Virtusa Singapore Private Limited
Virtusa UK Limited
Virtusa AB, Sweden
Virtusa Switzerland GmbH
Virtusa Hungary Kft.
Virtusa APS
Etouch Systems (India) Private Limited (from March 12, 2018)

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Key Management Personnel

Rama Sivaraman, Executive Director

Vaidyanathan N M, Chief Financial Officer

Christina Pauline Beulah, Company Secretary

Joint Venture

Intellect Polaris Design LLC, USA

B Transactions with key management personnel

i. Key management personnel compensation

	Year ended March 31, 2019	Year ended March 31, 2018
Remuneration and other benefits	715.85	683.49
	715.85	683.49

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 21).

Executive officers also participate in the Group's share option plan (see Note 20).

C Related party transactions other than those with key management personnel

	March 31, 2019	March 31, 2018
Balance due from related parties		
Trade receivables (see note 10)		
Virtusa AB, Sweden	6.50	2.32
Virtusa Austria GmbH	5.19	6.21
Virtusa Corporation	4,413.37	4,218.92
Virtusa Technologies India Pvt. Ltd.	-	0.32
Virtusa International BV, Netherlands	6.24	-
Virtusa Pvt.Ltd, Sri Lanka	23.72	19.70
Virtusa Singapore Private Limited	200.16	482.08
Virtusa UK Limited	1,231.24	305.66
Etouch Systems (India) Private Limited	5.16	-
Virtusa Germany GmbH, Germany	13.93	-
Virtusa Canada, Inc.	22.37	-
Virtusa Consulting Services Pvt. Ltd., India	110.56	235.96
	6,038.44	5,271.17
Loans - non current		
Virtusa UK Limited	3,620.13	-
Virtusa Singapore Private Limited	1,508.07	-
	5,128.20	-
Other financial assets - non current		
Intellect Polaris Design LLC,USA	17.38	16.24
	17.38	16.24
Other current assets		
Intellect Polaris Design LLC,USA	9.85	9.20
	9.85	9.20

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	March 31, 2019	March 31, 2018
Balance due to related parties		
Trade payables (see note 22)		
Virtusa Corporation	4,593.80	3,526.15
Virtusa Consulting Services Pvt. Ltd.	3,940.02	2,151.80
Virtusa Pvt.Ltd, Sri Lanka	274.71	360.07
Virtusa Singapore Private Limited	903.68	33.90
Virtusa UK Limited	3,597.20	1,068.32
Virtusa Switzerland GmbH	61.50	43.83
Virtusa Hungary Kft.	-	23.34
Virtusa APS	109.55	77.86
Virtusa Germany GmbH, Germany	12.82	-
Virtusa Canada, Inc.	0.43	-
Etouch US	48.61	-
Virtusa AB, Sweden	29.54	62.70
	13,571.86	7,347.97
Other financial liabilities		
Intellect Polaris Design LLC,USA	814.89	-
	814.89	-
	Year ended	Year ended
	March 31, 2019	March 31, 2018
Transactions during the year		
Revenue from operations		
Virtusa Corporation	15,274.21	17,133.92
Virtusa Consulting Services Pvt. Ltd.	485.44	412.94
Virtusa International BV, Netherlands	-	3.03
Virtusa Pvt.Ltd, Sri Lanka	26.77	18.40
Virtusa Singapore Private Limited	900.84	1,075.33
Virtusa UK Limited	2,611.19	595.78
Virtusa AB, Sweden	26.03	2.39
Virtusa Canada, Inc.	18.35	-
Etouch US	3.51	-
Virtusa Austria GmbH	27.90	46.53
	19,374.24	19,288.32
Software development expenses		
Virtusa Corporation	11,521.51	4,864.14
Virtusa Consulting Services Pvt. Ltd.	13,229.70	8,844.23
Virtusa Pvt.Ltd, Sri Lanka	317.65	893.24
Virtusa AB, Sweden	136.79	156.73
Virtusa International BV Netherlands	-	(2.27)
Virtusa Singapore Private Limited	556.47	63.62
Virtusa Switzerland GmbH	196.80	69.45
Virtusa Hungary	16.61	22.92
Virtusa APS	241.52	196.56
Virtusa UK Limited	4,913.89	2,006.37
Etouch US	33.13	-
Virtusa Germany GmbH, Germany	13.24	-
	31,177.31	17,115.00

