



# ANNUAL REPORT

2017-18

# POLARIS

A Virtusa Company

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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](http://www.polarisft.com)



**POLARIS CONSULTING & SERVICES LIMITED**

Annual Report for the year ended March 31, 2018

**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

### POLARIS CONSULTING & SERVICES LIMITED

SP Infocity, Tower B, First Floor,  
Plot No. 243, Udyog Vihar Phase 1,  
Dundahera, Gurgaon – 122016, Haryana  
Phone: +91-124-4849200

### 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

Unit No. 184, SDF - VI, SEEPZ - SEZ, Andheri (East),  
Mumbai - 400 096, Maharashtra.  
Phone: +91-22-4204 6100

### 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

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

### POLARIS 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

### POLARIS CONSULTING AND SERVICES JAPAN KK

32, Shiba Koen building, 8th Floor, Shiba Koen,  
Minato-ku, Tokyo 105-0011, Japan  
Phone:+81-(0)3-5405-9410

## 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**

#### **POLARIS CONSULTING & SERVICES PTY LTD**

Level 23, HWT Tower,  
40 City Road, South Gate,  
Victoria 3006, Melbourne, AUSTRALIA.  
Phone: +61-3-96740419

#### **POLARIS CONSULTING & SERVICES PTY LTD**

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

### **NEW ZEALAND**

#### **POLARIS CONSULTING & SERVICES PTY LTD**

Suite 115 Plaza Level 41, Shortland Street,  
Auckland Central, Auckland 1010,  
New Zealand.  
Phone:+64-93639612

## **EUROPE**

### **POLARIS CONSULTING & SERVICES LTD**

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

### **POLARIS CONSULTING & SERVICES LIMITED**

Unit 16, Building 1, The Concourse,  
Northern Ireland Science Park,  
Belfast, BT3 9DT, UNITED KINGDOM.  
Phone: +44-28-90737832

## **SWITZERLAND**

### **POLARIS 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**

### **POLARIS 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**

### **POLARIS CONSULTING AND SERVICES FZ-LLC**

Room 113, Level 1, Building 12,  
Dubai Internet City, PO Box 501801  
Dubai, United Arab Emirates  
Phone:+971 4 4518399

# Numeric Snapshot as on March 31, 2018

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Total Revenue

₹2,627.87 Crores

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Net Worth of the Company

₹1,331.68 Crores

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Cash & Cash Equivalents

₹721.53 Crores

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Earnings Per Share (EPS)

₹22.11

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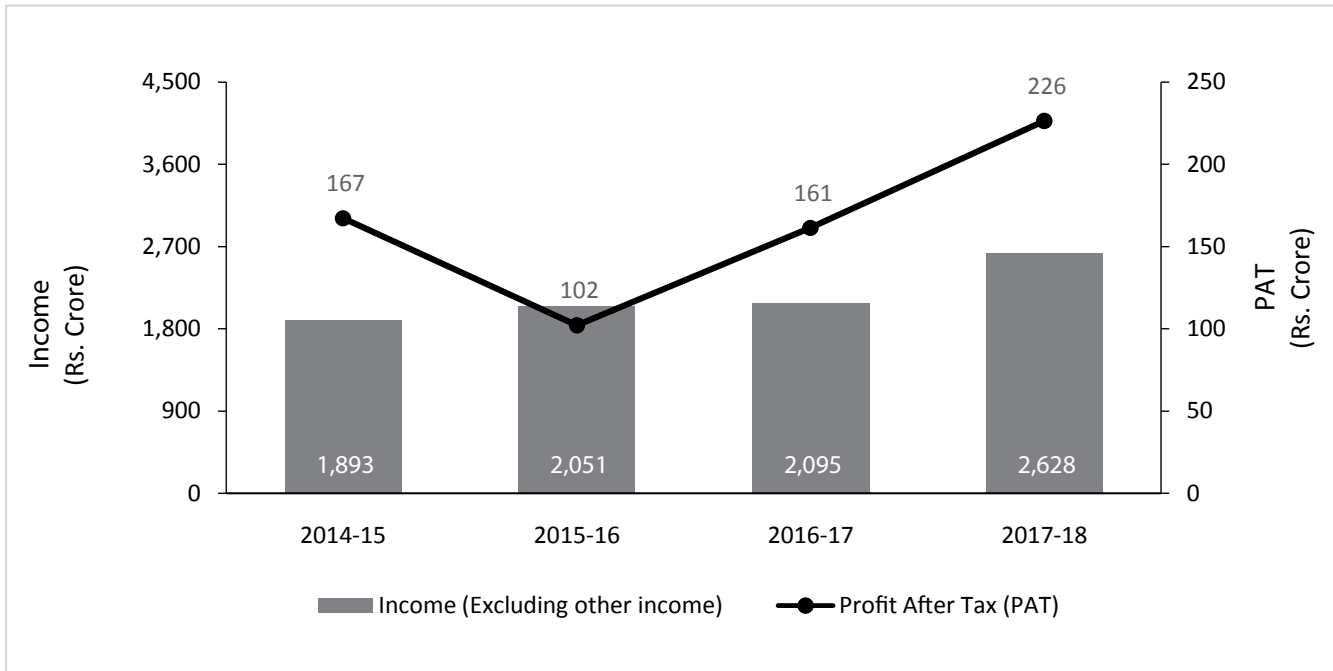
Total Employee Strength

7,782

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# Financial Highlights

as on March 31, 2018



## Financial Highlights as on March 31, 2018

Rupees in Crores except Per share data and dividend				
Financial Year	2014-15	2015-16	2016-17*	2017-18
Income (Excluding other income)	1,893.35	2,051.35	2,094.99	2,627.87
Profit After Tax (PAT)	167.27	102.05	162.45	226.35
<b>At the year End</b>				
Fixed Assets	234.68	214.39	202.73	218.68
Cash and Cash Equivalents	314.43	460.94	539.25	721.53
Shareholders' Equity (Net Worth)	850.52	934.27	1,094.49	1,331.68
Earnings Per Share (Basic)	16.77	10.19	15.99	22.11
Dividend Paid (%)	300	-	-	-

\* Consequent to the acquisition of Virtusa Malaysia SDN BHD by Polaris Consulting & Services Pte Ltd, Singapore in May 2017, figures for the Financial Year 2016-17 are reinstated. The corresponding figures disclosed for the Financial Years 2014-15 and 2015-16 are not comparable with 2016-17 and 2017-18.

## Chairman's Letter to Shareholders

Dear shareholders,

I am pleased to report on the performance of Polaris Consulting & Services Limited (the "Company" or "Polaris"), as well as the completion of the successful integration of Polaris into Virtusa Corporation ("Virtusa"), the resulting business opportunities, and finally the steps we have taken to complete the delisting of Polaris shares.

In the fiscal year ended March 31, 2018, the Company has shown good business performance, with growth in several large clients, as well as the acquisition of new clients. We continued to leverage the combined strengths of Polaris and Virtusa, to help our clients execute innovative digital initiatives and business transformation programs, resulting in healthy growth in synergy revenues.

In fiscal 2018, we continued our investment in emerging banking needs through our FinTech Labs. Various solution offerings from our FinTech Labs have seen very positive response from the market and have helped us open up new digital banking relationships with several strategic global clients.

In fiscal year 2018, Virtusa continued to acquire the remaining Polaris equity shares in the stock market, resulting in the successful delisting of Polaris shares in August 2018. Virtusa currently holds 96.30% of the equity shares of the Company (as on 31st August 2018) and will continue the process of acquiring the remaining shares to reach 100% ownership of the Company.

The Company's incredible journey over 19 years as a publicly listed company is finally coming to a close, and on behalf of the Polaris Board of Directors, we would like to express our sincere thanks and gratitude to our clients and shareholders for their ongoing support and confidence in the management team, and our global team members who consistently provide high levels of service excellence to our clients.



Sincerely,  
  
Kris Canekaratne  
Chairman, Polaris

## BOARD OF DIRECTORS



**Krishan Aruna Canekeratne**  
*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*



**Suresh Iyengar**  
*Head, SBU Gama*



**Sanjay Deshpande**  
*SBU Head Canada & EMEA*



**Senthilkumar Ravindran**  
*Head, x Labs*



**Murali Padmanabhan**  
*Global Talent Development and Management*

## **BANKERS**

Citibank N A  
Barclays Bank  
Bank of America, N.A. New Jersey  
ICICI Bank Ltd  
Wells Fargo Bank  
HSBC Ltd

## **AUDITORS**

**B S R & Associates LLP**  
KRM Tower, No.1, Harrington Road,  
Chetpet,  
Chennai-600 031, India

## DIRECTORS' REPORT

### To the Members,

We are pleased to present the Twenty Fifth Annual Report on our business and operations for the year ended 31st March 2018, of Polaris Consulting & Services Limited ("Company").

### 1. Results of Operations

(Rs. in Lacs, except EPS data)

Description	Standalone		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Income (Including Other Income)	184,568.18	153,071.12	264,300.43	211,585.27
Expenses(Including exceptional items)	154,553.99	135,006.52	228,026.19	185,513.12
Profit before Interest, Depreciation & Tax (PBIDTA)	30,014.19	18,064.60	36,274.24	26,072.15
Finance Charges	-	-	-	-
Depreciation & amortization	2,372.33	2,227.63	2,516.78	2,383.67
Net Profit Before Tax	27,641.86	15,836.97	33,757.46	23,688.48
Provision for tax including Deferred Tax	9,559.78	5,903.21	11,046.67	7,381.23
Net Profit after tax	18,082.08	9,933.76	22,710.79	16,307.25
Add / (Less): Share of Profit / (Loss) on Joint venture	-	-	75.74	62.60
Add / (Less): Minority Interest - Share of Loss / (Profit)	-	-	-	-
Net Profit	18,082.08	9,933.76	22,635.05	16,244.65
<b>EPS</b>				
Basic Rs.	17.67	9.78	22.11	15.99
Diluted Rs.	17.60	9.71	22.03	15.89

### 2. Voluntary Delisting Equity shares of the Company under SEBI (Delisting of Equity Shares) Regulations, 2009

The Company had received the letter from the Promoter shareholder on 26th October 2017 conveying its intention to voluntarily delist the equity shares of the Company in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009.

Subsequently, the Company had received final delisting approval from National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on July 11, 2018. The trading of the Company's shares were discontinued with effect from July 25, 2018 from NSE, BSE and Metropolitan Stock Exchange of India Limited. The delisting was effective from August 1, 2018.

### 3. Business Performances

The consolidated revenue of the Company from Software Development Services for the year ended March 31, 2018 stood at Rs.262,787.17 lakhs as against the previous year's revenue of Rs.209,498.66 lakhs. The consolidated Net Profit for the fiscal year ended March 31, 2018 stood at Rs.22,635.05 lakhs as against the previous year's Net Profit of Rs.16,244.65 lakhs.

The stand alone revenue of the Company for the year ended March 31, 2018 stood at Rs. 181,730.87 lakhs as against the previous year's revenue of Rs.151,097.91 lakhs. The Stand alone Net Profit for the fiscal year ended March 31, 2018 stood at Rs.18,082.08 lakhs as against the previous year's Net Profit of Rs.9,933.76 lakhs.

The reserves and surplus as of 31st March 2018 stood at Rs.87,906.05 lakhs as against Rs.70,882.88 lakhs of the period as of March 31, 2017.

### 4. Subsidiaries

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

Your Company has 15 subsidiary company(ies) for the financial year ended on March 31, 2018 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](http://www.polarisft.com/investor/investor.asp).

## 5. Cash & Cash Equivalents

Your Company's liquidity remains healthy with a cash reserve of Rs.721.53 crores. The DSO is at an impressive 75 days.

## 6. Share Capital

During the year, under ASOP 2003 Scheme the company has allotted 119,300 equity shares of Rs.5/- each to 36 Associates and under ASOP 2011 Scheme company has allotted 629,425 equity shares of Rs.5/- each to 141 Associates/Directors pursuant to exercise of options granted and under ASOP 2015 Scheme company has allotted 71,650 equity shares of Rs.5/- each to 29 Associates pursuant to exercise of options granted.

As result of the above allotments the paid-up equity share capital of the company was increased from Rs.510,603,770/- comprising of 102,120,754 number of equity shares of Rs.5/- each as on March 31, 2017 to Rs.514,705,645/- comprising of 102,941,129 number of equity shares of Rs.5/- each as on March 31, 2018. The allotted equity shares were listed and traded in the Stock Exchanges.

The information as required under the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, and also the information as 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.

## 7. Research and Development Expenses

The details of Research and Development Expenses are as under :

Expenditure on R&D	Rs. in Lacs			
	Standalone		Consolidated	
	FY 2018	FY 2017	FY 2018	FY 2017
Capital	375.15	277.41	375.15	277.41
Recurring	-	-	5,094.03	5,961.94
<b>Total</b>	375.15	277.41	5,469.18	6,239.35

## 8. Dividend

Pursuant to regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board approved a dividend distribution policy at its meeting held on 8th February 2017. The Policy details various consideration based on which the Board may recommend or declare dividend, utilization of retained earnings etc., The policy is available on the company's website at [www.polarisft.com/investor/policies](http://www.polarisft.com/investor/policies) and is provided under Annexure 9.

The Company has not declared any dividend during the financial year 2017-18.

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 2017-18, unpaid or unclaimed dividend for the Final Dividend for the year ended 31st March 2010 declared on 17th July 2010 amounting to Rs.572,839/- was transferred to Investors Education and Protection Fund on 17th August 2017.

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 has been 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 2011 are due for transfer to IEPF on 19th August 2018 (Note: Since 19th August 2018 falls on a Sunday, the amount outstanding as on 20th August 2018 will stand transferred to IEPF). Members, who have not yet encashed their dividend warrant or those, are yet to claim their dividend amounts which were declared on 20/07/2011 for the financial year ended 31st March 2011 may write to the Company/Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited.

#### **9. Transfer to Reserves**

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

#### **10. Business Responsibility Reporting**

As per SEBI Circular vide reference SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017, SEBI has mandated the requirement of submission of Business Responsibility Report ("BRR") for top 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("SEBI LODR"). Therefore, the statutory section on Business Responsibility Report has been adopted by the Company and is provided elsewhere in this Annual Report.

#### **11. Corporate Governance**

Your Company has been complying with the provisions of Corporate Governance as stipulated in Regulations 24, 27 and other relevant provisions of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

#### **12. 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 the details of remuneration is provided elsewhere in the Annual Report and the entire policy is hosted in the Company's website at [www.polarisft.com](http://www.polarisft.com). We affirm that the remuneration paid to Directors is as per the remuneration policy of the Company.

#### **13. 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.

#### **14. Significant and Material Orders**

There are no significant and material orders passed by the regulators or Courts or Tribunals impacting the status of the going concern of the Company and the Company's operations in future.

However the following events had happened during the period under review-

- a. The Company is a party to an adjudication proceeding in accordance with the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 ("SEBI Adjudication Rules"), pertaining to alleged dealings in shares in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("SEBI PIT Regulations") by Mr. Arun Jain, the Former Chairman and Managing Director of the Company and Mr. R Srikanth, the Former Chief Financial Officer and Compliance officer of the Company. In this regard, the Company had filed settlement application with SEBI on 22nd January, 2018 and application is pending disposal by SEBI.
- b. The Company had received a show cause notice from Registrar of Companies, Chennai vide letter reference F. No. 24142/209A/Follow up/JTA(CL)/2017 dated 26th March 2018 w.r.t the non-compliance of the erstwhile 383A of the Companies Act, 1956. In this regard, the Company had submitted the compounding application and application is pending disposal by Regional Director, Southern Region, Chennai.
- c. Ministry of Corporate affairs had condoned the delay in filing of MGT 14 pertaining to the investment made in Hexa Wind Farm Private Limited by the Company vide their order file no. 09/01/2017 CL V dated 25th May 2017. The Company had filed INC - 28 along with the requisite fee as directed in the said order.

**15. 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.

**16. 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.

**17. 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.

**18. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors**

**(a) Board Meetings:**

The Board of Directors of the Company met 10 times during 2017-18. The details of various Board Meetings are provided in the Corporate Governance Report. 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**

Pursuant to the delisting, the following directors have resigned from the Board of Directors of the Company.

Name of the Director	Effective date of resignation
Prof.Jayaraman Ramachandran	2nd August 2018
Mr.Sunil Bowry	3rd 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. Mr.Anuranjan Krishan Kalia (DIN:07451682) retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

**(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 policy for directors, Key Managerial Personnel and Senior Management 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 has 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 composition of each of the above Committees, their respective roles and responsibilities is as detailed in the Report of Corporate Governance.

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

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. 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
Arvind Sharma	Member
Hari Raju Mahadevu	Member

The following Committees of the Board of Directors of the Company were deconstituted 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 23rd March 2018.

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. 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 are 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.

**19) 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.

The Board at its meeting held on the 14th May 2018 have approved the ratification of the appointment of auditors in the ensuing Annual General Meeting.