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Expenses reimbursed		
Virtusa Corporation	13,723.02	3,479.87
Virtusa Consulting Services Pvt. Ltd.	467.35	5.85
Virtusa Pvt.Ltd, Sri Lanka	970.99	923.73
Virtusa Singapore Private Limited	294.45	-
Virtusa UK Limited	510.95	437.01
	15,966.76	4,846.47
Expenses paid on behalf of		
Virtusa Corporation	694.34	63.94
Virtusa Consulting Services Pvt. Ltd.	1.83	3.98
Virtusa Singapore Private Limited	16.38	40.78
Virtusa UK Limited	42.94	1.31
Virtusa AB, Sweden	1.93	-
Virtusa International BV Netherlands	6.30	-
Virtusa Pvt.Ltd, Sri Lanka	64.18	10.47
	827.90	120.48
Transfer of fixed assets		
Virtusa Consulting Services Pvt. Ltd.	10.16	-
Etouch Systems (India) Private Limited	18.83	-
	28.99	-
Loans provided		
Virtusa UK Limited	3,620.13	-
Virtusa Singapore Private Limited	1,508.07	-
	5,128.20	-
Interest income		
Virtusa Singapore Private Limited	-	-
Virtusa UK Limited	62.24	-
	62.24	-
Rental income		
Etouch Systems (India) Private Limited	46.41	-
	46.41	-
Economic hedge income		
Virtusa Corporation	56.64	-
	56.64	-
Purchase of fixed assets		
Virtusa Corporation	36.66	-
Virtusa Consulting Services Pvt. Ltd.	26.97	-
	63.63	-
Royalty Expenses		
Virtusa Corporation	4,402.71	-
Virtusa UK Limited	990.39	-
	5,393.10	-
Rental & amenities expenses		
Intellect Polaris Design LLC,USA	142.48	142.48
Virtusa UK Limited	13.49	-
	142.48	142.48

All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash. None of the balances are secured.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

35 List of subsidiaries

Set out below is the list of subsidiaries

	Country of incorporation	Ownership interest	
		March 31, 2019	March 31, 2018
Polaris Consulting & Services Pte Ltd	Singapore	100.00	100.00
Polaris Consulting & Services Limited	United Kingdom	100.00	100.00
Polaris Consulting & Services kft.*	Hungary	100.00	100.00
Polaris Consulting & Services GmbH	Germany	100.00	100.00
Polaris Consulting & Services Pty Ltd	Australia	100.00	100.00
Polaris Consulting & Services Ireland Ltd	Ireland	100.00	100.00
Polaris Consulting and Services Japan K.K	Japan	100.00	100.00
Virtusa Consulting & Services Inc**	Canada	100.00	100.00
Polaris Consulting & Services B.V.*	Netherlands	100.00	100.00
Polaris Software (shanghai) company Limited#	China	100.00	100.00
Optimus Global Services Limited	India	100.00	100.00
Polaris Software Consulting and Services SDN.BHD#	Malaysia	100.00	100.00
Polaris Consulting and Services FZ-LLC	Dubai	100.00	100.00
Polaris Consulting & Services SA	Switzerland	100.00	100.00
Virtusa Malaysia SDN.BHD#	Malaysia	100.00	100.00
Virtusa QFC IT Consulting & Services LLC	Qatar	100.00	-

* Subsidiaries of Polaris Consulting & Services Ltd, UK

Subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore

** 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore

A Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT)

The Group does not hold any interest in two trusts, Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT). However, these entities have been created for the benefit of the employees and administered by the trustees appointed by the Group. Consequently, the Group consolidates the entities.

36 Operating segments

A Basis for segmentation

Accounting pronouncements establish standards for the manner in which public companies report information about operating segments in annual and interim financial statements. Operating segments are component of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision-Maker (CODM) on deciding on how to allocate resources and in assessing performance. The Group's operations predominantly relate to IT services only and accordingly this is the only business segment. Virtusa's CODM is considered to be the Group's Chief Executive Officer. The Group's CODM reviews financial information presented, for making operating decisions and assessing financial performance of the Group. Therefore, the Group has determined that it operates in a single operating and reportable segment.