The Company has received a certificate from B S R & Co., LLP Chartered Accountants to the effect that their appointment, if made would be in accordance with the provisions of the Companies Act, 2013, and that they are not disqualified in terms of provisions of the Companies Act, 2013 from being appointed as Statutory Auditors of the Company. B S R & Co., LLP Chartered Accountants are subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the peer review Board of the ICAI.

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.

## **20) Secretarial Auditors Report :**

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 by Mr.S.Bhaskar, BP & Associates, Practising Company Secretary, and his report is annexed as Annexure 6. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

## **21) 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, 2018.

## **22) Details of CSR activity through its implementation agencies**

Your company has contributed towards CSR activities through Ullas Trust, Computer Shiksha and IIT Madras for the financial year 2017-18. A brief note about their organisations are as given under.

### **(a) Ullas Trust**

A Social initiative started in 1997 with an aim to integrate associates with the larger community to enable them to enjoy the bliss of working with young minds in the country continues to grow into a movement exemplifying the power of inclusive CSR. A seed of an idea sowed in 1997 to “ignite Young Minds” has grown into a movement across 5 states in the country powered by belief that we are making a difference! In its 20 year journey the Ullas movement has grown beyond our associate community to include committed partners to the cause of igniting young minds. These partners include family and friends of our associates, associates from our clients, Civil Society Organizations, and youth from colleges in the districts of Tamil Nadu all united by the common purpose of shaping the thinking of adolescent young students.

Over the 2 decades, Ullas has awarded merit scholarships to more than 54,000 students across Chennai, Delhi, Hyderabad, Mumbai and Pune. While the merit scholarships recognize their academic excellence, these “Young Achievers” as they are called, receive weekend enrichment programs aptly titled as SUMMIT, delivered by our associate community – through packaged modules of 5 interventions of 3 hours each - 15 magical hours per year over the four year period of the child’s association with Ullas. This academic year, over 6100 children from Corporation, Government and Government-Aided schools in five cities – Chennai, Delhi, Hyderabad, Mumbai, and Pune attended these intervention programs – that aid not just with life skills but also in designing their thinking. Under the rural re-connect program “Touch The Soil”, 2.5 lakh young minds were ignited with the power of “CAN DO” and “Planning” with the active engagement and support of over 1800 volunteers across 105 districts in 5 states.

### **Ullas – Chennai**

Ullas Trust celebrated its 20th Annual workshop on Sep 24th, 2017 at The Madras University Centenary Hall in Chennai. The workshop was all about Igniting Young Minds and celebrating our very own – Ullas Alumnus (our Higher Education Scholars) of over 200+ since 2003. The workshop saw over 3000 grade IX, X and XI Ullas Young Achievers from 218 - Corporation, Government and Government-Aided schools, who not only participated in the aspirational “CAN DO” workshop but also were awarded the Ullas Young Achievers Merit Scholarships. Nearly 100 Ullas Alumnus (Ullas Higher Education Scholars) since 2003 came onstage to share their joy at being a part of the 2 decade celebration of “Being Ullas”! The workshop saw real life role models Smt. Valarmathi N, Deputy Director, PDMSA, Indian Space Research Organization; Shri. Ganesh Kumar, Executive Director, Reserve Bank of India; Dr.

Ruchi Gupta, MD, MPH, Associate Professor of Pediatrics and Medicine, Northwestern University Feinberg School of Medicine – share their life journey - events and incidents that shaped them, inspire and interact with the students. Continuing its endeavor of recognizing and Encouraging Excellence in Education (EEE), 3 schools one each from corporation, government, and government aided were awarded the EEE award. Associate volunteers conducted the weekend enrichment program (SUMMIT) across 7 venues in the city (including our corporate offices) covering over 3,684 young achievers from grade 9-12. As part of the Touch The Soil program, over 350 volunteers visited 445 schools in the 32 districts of TN, igniting over 1.68 lakh grade 9-12 students, conducting the Diary of Dreams and Planning workshop. A total of 4251 scholarships were given to toppers in grade 9 and 10 in the district schools. During this academic year Ullas inducted 63 Higher Education Scholars (25 professional stream, and 38 arts and science students) while continuing to support an overall of 220 Higher Education Scholars who come back as mentors to the incoming Ullas Young Achievers. These Higher Education Scholars not only inspire their juniors but also dazzle the associate mentors with their commitment and thirst to pay it forward! Ullas continues to sponsor Easy Learning English (ELE) program of Vidyarambam Trust (VT) for grade 6 to 8 students in over 25 schools in 5 districts of TN. Vidyarambam Akkas also deliver our SUMMIT interventions to over 1,500 grade 9 and 10 students in 21 schools, further extending the engagement with these young minds! In the spirit of partnering with likeminded partners to reach as many young minds in schools, Talent Quest for India Trust (TQI) a student volunteer body movement has taken the SUMMIT Level 1, 2, 3 and 4 interventions to over 10,000 students (grade 9,10, 11 and 12) in 27 schools, across 21 districts of TN, through their army of over 350 college student volunteers from nearly 50 different colleges. The third edition of Ullas Confluence was held in Feb 2018, to celebrate and recognize these young TQI volunteer mentors from various colleges across the districts who are giving back selflessly. Common purpose and intent unites these partners with Ullas in reaching not just the students from the urban schools but also rural schools enabling dreams and aspirations!

#### **Ullas – Mumbai**

Mumbai Ullas chapter conducted the “CAN DO” workshop on 2nd December at Mahakavi Kalidas Natyamandir, celebrating over 540 young achievers from 24 schools (14 Municipal and 10 Govt-Aided schools). The interactive workshop encouraged the students to dream big, and dream big with conviction. Associate volunteers including over 50 volunteers from our client partner - Morgan Stanley conducted SUMMIT in the chapter schools during the weekends – reaching out to a total of 1010 students between grade 9 and 10. As part of the Touch The Soil program, 111 volunteers visited 121 schools in 14 districts covering 18,912 grade 9 and 10 students with 1042 scholarships for the toppers in 9th and 10th, and conducting the Diary of Dreams and Planning workshop for the young minds.

#### **Ullas – Hyderabad**

In Hyderabad, 288 students enthusiastically participated in the Annual “CAN DO” Workshop on November 11th, 2017. The Young Achievers enthralled everyone with their rendering of Saraswathi Vandanam and cultural performances. The Diary of Dreams workshop was very interactive and enabled students to share their aspirational dreams. SUMMIT classes also saw our associate volunteers conduct the weekend intervention program for 288 grade 9 students and 271 grade 10 students at 9 school chapters. As part of the Touch the Soil initiative, over 112 associate volunteers, their family and friends went in teams to 219 schools in 32 districts conducting the “CAN DO” and Planning workshop for 32,027 students, along with 1979 merit scholarships for deserving grade 9 and 10 students.

#### **Ullas – Delhi**

Ullas NCR chapter conducted the Annual CAN DO workshop on 18th November 2017, at Chinmaya Mission, New Delhi. 267 grade 9 young achievers from 20 government and government-aided schools were inducted into the portals of Ullas Trust. The workshop also saw 45+ associate volunteers who cheered and supported the young achievers. The weekend enrichment program – SUMMIT was conducted by our associate volunteers in school chapters and our corporate office for over 800 young achievers (grade 9 to 12) and was received very well by the students and their school authorities. As part of the Touch The Soil initiative, 37 volunteers travelled to 14 districts of NCR, reaching 11,639 students of grade 9-12 from 41 schools, inspiring and igniting young minds delivering the Diary the Diary of Dreams workshop and Planning workshop, and also with a merit scholarship to 355 toppers in 9th and 10th.

#### **Ullas – Pune**

Ullas Pune Chapter continued its engagement with 4 schools this year. The Annual Diary of Dreams workshop was conducted on Dec 2nd, 2017 for incoming young achievers, covering over 200 eager students across three locations. A total of 80 scholarships were awarded in the urban schools as part of the SUMMIT program. Associate volunteers along with family and friends conducted the subsequent weekend enrichment programs in the schools over 8 weekends, covering over 800 grade 9 and 10 students. As part of the Touch The Soil initiative, 40 volunteers went to 8 districts covering 66 district schools, reaching 12236 students from grade 9 and 10 with the diary of dreams and planning workshop. 606 scholarships were given to 5 toppers each from grade 9 and 10 in these 53 schools.

Stepping into its 21st year, the Ullas movement continues to be strengthened not just by our associates but also their family and friends, and strong like-minded partners driven by the common purpose of “igniting young minds” and seeding the “CAN DO” spirit.

## (b) Computer Shiksha:

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

**Vision** 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"> <li>• 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</li> <li>• Ms Swapnalekha Basak, B.Tech., PGDBM, ex Head – HR SAS India, Entrepreneur <a href="http://www.hcswellnessworld.com">www.hcswellnessworld.com</a></li> <li>• Sandeep Rana, Entrepreneur</li> <li>• Rajeev Lochan, Co-Founder Lochan &amp; Co.</li> <li>• Sharad Agarwal, Co-Founder Lochan &amp; Co.</li> <li>• ManMohan Thandi – Serial Entrepreneur</li> <li>• Arjun Verma - Retired businessman. Philanthropist</li> <li>• Vinod Jain – Entrepreneur at Diaspark</li> </ul>
Brief History	<ul style="list-style-type: none"> <li>• Started with taking 15 laptops to school and 60 children (Model I)</li> <li>• Had reached 1000 students by April 2013 (Model I)</li> <li>• Model II launched in April 2016</li> <li>• Currently they are providing computer education to 18000+ students</li> </ul>
Working Patrons	<ul style="list-style-type: none"> <li>• Sumit Malhotra – Technocrat</li> <li>• Anil Singhal – Vice President , HCS Wellness World</li> <li>• Rajiv Popli – Business Consultant</li> <li>• Raj Singh – Serial Entrepreneur</li> <li>• Rajesh Gulati – Real estate Entrepreneur</li> <li>• Prem Kumar – Entrepreneur</li> <li>• Y K Singh – Entrepreneur</li> <li>• Vinod Jain - Entrepreneur</li> </ul>
Nature of the Organization	<ul style="list-style-type: none"> <li>• Computer Shiksha is a charitable trust. It does not charge any fee for its services from anyone.</li> <li>• The ‘trustees’ and ‘patrons’ are senior people from the industry and work pro bono.</li> </ul>
Curriculum	All learning is practical in nature. Components of course 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.
Length of course	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) Advanced Course – 24 weeks assuming 2 classes per week (schools can take up to 48 weeks depending on the level of classes being taught)
<b>Operational Model(s)</b>	

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"> <li>• 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</li> <li>• Sharing the self learning videos and bilingual manuals which have been created, currently in Hindi and English medium</li> <li>• Support arranging the required hardware and maintaining it for ever</li> <li>• Monitoring the class live, wherever possible, through CCTV on internet</li> <li>• evaluating students to certify them</li> <li>• having flexibility to design their own time table</li> </ul> <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 <a href="http://www.computershiksha.org/">http://www.computershiksha.org/</a> . All IT returns are also uploaded.

#### AWARD

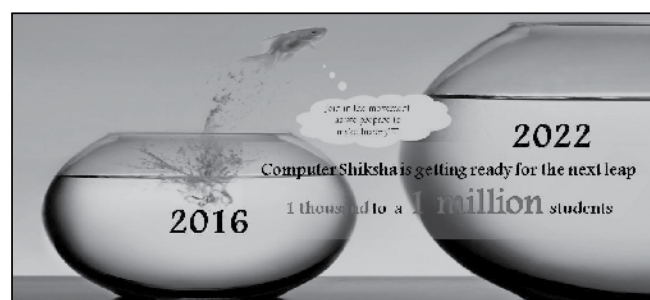
Computer Shiksha has won the top award in the 'Education & Learning' category amongst 331 entries from NGOs from SAARC countries in the E-NGO challenge, held on 25.02.2017 at Prayag 2017, Surajkund, Faridabad

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.

### 23) Audit Committee Recommendation

During the year, all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

### 24) 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].

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

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 disclosure on particulars relating to Loans, Advances, Guarantees and Investments are provided as part of the financial statements.

### 26) Risk Management Policy:

The Board of Directors of the Company have approved Risk Management Policy in the meeting held on 29th March 2016 as per Regulation 21(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Policy provides an integrated approach for managing the risks in various aspects of the business. The various risks identified by the Company and its mitigation is provided for in the MD&A.

### 27) 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 2017-18:

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

### 28) Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2017-18 as well as 2018-19 to both National Stock Exchange of India Limited and BSE Limited.

### 29) 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**

**Arvind Sharma**  
Director

**Hari Raju Mahadevu**  
Director

Place: Chennai

Date : August 6, 2018

**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	Amount (Rs. in Lakhs)	
														Proposed Dividend	Share holding %
1	Polaris Consulting & Services Pte Ltd, Singapore	April-March	SGD	49.51	112.69	10,826.37	9,098.44	988.13	1,297.18	8,377.85	695.12	88.22	606.89	NIL	100
2	Polaris Consulting & Services Limited, United Kingdom	April-March	GBP	91.01	4.92	13,457.50	28,201.76	14,757.94	18.67	50,481.98	4,351.73	747.21	3,604.52	NIL	100
3	Polaris Consulting & Services kft, Hungary*	January-December	HUF	0.26	7.67	77.42	87.13	2.03	-	239.12	14.00	1.69	12.31	NIL	100
4	Polaris Consulting & Services GmbH, Germany	April-March	EUR	80.04	261.99	873.46	1,145.82	10.37	-	69.90	17.50	0.14	17.36	NIL	100
5	Polaris Consulting & Services Pty Ltd, Australia	April-March	AUD	49.89	8.11	4,482.50	5,625.12	1,134.57	-	6,997.61	675.39	262.76	412.62	NIL	100
6	Polaris Consulting & Services Ireland Ltd, Ireland	April-March	EUR	80.04	88.96	2,235.70	2,396.33	71.66	-	463.72	43.05	4.72	38.33	NIL	100
7	Polaris Consulting and Services Japan K.K. Japan	April-March	JPY	0.61	79.04	2,314.18	2,785.39	392.18	-	2,874.83	228.23	85.51	142.72	NIL	100
8	Polaris Consulting & Services Inc., Canada**	April-March	CAD	50.35	189.51	5,933.72	9,859.13	3,736.05	-	21,272.56	963.16	274.66	688.50	NIL	100
9	Polaris Consulting & Service B.V. Netherlands*	April-March	EUR	80.04	10.99	243.38	440.30	185.55	-	679.02	40.50	7.86	32.64	NIL	100
10	Polaris Software (Shanghai) Company Limited, China #	January-December	CNY	10.34	46.02	24.70	111.12	40.40	-	1.80	(18.51)	(0.01)	(18.50)	NIL	100
11	Optimus Global Services Limited	April-March	INR	1.00	46.85	-137.97	91.69	182.81	-	-	(4.43)	-	(4.43)	NIL	100
12	Polaris Software Consulting and Services SDN.BHD. Malaysia#	April-March	MYR	16.81	75.00	35.79	110.79	-	-	90.98	29.38	(3.30)	32.68	NIL	100
13	Virtusa Malaysia SDN.BHD. Malaysia#	April-March	MYR	16.81	716.16	321.38	2,361.99	1,324.45	-	2,549.84	111.58	(0.86)	112.44	NIL	100
14	Polaris Consulting and Services FZ-LLC	April-March	AED	17.68	261.00	1,175.89	3,310.88	1,873.99	-	7,816.60	375.04	-	375.04	NIL	100
15	Polaris Consulting & Services SA	April-March	CHF	68.07	685.30	252.87	1,084.33	146.17	-	1,875.66	125.49	18.31	107.18	NIL	100

**Notes :-**

- \* Subsidiaries of Polaris Consulting & Services, UK
- # Subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore (Virtusa Malaysia SDN BHD Malaysia - Effective May 31, 2017)
- \*\* 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore
- Investment includes investments made in step down subsidiaries
- Information provided above is based on the Indian Accounting Standard financials of the Subsidiaries for the financial year ended 31st March 2018
- 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.