B Geographical information

i. Revenue

	Year ended	Year ended
	March 31, 2019	March 31, 2018
India	19,637.89	23,286.21
Americas	174,716.70	149,081.51
Europe	84,280.89	60,452.28
Rest of the World	33,871.67	29,967.17
Total	312,507.15	262,787.17

ii. Non-current assets*

	March 31, 2019	March 31, 2018
India	24,527.94	22,251.47
Americas	525.72	552.88
Europe	456.54	937.47
Rest of the World	661.76	245.92
Total	26,171.96	23,987.74

*Non-current assets exclude financial instruments, deferred tax assets and income tax assets.

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

C Major customer

Revenue from one customer of the Group is INR 126,153.06 lakhs (2017-2018: INR 99,695 lakhs) which is approx. 40 percent of the Group's total revenue.

37 Business combinations under common control during the previous year

On May 31, 2017, the Group, through its wholly owned subsidiary, Polaris Consulting & Services Pte. Ltd. ('Polaris Singapore'), acquired 100% stake in Virtusa Malaysia SDN.BHD., ('Virtusa Malaysia'), a step down subsidiary of Virtusa Corporation, U.S. The investment of Polaris Singapore in Virtusa Malaysia is for an amount of MYR 39.58 lakhs, representing 144,475,300 ordinary shares of par value MYR 0.01 per share. Polaris Singapore and Virtusa Malaysia are both engaged in the business of IT services and IT-enabled services.

The details with respect to the total consideration and the share capital are as below:

Particulars	Amount
Purchase consideration	593.09
Share capital	(213.83)
Capital reserve	379.26

In accordance with Ind AS 103 - Business Combinations, the Company has accounted this business combination involving entities under common control using the pooling of interests method in the consolidated financial statements. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor has been transferred to capital reserve and presented separately as part of Statement of Changes in Equity

38 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' of Division II of Schedule III

March 31, 2019

	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Parent								
Polaris Consulting & Services Limited	68.96%	108,793.51	68.04%	16,247.95	100%	231.89	68.35%	16,479.84
Subsidiaries								
<i>Foreign</i>								
Polaris Consulting & Services GmbH, Germany	0.72%	1,135.21	0.13%	31.72	-	-	0.13%	31.72
Polaris Consulting & Services Pty Ltd, Australia	3.24%	5,104.99	2.92%	697.09	-	-	2.89%	697.09
Polaris Consulting & Services Ireland Ltd., Ireland	1.48%	2,332.50	0.23%	54.27	-	-	0.23%	54.27
Polaris Consulting and Services Japan K.K, Japan	1.61%	2,542.01	0.34%	80.81	-	-	0.34%	80.81
Virtusa Consulting & Services Inc., Canada (from February 12, 2019)	4.49%	7,078.98	3.35%	800.68	-	-	3.32%	800.68
Polaris Consulting & Services Pte Ltd, Singapore	6.36%	10,040.33	1.54%	368.00	-	-	1.53%	368.00
Polaris Software (Shanghai) Company Limited, China	0.04%	61.50	-0.04%	(9.29)	-	-	-0.04%	(9.29)
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	0.07%	114.37	0.01%	2.27	-	-	0.01%	2.27
Virtusa Malaysia SDN BHD	0.73%	1,155.39	0.46%	110.36	-	-	0.46%	110.36
Polaris Consulting & Services Limited, United Kingdom	11.54%	18,211.75	20.80%	4,967.42	-	-	20.60%	4,967.42
Polaris Consulting & Services B.V, Netherlands	0.18%	278.89	0.15%	34.63	-	-	0.14%	34.63
Polaris Consulting & Services, KFT, Hungary	0.05%	84.05	0.01%	2.86	-	-	0.01%	2.86

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Polaris Consulting and Services FZ- LLC, Dubai	1.20%	1,898.03	1.54%	368.35	-	-	1.53%	368.35
Polaris Consulting & Services SA, Switzerland	0.71%	1,127.93	0.63%	150.44	-	-	0.62%	150.44
Virtusa QFC IT Consulting LLC	0.00%	-	0.00%	-	-	-	0.00%	-
Joint venture								
<i>Foreign</i>								
Intellect Polaris Design LLC, USA	0.63%	997.88	-0.11%	(27.12)	-	-	-0.11%	(27.12)
Eliminations	-2.03%	(3,198.16)	0.00%	-	-	-	0.00%	-
Total		157,759.16		23,880.44		231.89		24,112.33