**Part “B”: Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture****(Rs. in lakhs)**

<b>S. No.</b>	<b>Name of the Joint Venture</b>	<b>Intellect Polaris Design LLC</b>
1.	Latest audited Balance Sheet Date	March 31, 2018
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	1,025.00
5.	Profit/ Loss for the year	(151.48)
i.	Considered in Consolidation	(75.74)
ii.	Not Considered in Consolidation	(75.74)

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: Chennai  
Date: 6th August 2018

**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 01.04.2017		Claims during the Year		Outstanding at the end of the year 31.03.2018	
Share Holders	Shares	Share Holders	Shares	Share Holders	Shares
516	80,100	215	36,850	301	43,250

**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 3rd to 5th years from date of grant  Swarnam 31 – pro rata basis from the 3rd to 5th 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 3rd to 5th years from date of grant  Swarnam 301 – pro rata basis from the 3rd to 5th years from date of grant  Swarnam 401 – pro rata basis from the 3rd to 5th years from date of grant  Swarnam 501 – pro rata basis from the 3rd to 5th 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 2017-18 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 EPS	
	Year ended 31st March, 2018	Year ended 31st March, 2017
Net Profit as reported	22,635,05,000	161,44,34,000
Add: Stock – based employee compensation expense (intrinsic value method)	13,64,548	14,07,433
Less: Stock- based employee compensation expense (fair value method)	1,224,192	40,010,484
Pro forma net profit	22,636,45,356	157,58,30,949
Basic earnings per share as reported	22.11	15.99
Pro forma basic earnings per share	22.99	15.53
Diluted earnings per share as reported	22.03	15.89
Pro forma diluted earnings per share	21.86	15.24

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	188,300	48,500	1,469,830	264,450
Options Granted	-	-	-	-
Options Vested	28,200	8,974	381,455	28,600
Options Exercised	119,300	38,026	629,425	71,650
Total No. of shares arising as a result of exercise of option	119,300	38,026	629,425	71,650
Options Lapsed	40,800	1,500	43,790	10,350
Options Lapsed forfeited	-	-	358,660	24,050
Exercise Price (weighted)	NIL	NIL	NIL	NIL
Variation of terms of Options	NIL	NIL	NIL	NIL
Money realized by exercise of options	15,748,660	4,827,361	63,189,949	10,376,780
Total no. of Options in force	28,200	8,974	437,955	158,400

**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		
<b>Total</b>		<b>NIL</b>
Name of the Director	Designation	ESOPs Granted
NIL		
<b>Total</b>		<b>NIL</b>

## ANNEXURE 3

### Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

[Clause (m) of sub-section (3) of Section 134 of the Act, r/w Rule 8 of the Companies (Accounts) Rules, 2014]

#### A) Conservation of energy:

When compared to 2016-17, in FY 17-18, there was a reduction of 6% achieved in the usage of Electricity.

It has been our continuous endeavor to Conserve Energy through optimizing the Energy Consumption across, our Navalur facilities at Chennai, "Prestige"-Bengaluru, "Capital"-Hyderabad, SEEPZ at Mumbai, G Corp at Thane & EON at Pune. In the quest for achieving the same, we were able to save 23,420.332 KWH units across locations in FY 17-18. We also have nearly 80% of our energy needs serviced through Wind Power at Navalur.

We were able to achieve this 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 assisted us in our ordeal to control energy utilization in these areas.
- c. Switching off unwanted lights / Air conditioning during non-peak hours by Patrolling Team as per a set frequency.
- d. Procurement of energy efficient equipment

#### (B) (i) Technology Innovation :

During the year gone by there has been a very strong focus on improving the security, resilience and robustness of the data network. Towards this end the LAN has been refreshed in Hyderabad, Navalur SEEPZ (SDF5) and Gurgaon. Network data leakage prevention (NDLP), network intrusion prevention systems and new web gateways were also deployed to greatly enhance security.

Major work was undertaken to improve the network connectivity for the customer ODCs to improve resilience and disaster recovery capability and to improve adherence to security requirements.

#### (ii) Technology adoption :

SolarWinds network monitoring systems was deployed for all our links to provide greater insight in to network performance and proactive alerts to enable timely remedial action.

Enterprise Security Information and Event Monitoring solution was implemented to get real-time analysis of security alerts generated by applications and network hardware.

An anti-Distributed Denial of Service (DDOS) solution was put in place to protect our most important Internet circuits from becoming a victim of a DDOS attack.

#### New Infrastructure

The Wi-Fi infrastructure was completely revamped to make it more dependable and effective resulting in a greatly improved user experience.

#### (iii) Technology Absorption

The technical integration with Virtusa was completed during the year. Amongst other things this resulted in improved collaboration technologies being available for users. Additionally, the per capita Internet bandwidth availability was increased leading to better user experience.

ServiceNow was deployed for all users to become their single go-to platform for all interactions with the support services.

(iv) the expenditure incurred on Research and Development

Rs.in Lacs

Expenditure on R&D	Standalone		Consolidated	
	FY 2018	FY 2017	FY 2018	FY 2017
Capital	375.15	277.41	375.15	277.41
Recurring	-	-	5,094.03	5,961.94
<b>Total</b>	<b>375.15</b>	<b>277.41</b>	<b>5,469.18</b>	<b>6,239.35</b>

(C) Foreign exchange earnings and Outgo –

Rs. In Lacs

For the year ended	March 31, 2018	March 31, 2017
Foreign Exchange earnings	206,861.58	163,299.72
Foreign Exchange outgo (including capital goods)	128,903.59	119,669.47

## 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;	<b>Name of the Director</b>	<b>Ratio to the Median</b>
	Rama Sivaraman	11.87 %
(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;	<b>Name of the Director</b>	<b>% increase</b>
	Rama Sivaraman	0%
	N M Vaidyanathan	0%
	Christina Pauline Beulah	11.50 %
(iii) The percentage increase in the median remuneration of employees in the financial year;	7.56 %	
(iv) the number of permanent employees on the rolls of company;	7,782	
(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 was 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	Total CTC p.a. (in local Currency)	Currency	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)	06/Sep/01	426,000	USD	27,463,355	Permanent	PGDM IIM Bangalore & B Tech from IIT Delhi	28 years	52	British High Commission, Delhi	-	No
2	Sanjay Deshpande	Executive Vice President (Level II)	03/Sep/06	522,720	CAD	26,260,735	Permanent	MBA from CSM IGS and Certification in Financial Markets	20 years	44	Head of Business Development - Middle East & Africa - CT Soft LLC (Future Technology)	-	No
3	Suresh K Iyengar	Executive Vice President (Level II)	02/Feb/10	395,000	USD	25,464,848	Permanent	B.E from Mumbai University & MBA from Jannalal Bajaj Institute of Management	20 years	47	TCS	-	No
4	R Senthilkumar	Executive Vice President (Level II)	31/Jan/00	297,043	GBP	25,377,575	Permanent	B.E EEE from Shanmugha Arts, Science, Technology and Research Academy	21 years	42	TCS	5,000	No
5	Charanjit Kaur Attwal	Senior Director	01/Dec/14	236,074	GBP	20,168,768	Permanent	secondary school education	24 years	48	Senior Vice President Bank of America	-	No
6	Madhuri Bhuyan	Senior Vice President (Level I)	15/May/02	308,000	USD	19,856,135	Permanent	MBA Finance from IIM - Calcutta	21 years	44	Ways India Ltd	-	No
7	Prasad Vinayak Taiwade	Vice President	19/Oct/16	300,000	USD	19,340,391	Permanent	BE Computer Science	28 years	47	HP. Sales BFS	-	No
8	Rahul Banerjee	Senior Vice President (Level II)	07/Jan/13	295,340	USD	19,039,986	Permanent	MBA	25 years	45	MD Advisory Services, NTT Data Inc.	-	No
9	Reggie Koshy George	Senior Vice President (Level II)	05/Jan/15	347,934	AUD	17,347,758	Permanent	BSc (Maths), MCA	28 years	51	AVP/GEM, Infosys	-	No
10	Stephen Anthony Holmes	Vice President	20/Oct/14	199,098	GBP	17,009,694	Permanent	MBA, BSc (Hons)	23 years	51	Enterprise and Solutions Architect Cognizant	-	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	-	
2	Rama Sivaraman	Executive Vice President (Level I)	23/Aug/99	10,586,434	INR	Permanent	BE, MBA	27	51	DSQ Software Ltd	0.00	

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.

**ANNEXURE 5**

**Form No. AOC-2**

**Details of Related Party Transactions**

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

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

There were no Contracts or arrangements or transactions entered into during the year ended March 31, 2018 which were not at arm's length basis.