March 31, 2018

	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Parent								
Polaris Consulting & Services Limited	69.00%	91,889.69	79.89%	18,082.08	100%	427.49	80.26%	18,509.57
Subsidiaries								
<i>Indian</i>								
Optimus Global Services Limited	-0.07%	(91.12)	-0.02%	(4.43)	-	-	-0.02%	(4.43)
<i>Foreign</i>								
Polaris Consulting & Services GmbH, Germany	0.85%	1,135.45	0.08%	17.36	-	-	0.08%	17.36
Polaris Consulting & Services Pty Ltd, Australia	3.37%	4,490.60	1.82%	412.62	-	-	1.79%	412.62
Polaris Consulting & Services Ireland Ltd., Ireland	1.75%	2,324.67	0.17%	38.33	-	-	0.17%	38.33
Polaris Consulting and Services Japan K.K, Japan	1.80%	2,393.21	0.63%	142.72	-	-	0.62%	142.72
Virtusa Consulting & Services Inc., Canada (from February 12, 2019)	4.60%	6,123.22	3.04%	688.50	-	-	2.99%	688.50
Polaris Consulting & Services Pte Ltd, Singapore	7.93%	10,559.80	2.68%	606.89	-	-	2.63%	606.89
Polaris Software (Shanghai) Company Limited, China	0.05%	70.72	-0.08%	(18.50)	-	-	-0.08%	(18.50)
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	0.08%	110.79	0.14%	32.68	-	-	0.14%	32.68
Virtusa Malaysia SDN BHD	0.78%	1,037.54	0.50%	112.44	-	-	0.49%	112.44
Polaris Consulting & Services Limited, United Kingdom	10.11%	13,462.42	15.92%	3,604.52	-	-	15.63%	3,604.52
Polaris Consulting & Services B.V, Netherlands	0.19%	254.37	0.14%	32.64	-	-	0.14%	32.64
Polaris Consulting & Services, KFT, Hungary	0.06%	85.10	0.05%	12.31	-	-	0.05%	12.31
Polaris Consulting and Services FZ- LLC, Dubai	1.08%	1,436.89	1.66%	375.04	-	-	1.63%	375.04
Polaris Consulting & Services SA, Switzerland	0.70%	938.17	0.47%	107.18	-	-	0.46%	107.18
Joint venture								
<i>Foreign</i>								
Intellect Polaris Design LLC, USA	0.77%	1,025.00	-0.33%	(75.74)	-	-	-0.33%	(75.74)
Eliminations	-3.06%	(4,078.91)	-6.77%	(1,531.59)	-	-	-6.64%	(1,531.59)
Total		133,167.61		22,635.05		427.49		23,062.54

Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

39 Unbilled receivables and contract balances

The Group classifies its right to consideration in exchange for deliverables as either an unbilled receivable or a contract asset. An unbilled receivable is a right to consideration that is unconditional (i.e. only the passage of time is required before payment is due). The Group presents such receivables in accounts receivable or unbilled receivable at their net estimated realizable value.

Contract assets are recorded when services have been provided but the Group does not have an unconditional right to receive consideration. Contracts assets are primarily related to unbilled amounts on fixed-price contracts utilizing the input method of revenue recognition. The timing between services rendered and timing of payment is less than one year.

The table below shows significant movements during the fiscal year ended March 31, 2019 in contract assets:

Particulars	Contract assets
Balance as at April 1, 2018	3,376.42
Revenue recognised during the year	37,829.81
Amounts invoiced	(34,682.36)
Foreign exchange translation adjustments	(632.17)
Balance as at March 31, 2019	5,891.70

Contract liabilities comprise amounts billed to customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods.

The table below shows significant movements in the deferred revenue balances during the fiscal year ended March 31, 2019:

Particulars	Contract liabilities
Balance as at April 1, 2018	2,777.16
Amounts billed but not yet recognized as revenues	1,867.19
Revenues recognized related to the opening balance of deferred revenue	(2,439.85)
Foreign exchange translation adjustments	65.24
Balance as at March 31, 2019	2,269.74

40 Costs to obtain and fulfill

The Group’s costs to obtain contracts are generally expensed as incurred, as the liability is not solely a result of obtaining the contract. The costs to obtain contracts are triggered by multiple conditions such as being contingent on future performance, including continued employment and revenue recognized associated with the contract.

The Group’s recurring operating costs for contracts with customers are recognized as expense as incurred. Certain eligible costs incurred in the initial phases of the Group’s application maintenance, business process outsourcing and infrastructure services contracts (i.e. set-up or transition costs) are capitalized when such costs (1) relate directly to the contract, (2) generate or enhance resources of the Group that will be used in satisfying the performance obligation in the future, and (3) are expected to be recovered. These costs are expensed ratably over the estimated life of the customer relationship, including expected renewals. In determining the estimated life of the customer relationship, the Group evaluates the contract term, the expected life of the enhanced assets as well as the rate of technological and industry change. Capitalized amounts are monitored regularly for impairment.

The following table presents information related to the capitalized costs to fulfill, such as set-up or transition activities, for the fiscal years ended March 31, 2019:

Particulars	Costs to fulfill
Balance as at April 1, 2018	1,478.71
Costs capitalised	978.20
Amortisation expenses	(760.22)
Foreign currency translation adjustments	(25.85)
Balance as at March 31, 2019	1,670.84

Costs to fulfill are recorded in Prepaid expenses under “Other current assets” and “Other non-current assets”

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***41 Disaggregation of Revenue**

The table below presents disaggregated revenues from the Group's contracts with customers by geography, industry groups, service offerings and contract-type. The Group believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenue by geography:	Year ended March 31, 2019
India	19,637.89
Americas	174,716.70
Europe	84,280.89
Rest of the World	33,871.67
Consolidated revenue	312,507.15
Revenue by Customer's Industry Groups	Year ended March 31, 2019
Banking financial services	271,741.21
Others	40,765.94
Consolidated revenue	312,507.15
Revenue by Contract type	Year ended March 31, 2019
Time and Material	166,798.72
Fixed price *	145,708.43
	312,507.15

* Fixed-price includes both retainer-billing basis and fixed-price progress towards completion

42 Composite Scheme of Arrangement

During the current year, the Company ("Transferor") has filed a Composite Scheme of Arrangement ("the Scheme"), entered into with Virtusa Consulting Services Private Limited ("Transferee") and their respective shareholders, with the National Company Law Tribunal ('NCLT') filed on March 28, 2019. The Scheme is proposed to be effective from April 1, 2018. The objectives of the scheme are capital reduction of public shareholding in the books of transferor Company followed by merger of the transferor Company with the transferee Company. Upon the scheme being approved, entire business of the transferor Company shall be transferred to and vested in the transferee Company. The Company continues to be a separate legal entity pending approval of such scheme by the NCLT and these financial statements have been prepared on a going concern basis.

The notes from 1 to 42 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

K Raghuram

Partner

Membership No.: 211171

Place: Chennai

Date: November 8, 2019

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

(CIN: U65993TN1993PLC024142)

Hari Raju Mahadevu

Director

DIN: 03262516

Vaidyanathan N M

Chief Financial Officer

Arvind Sharma

Director

DIN: 00012177

Christina Pauline Beulah

Company Secretary

NOTICE

Notice is hereby given that the 26th Annual General Meeting of members of the Company will be held on Tuesday, the 31st of December 2019 at 10:00 am at No. 34 IT Highway, Navallur, Chennai – 600 130 India to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt :
 - (i) the audited standalone financial statements of the Company for the Financial year ended 31st March, 2019 and the reports of the Board of Directors and Auditors thereon
 - (ii) the audited Consolidated Financial statements of the Company for the Financial Year ended 31st March, 2019 and the report of the Auditors thereon
2. To appoint a Director in place of Mrs. Rama Sivaraman, (DIN 07425519) who retires by rotation and being eligible, has offered herself for re-appointment as a Executive Director, to the extent that she is required to retire by rotation.

By Order of the Board
For **Polaris Consulting & Services Limited**

Christina Pauline Beulah
Company Secretary

Place: Gurgaon

Date: December 2nd, 2019

Notes:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on this behalf in the meeting and such person can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (Ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The instrument appointing the Proxy, duly completed must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.
5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
8. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with the Registrar & Share Transfer Agents (RTA) of the Company, M/s Karvy Fintech Private Limited, Hyderabad. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
9. The Company is concerned about the environment and utilizing natural resources in a suitable way. We request you to update your email address with your Depository participant to enable us to send you the quarterly reports and other communications via email.
10. Annual Report 2019 with Attendance Slip and Proxy form are being sent by electronic mode only to all the members whose email address are registered with the Company/Depository Participant (s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2019 are being sent by the permitted code.
11. Pursuant to the provisions of Section 123 of the Companies Act, 2013 dividends which remained unclaimed after the prescribed period of 7 years shall be transferred to the Investor Education Protection Fund (IEPF) of the Central Government. Members

who have not encashed their dividend warrants are requested to correspond with RTA. It is requested to note that once unclaimed dividend is transferred to IEPF pursuant to Section 125 of the Companies Act, 2013, no further claim shall be entertained.