**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 are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

<p><b>Name of the related party</b></p> <p>Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa Private Ltd, Sri Lanka, Virtusa Software Services Private Limited, Virtusa Technologies India Private Limited, Polaris Consulting &amp; Services GmbH</p>	<p>Virtusa Private Limited</p>	<p>Polaris Consulting &amp; Services Pty Ltd, Polaris Consulting and Services Japan KK, Polaris Consulting &amp; Services GmbH, Polaris Consulting &amp; Services Ireland Ltd, Polaris Consulting &amp; Services Ltd, UK, Polaris Consulting Services FZ-LLC, Polaris Consulting &amp; Services Pte Ltd, Singapore, Polaris Consulting &amp; Services SA, Virtusa Corporation, Services Private Limited, Virtusa Pvt Ltd., Virtusa Trade UK Ltd, Virtusa Trade Tech BV Netherlands, Virtusa Hungary, Virtusa Switzerland, Virtusa APS, Virtusa Software Services Private Limited, Virtusa Technologies India Private Limited</p>	<p>Polaris Consulting &amp; Services Pty Ltd, Australia, Polaris Consulting and Services Japan KK, Polaris Consulting &amp; Services Pte Ltd, singapore, Polaris Consulting &amp; services Inc, Canada, Polaris Consulting &amp; Services GmbH, Polaris Consulting &amp; Services Ireland Ltd, Polaris Consulting &amp; Services Ltd, Polaris Consulting and Services FZ-LLC, Polaris Consulting &amp; Services Pte Ltd, Singapore, Polaris Consulting &amp; Services SA, Switzerland, Intellect polaris design LLC, USA</p>	<p>Polaris Consulting &amp; Services Pty Ltd, Polaris Consulting and Services Japan KK, Polaris Consulting &amp; Services Ltd, UK, Polaris Consulting &amp; Services Inc, canada, Polaris Consulting &amp; Services GmbH, Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa International BV Netherlands, Virtusa Pvt Ltd., Virtusa Singapore Pvt Ltd, Virtusa UK Ltd, Virtusa Austria GmbH</p>	<p>Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa Technologies India Private Limited, Virtusa Private Ltd, Virtusa Software Services Private Ltd, Polaris Consulting and Services FZ-LLC, Polaris Consulting &amp; Services Ireland Ltd, Polaris Consulting &amp; Services Pte Ltd, Polaris Consulting &amp; Services SA, Canada, Polaris Consulting &amp; Services GmbH, Germany, Polaris Consulting &amp; Services SA, Switzerland, Polaris Consulting &amp; Services BV, Netherlands, Virtusa Hungary, Virtusa Switzerland, Virtusa Malaysia Sdn Bhd,</p>	<p>Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa Technologies India Private Limited, Virtusa Private Ltd, Virtusa Software Services Private Ltd, Polaris Consulting and Services FZ-LLC, Polaris Consulting &amp; Services Ireland Ltd, Polaris Consulting &amp; Services Pte Ltd, Polaris Consulting &amp; Services SA, Canada, Polaris Consulting &amp; Services GmbH, Germany, Polaris Consulting &amp; Services SA, Switzerland, Polaris Consulting &amp; Services BV, Netherlands, Virtusa Hungary, Virtusa Switzerland, Virtusa Malaysia Sdn Bhd,</p>	<p>Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa Private Limited, Virtusa Singapore Pvt Ltd, Virtusa UK Ltd, Polaris Consulting &amp; Services Pty Ltd, Polaris Consulting &amp; Services Japan KK, Polaris Consulting &amp; Services Inc., Canada, Polaris Software (Shanghai) Company Limited, Polaris Consulting &amp; Services Ireland Ltd, Polaris Consulting &amp; Services SA, Optimus Global Services Limited and Polaris Consulting &amp; Services GmbH, Virtusa Austria GmbH, Polaris Consulting &amp; Services Limited, United Kingdom, Polaris Consulting and Services FZ-LLC, Dubai, Polaris Consulting &amp; Services Pte Ltd, Singapore, Virtusa Malaysia Sdn Bhd, Malaysia</p>
<p><b>Nature of relationship</b></p>	<p>Refer Legend given below</p>						
<p><b>Nature of contracts/arrangements/transactions</b></p>	<p>Reimbursement of expenses by Polaris Consulting &amp; Services Limited, India.</p>	<p>Reimbursement of expenses to Polaris Consulting &amp; Services Limited, India.</p>	<p>Payment of Software development expenses to Polaris subsidiary companies and its parent companies.</p>	<p>Investment by Polaris in subsidiaries/ JV</p>	<p>Software Development Service income received from Polaris subsidiary and its parent companies.</p>	<p>Trade payables to subsidiary company and holding company.</p>	<p>Trade Receivables from the Subsidiary companies and holding / ultimate holding company.</p>

Ongoing- The contract will continue till any party terminates the contract						
Duration of the contracts/arrangements/ transactions	Based on actuals	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines
Salient terms of the contracts or arrangements or transactions including the value, if any	Based on actuals	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per 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 b) To ensure compliance 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 b) To ensure compliance 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 b) To ensure compliance 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 b) To ensure compliance 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 b) To ensure compliance 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 b) To ensure compliance 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	May 14, 2018	May 14, 2018	May 14, 2018	May 14, 2018	May 14, 2018	May 14, 2018
Amount Rs. in lakhs	Rs.4,392.09	Rs.8.57	Rs.24,059.53	Rs.2,774.74	Rs.27,448.53	Rs.9,508.35

<b>Legend</b>	
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)
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 A****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.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 (hereinafter 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 authorised 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, 2018 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, 2018 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 there under;
- (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 thereunder;
- (vii) Information Technology Act, 2000 and the rules made thereunder;
- (viii) Software Technology Parks of India rules and regulations;
- (ix) The Trade Marks Act, 1999.
- (x) Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax, Value Added Tax, Central Excise Act 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.  
During the period under review there were no events which required specific compliance of the provisions of
  - i. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - ii. 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 with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes 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,:**

- (1) Voluntary Delisting Offer was made by Virtusa Consulting Services Private Limited ("Virtusa"), Promoter Shareholder of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 on the 26th of October 2017. The Polaris Board had approved the Delisting proposal on 14th November 2017. Subsequently the Company had carried out postal ballot in this regard by means of special resolution which was successfully carried out. Upon completion of the postal ballot, the Company had made application for seeking inprinciple approval from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and received the said approval on 23rd January 2018.  
Consequent to the same, delisting offer was made by Virtusa pursuant to which the current shareholding of Virtusa in the Company stands at 92.58%. The post-offer public announcement was released on February 09, 2018. The Company has submitted the final delisting application to both the exchanges on February 15, 2018 and awaiting their approval as on date of issue of this certificate.
- (2) The Company is a party to an adjudication proceeding in accordance with the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 ("SEBI Adjudication Rules"), pertaining to alleged dealings in shares in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("SEBI PIT Regulations") by Mr. Arun Jain, the Former Chairman and Managing Director of the Company and Mr. R Srikanth, the former Chief Financial Officer and Compliance officer of the Company. In this regard, the Company had filed settlement application with SEBI on 22nd January, 2018 and application is pending disposal by SEBI.
- (3) The Company had received a show cause notice from Registrar of Companies, Chennai vide letter reference F. No. 24142/209A/ Follow up/JTA(CL)/2017 dated 26th March 2018 w.r.t the non – compliance of the erstwhile 383A of the Companies Act, 1956. In this regard the Company had submitted the compounding application and application is pending disposal by Regional Director, Southern Region, Chennai.
- (4) Ministry of Corporate affairs had condoned the delay in filing of MGT 14 pertaining to the Investment made in Hexa Wind Farm Private Limited by the Company vide their order vide file no. 09/01/2017 CL V dated 25th May 2017. The Company had filed INC - 28 along with the requisite fee as directed in the said order.

For **BP & Associates**  
Company Secretaries

**S. Bhaskar**  
Partner  
M.No:10798  
CP. No: 8315

Place: Chennai

Date: 14th May 2018

## '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

**S.Bhaskar**

Partner

M.No:10798

CP. No: 8315

Place: Chennai

Date: 14th May 2018

**ANNEXURE 7**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

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	L65993TN1993PLC024142
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	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd 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	100%	2(87)(ii)
2	Polaris Consulting & Services Inc., Suite 800, 120 Adelaide, Street West, Toronto, Ontario, M5H1T1, Canada	624954-0	Subsidiary	100%	2(87)(ii)
3	Polaris Consulting & Services Pty Ltd., Level 12, 31, Market Street, Sydney, NSW 2000, Australia	095 031 897	Subsidiary	100%	2(87)(ii)
4	Polaris Consulting and Services Japan KK, 32, Shiba Koen Building, 8th Floor, Shiba Koen, Minato-ku, Tokyo 105-0011, Japan	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	Polaris Consulting and Services FZ-LLC, Room 113, Level 1, Building 12, Dubai Internet City, PO Box 501801, Dubai, United Arab Emirates	93137	Subsidiary	100%	2(87)(ii)
7	Polaris Consulting & Services GmbH, 2 Etage, Herriotstrabe, 1 Frankfurt - 60528, Germany	4724128853	Subsidiary	100%	2(87)(ii)
8	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)

S.No.	Name And Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
9	Polaris Consulting & Services Ltd.,26 Finsbury Square, London EC2A 1DS	9108870	Subsidiary	100%	2(87)(ii)
10	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 Consulting Services Private Limited,Survey No.115/Part, Plot No.10, Nanakramguda Village, Serilingampally, Hyderabad-500008, Telengana, India	U93000TG2008FTC057988	Holding	92.64%	2(46)

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

**Category-wise Share Holding**

**(A) SHARE HOLDING PATTERN BETWEEN 01/04/2017 AND 31/03/2018**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017			NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018			% CHANGE DURING THE YEAR		
		DEMAT	PHYSICAL	TOTAL	DEMAT	PHYSICAL	TOTAL			
	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual/HUF									
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	76,081,069	-	76,081,069	74.50	95,366,826	50	95,366,876	92.64	18.14
(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
	<b>Sub-Total A(1) :</b>	<b>76,081,069</b>	<b>-</b>	<b>76,081,069</b>	<b>74.50</b>	<b>95,366,826</b>	<b>50</b>	<b>95,366,876</b>	<b>92.64</b>	<b>18.14</b>
(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
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>76,081,069</b>	<b>-</b>	<b>76,081,069</b>	<b>74.50</b>	<b>95,366,826</b>	<b>50</b>	<b>95,366,876</b>	<b>92.64</b>	<b>18.14</b>
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	2,594,572	-	2,594,572	2.54	779,125	-	779,125	0.76	(1.78)
(b)	Financial Institutions /Banks	448,570	-	448,570	0.44	402,393	-	402,393	0.39	(0.05)
(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	7,758,437	150	7,758,587	7.60	294,818	-	294,818	0.29	(7.31)
(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

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>10,801,579</b>	<b>150</b>	<b>10,801,729</b>	<b>10.58</b>	<b>1,476,336</b>	-	<b>1,476,336</b>	<b>1.43</b>	<b>(9.14)</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	2,336,674	550	2,337,224	2.29	1,343,523	150	1,343,673	1.31	(0.98)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	9,323,772	164,013	9,487,785	9.29	3,869,697	119,999	3,989,696	3.88	(5.42)
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	2,580,539	-	2,580,539	2.53	460,425	-	460,425	0.45	(2.08)
(c)	Others									
	CLEARING MEMBERS	32,103	-	32,103	0.03	28,190	-	28,190	0.03	(0.00)
	IEPF	-	-	-	-	83,866	-	83,866	0.08	0.08
	NBFC	941	-	941	0.00	401	-	401	0.00	(0.00)
	NON RESIDENT INDIANS	522,630	1,450	524,080	0.51	99,092	1,350	100,442	0.10	(0.42)
	NRI NON-REPATRIATION	141,413	-	141,413	0.14	76,533	-	76,533	0.07	(0.06)
	OVERSEAS CORPORATE BODIES	250	50	300	0.00	-	-	-	-	(0.00)
	TRUSTS	98,988	-	98,988	0.10	10,474	-	10,474	0.01	(0.09)
	TRUSTS	34,583	-	34,583	0.03	4,217	-	4,217	0.00	(0.03)
(d)	Qualified Foreign Investor									
	<b>Sub-Total B(2) :</b>	<b>15,071,893</b>	<b>166,063</b>	<b>15,237,956</b>	<b>14.92</b>	<b>5,976,418</b>	<b>121,499</b>	<b>6,097,917</b>	<b>5.92</b>	<b>(9.00)</b>
	<b>Total B=B(1)+B(2) :</b>	<b>25,873,472</b>	<b>166,213</b>	<b>26,039,685</b>	<b>25.50</b>	<b>7,452,754</b>	<b>121,499</b>	<b>7,574,253</b>	<b>7.36</b>	<b>(18.14)</b>
	<b>Total (A+B) :</b>	<b>101,954,541</b>	<b>166,213</b>	<b>102,120,754</b>	<b>100</b>	<b>102,819,580</b>	<b>121,549</b>	<b>102,941,129</b>	<b>100</b>	<b>0</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C) :</b>	<b>101,954,541</b>	<b>166,213</b>	<b>102,120,754</b>	<b>100</b>	<b>102,819,580</b>	<b>121,549</b>	<b>102,941,129</b>	<b>100</b>	<b>0</b>

**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	& of shares Pledged/encumbered to total shares	No of Shares	% of total shares of the Company	& of shares Pledged/encumbered to total share	
1	Virtusa Consulting Services Private Limited	76,081,069	74.50	--	95,366,876	92.64	--	18.14

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

S.No.	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*	76,081,069	74.50	95,366,876	92.64
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Sale / bonus/ sweat equity etc.):	12/02/2018 : 19,285,807 shares were acquired as part of Delisting offer			
3	At the end of the year	0	0	95,366,876	92.64

**D) Shareholding Pattern of top ten Shareholders:**

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

S No	Name of the Share Holder	No. of shares at the beginning the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
1	UTI-UNIT SCHEME FOR CHARITABLE AND RELIGIOUS TRUST	2,161,659	2.12	1/4/2017		Opening balance		
				07/04/2017	48,366	Purchase	2,210,025	2.16
				19/05/2017	289,011	Purchase	2,499,036	2.45
				30/06/2017	29,165	Purchase	2,528,201	2.47
				21/07/2017	-27,730	Sale	2,500,471	2.45
				18/08/2017	78,821	Purchase	2,579,292	2.52
				25/08/2017	53,747	Purchase	2,633,039	2.58
				06/10/2017	1,496	Purchase	2,634,535	2.58
				03/11/2017	150,000	Purchase	2,784,535	2.72
				10/11/2017	245,224	Purchase	3,029,759	2.96
				01/12/2017	-14,371	Sale	3,015,388	2.95
				16/02/2018	-2,999,037	Sale	16,351	0.02
		0	0	31/03/2018		Closing balance	0	.000
2	LSV EMERGING MARKETS EQUITY	2,068,889	2.03	01/04/2017		Opening Balance		0.00
				07/04/2017	-25,897	Sale	2,042,992	2.00
				14/04/2017	-33,230	Sale	2,009,762	1.97
				21/04/2017	-88,363	Sale	1,921,399	1.88
				28/04/2017	-11,899	Sale	1,909,500	1.87
				17/11/2017	-45,600	Sale	1,863,900	1.82
				24/11/2017	-98,600	Sale	1,765,300	1.72
				01/12/2017	-13,100	Sale	1,752,200	1.71
				08/12/2017	-47,138	Sale	1,705,062	1.67
				15/12/2017	-18,662	Sale	1,686,400	1.65
				09/02/2018	-13,334	Sale	1,673,066	1.63
				16/02/2018	-1,673,066	Sale	0	0.00
		-	-	31/03/2018		Closing balance	0	0.00

3	RAJASTHAN GLOBAL SECURITIES PVT LTD	1060252	1.04	01/04/2017		Opening balance		
				21/04/2017	90,000	Purchase	1,150,252	1.13
				21/04/2017	-100,000	Sale	1,050,252	1.03
				28/04/2017	-15,000	Sale	1,035,252	1.01
				12/05/2017	-22,713	Sale	1,012,539	0.99
				26/05/2017	-57,772	Sale	954,767	0.93
				04/08/2017	-219,000	Sale	735,767	0.72
				11/08/2017	202,122	Purchase	937,889	0.92
				11/08/2017	-335,000	Sale	602,889	0.59
				18/08/2017	-240,888	Sale	362,001	0.35
				25/08/2017	-50,000	Sale	312,001	0.31
				15/09/2017	26,880	Purchase	338,881	0.33
				22/09/2017	16,399	Purchase	355,280	0.35
				22/09/2017	-50,000	Sale	305,280	0.30
				31/10/2017	-17,078	Sale	288,202	0.28
				03/11/2017	33,707	Purchase	321,909	0.31
				10/11/2017	30,624	Purchase	352,533	0.34
				17/11/2017	184,540	Purchase	537,073	0.53
				24/11/2017	75,000	Purchase	612,073	0.60
				24/11/2017	-71,422	Sale	540,651	0.53
				01/12/2017	168,623	Purchase	709,274	0.69
				01/12/2017	-135,587	Sale	573,687	0.56
				08/12/2017	18,779	Purchase	592,466	0.58
				15/12/2017	34,703	Purchase	627,169	0.61
				29/12/2017	346,902	Purchase	974,071	0.95
				19/01/2018	24,049	Purchase	998,120	0.97
				26/01/2018	435,930	Purchase	1,434,050	1.40
				26/01/2018	-475,000	Sale	959,050	0.94
				02/02/2018	-918,623	Sale	40,427	0.04
				09/02/2018	267,704	Purchase	308,131	0.30
				16/02/2018	-34,514	Sale	273,617	0.27
		23/02/2018	5,448	Purchase	279,065	0.27		
		16/03/2018	1,297	Purchase	280,362	0.27		
		23/03/2018	-33,870	Sale	246,492	0.24		
		30/03/2018	-12,610	Sale	233,882	0.23		
		-	-	31/03/2018	Closing balance	196,249		
4	EDELWEISS CUSTODIAL SERVICES LIMITED	50754	0.05	01/04/2017		Opening balance		
				07/04/2017	175	Purchase	50,929	0.05
				07/04/2017	-325	Sale	50,604	0.05
				14/04/2017	193	Purchase	50,797	0.05
				21/04/2017	-1,272	Sale	49,525	0.05
				28/04/2017	685	Purchase	50,210	0.05
				28/04/2017	-8	Sale	50,202	0.05
				05/05/2017	952	Purchase	51,154	0.05
				05/05/2017	-734	Sale	50,420	0.05
				12/05/2017	-10,148	Sale	40,272	0.04
				19/05/2017	217	Purchase	40,489	0.04
				26/05/2017	1,800	Purchase	42,289	0.04
				26/05/2017	-523	Sale	41,766	0.04
				02/06/2017	-35,942	Sale	5,824	0.01
				09/06/2017	1	Purchase	5,825	0.01
				09/06/2017	-99	Sale	5,726	0.01
				16/06/2017	146	Purchase	5,872	0.01
				16/06/2017	-249	Sale	5,623	0.01
				23/06/2017	558	Purchase	6,181	0.01
				30/06/2017	2,599	Purchase	8,780	0.01
				30/06/2017	-705	Sale	8,075	0.01
				07/07/2017	105	Purchase	8,180	0.01
				07/07/2017	-2,369	Sale	5,811	0.01
		14/07/2017	178	Purchase	5,989	0.01		