12. Members may note that the Notice of the 26th Annual General Meeting and the Annual Report 2019 will also be available on the Company's website www.polarisft.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at shareholderquery@virtusa.com/companysecretary@virtusa.com.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
14. The Company has provided e-voting facility to the shareholders to enable them to vote on the resolutions listed in the notice and e-voting platform will be open from (4 days before date of AGM) to (1 day before date of AGM). The Company shall be making arrangements for the members to cast their votes in respect to the businesses either through electronic voting system or through poll, for members attending the meeting who have not cast their vote by remote voting and voting by way of InstaPoll also will be provided at the venue of the Annual General Meeting in accordance with the Circular issued by MCA. Statement pursuant to Section 102 (1) of the Companies Act, 2013

For **Polaris Consulting & Services Limited**


Christina Pauline Beulah

Company Secretary

Place: Gurgaon

Date: December 2nd, 2019

Details of Director eligible for reappointment at Annual General Meeting

Name of the Director	Mrs. Rama Sivaraman 
Date of Birth	28/09/1966
Age	53
Date of first appointment	4/03/2016
Experience in specific functional areas	She has served as Head of Corporate Quality and Global Head of Quality , Chief Delivery Assurance Officer-FT Services , Global Head of Performance Excellence at Polaris Financial Technology Limited and Global Head of Operations – FT Services in Polaris Consulting & Services Ltd. Prior to Polaris, she has served as SEPG Manager of DSQ Software.
Number of shares held in the company	1
Qualification	B.E.(Elec), M.B.A.
List of Companies in which directorship held (Indian Companies)	Nil
Chairman / Members of the Committee of the Board of Companies in which she is a director (excluding Polaris)	NA

ROUTE MAP



POLARIS CONSULTING & SERVICES LIMITED

CIN: U65993TN1993PLC024142

Registered Office: No. 34, IT Highway, Navallur, Chennai – 600 130

Email id: shareholderquery@virtusa.com, Website: www.polarisft.com;

Tel No.:91-44-3987 3000 Fax: 91-44-2743 5128

26th Annual General Meeting to be held on 31st December 2019 at 10:00 AM

No. 34 IT Highway, Navallur, Chennai – 600 130

Registered Folio No :(or)

Demat Account No.D.P.ID.No.....

Name of Shareholder(s)

I/We certify that I am/we are the Member(s) / Proxy of the Member(s) of the Company holding _____ Shares.

.....
Signature of Member(s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance of the meeting hall.
- Name of the Proxy in BLOCK letters (in case a Proxy attends the meeting)
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.

**Form No. MGT-11
Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65993TN1993PLC024142

Name of the Company: **Polaris Consulting & Services Limited**

Registered office: No. 34 IT Highway, Navallur, Chennai – 600 130

Name of the Member (s)

Registered Address

E-mail ID

Folio No./ Client Id & DP. ID

I/We being the Member(s) of _____ shares of the above named Company, hereby appoint

1. Name: _____
Address: _____
E-mail ID : _____
Signature: _____, or failing him _____
2. Name: _____
Address: _____
E-mail ID : _____
Signature: _____, or failing him _____
3. Name: _____
Address: _____
E-mail ID : _____
Signature: _____, or failing him _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on **Tuesday, the 31st December 2019 at 10.00 a.m.** at No. 34, IT Highway, Navallur, Chennai – 600 130 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos

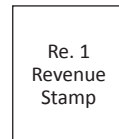
1. Adoption of Financial Statements.
2. To appoint a Director in place of Mrs. Rama Sivaraman, (DIN: 07425519) who retires by rotation and being eligible, has offered herself for re-appointment

Signed this _____ day of _____ 2019.

Affix Revenue Stamp

Signature of shareholder(s)

Signature of Proxy holder(s)



Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

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POLARIS
A Virtusa Company

Registered Office
Polaris Consulting & Services Ltd.
#34, IT Highway, Navallur,
Chennai - 600 130. India.
T: +91 44 3987 3000
www.polarisft.com