4	EDELWEISS CUSTODIAL SERVICES LIMITED			21/07/2017	1,302	Purchase	7,291	0.01
				21/07/2017	-283	Sale	7,008	0.01
				28/07/2017	-1,090	Sale	5,918	0.01
				04/08/2017	20	Purchase	5,938	0.01
				04/08/2017	-95	Sale	5,843	0.01
				11/08/2017	480	Purchase	6,323	0.01
				11/08/2017	-640	Sale	5,683	0.01
				18/08/2017	848	Purchase	6,531	0.01
				25/08/2017	17,748	Purchase	24,279	0.02
				25/08/2017	-538	Sale	23,741	0.02
				01/09/2017	-100	Sale	23,641	0.02
				08/09/2017	-495	Sale	23,146	0.02
				15/09/2017	-98	Sale	23,048	0.02
				22/09/2017	86	Purchase	23,134	0.02
				22/09/2017	-50	Sale	23,084	0.02
				30/09/2017	-9	Sale	23,075	0.02
				06/10/2017	201	Purchase	23,276	0.02
				13/10/2017	-30	Sale	23,246	0.02
				20/10/2017	4,371	Purchase	27,617	0.03
				20/10/2017	-171	Sale	27,446	0.03
				27/10/2017	33,113	Purchase	60,559	0.06
				31/10/2017	-18,615	Sale	41,944	0.04
				03/11/2017	13,581	Purchase	55,525	0.05
				10/11/2017	71,937	Purchase	127,462	0.12
				17/11/2017	-7,879	Sale	119,583	0.12
				24/11/2017	15,218	Purchase	134,801	0.13
				01/12/2017	5,318	Purchase	140,119	0.14
				01/12/2017	-1,480	Sale	138,639	0.14
				08/12/2017	18,250	Purchase	156,889	0.15
				15/12/2017	-40,423	Sale	116,466	0.11
				22/12/2017	-22,160	Sale	94,306	0.09
				29/12/2017	54,742	Purchase	149,048	0.15
				30/12/2017	-3,000	Sale	146,048	0.14
				05/01/2018	26,962	Purchase	173,010	0.17
				12/01/2018	999	Purchase	174,009	0.17
				19/01/2018	-5,931	Sale	168,078	0.16
				26/01/2018	-2,313	Sale	165,765	0.16
				02/02/2018	-144,446	Sale	21,319	0.02
				09/02/2018	300	Purchase	21,619	0.02
				09/02/2018	-9,050	Sale	12,569	0.01
				16/02/2018	744,114	Purchase	756,683	0.74
		23/02/2018	14,249	Purchase	770,932	0.75		
		02/03/2018	37,342	Purchase	808,274	0.79		
		02/03/2018	-10,314	Sale	797,960	0.78		
		09/03/2018	3,110	Purchase	801,070	0.78		
		16/03/2018	490	Purchase	801,560	0.78		
		23/03/2018	-7,000	Sale	794,560	0.77		
		30/03/2018	285	Purchase	794,845	0.77		
		31/03/2018	-5,550	Sale	789,295	0.77		
		31/03/2018		Closing balance	784,476	0.76		
5	OLESEN VALUE FUND LP	716000	0.70	01/04/2017		Opening balance		
				27/10/2017	-28,000	Sale	688,000	0.67
				31/10/2017	-312,000	Sale	376,000	0.37
				10/11/2017	-26,000	Sale	350,000	0.34
				15/12/2017	-17,211	Sale	332,789	0.33
				22/12/2017	-332,789	Sale	0	0.00
		31/03/2018		Closing balance	0	0.00		

6	AUSTRALIANSUPER	686337	0.67	01/04/2017		Opening balance		
				07/04/2017	-10,700	Sale	675,637	0.66
				14/04/2017	-13,900	Sale	661,737	0.65
				21/04/2017	-37,200	Sale	624,537	0.61
				28/04/2017	-5,137	Sale	619,400	0.61
				17/11/2017	-51,515	Sale	567,885	0.56
				24/11/2017	-111,313	Sale	456,572	0.45
				01/12/2017	-15,035	Sale	441,537	0.43
				08/12/2017	-64,929	Sale	376,608	0.37
				15/12/2017	-8,808	Sale	367,800	0.36
				16/02/2018	-367,800	Sale	0	0.00
				31/03/2018		Closing balance	0	0.00
7	LAKSHMI CAPITAL INVESTMENTS LIMITED	680049	0.67	01/04/2017				
				07/04/2017	24,000	Purchase	704,049	0.69
				12/05/2017	69,021	Purchase	773,070	0.76
				19/05/2017	-32,000	Sale	741,070	0.73
				02/06/2017	25,000	Purchase	766,070	0.75
				09/06/2017	72,800	Purchase	838,870	0.82
				16/06/2017	20,000	Purchase	858,870	0.84
				31/10/2017	-125,000	Sale	733,870	0.72
				16/02/2018	-733,870	Sale	0	0.00
				31/03/2018		Closing balance	0	0.00
8	KOTAK EQUITY SAVINGS FUND	0	0.00	01/04/2017		Opening balance		
				23/02/2018	245,959	Purchase	245,959	0.24
				02/03/2018	136,510	Purchase	382,469	0.37
				09/03/2018	44,047	Purchase	426,516	0.41
				16/03/2018	3,629	Purchase	430,145	0.42
				23/03/2018	21,194	Purchase	451,339	0.44
				30/03/2018	3,916	Purchase	455,255	0.44
				31/03/2018		Closing balance	455,255	0.44
9	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE	442462	0.43	01/04/2017		Opening Balance		
				28/04/2017	-31,714	Sale	410,748	0.40
				05/05/2017	-39,958	Sale	370,790	0.36
				12/05/2017	-156,303	Sale	214,487	0.21
				19/05/2017	-48,119	Sale	166,368	0.16
				26/05/2017	-119,000	Sale	47,368	0.05
				02/06/2017	-47,368	Sale	0	0.00
		31/03/2018		Closing balance	0	0.00		
10	VISHNU R DUSAD	402399	0.39	01/04/2017		Opening Balance		
				02/02/2018	-402,399	Sale		
				31/03/2018		Closing balance	0	0.00
11	LIFE INSURANCE CORPORATION OF INDIA	394023	0.39	01/04/2017		Opening Balance		
				31/03/2018		Closing balance	394,023	0.38
12	JYSKE INVEST INDISKE AKTIER	341184	0.33	01/04/2017		Opening Balance	341,184	0.33
				26/05/2017	23,484	Purchase	364,668	0.36
				25/08/2017	-23,446	Sale	341,222	0.33
				02/02/2018	-341,222	Sale	0	0.00
		31/03/2018		Closing balance				
13	IL & FS TRUST COMPANY LIMITED - FOREFRONT ALTERNAT	0	0.00	01/04/2017		Opening balance		
				03/11/2017	26,802	Purchase	26,802	0.03
				10/11/2017	41,159	Purchase	67,961	0.07
				05/01/2018	12,825	Purchase	80,786	0.08
				02/02/2018	127,383	Purchase	208,169	0.20
				09/02/2018	500,000	Purchase	708,169	0.69
				16/02/2018	-404,187	Sale	303,982	0.30
				23/02/2018	-2,097	Sale	301,885	0.29
				02/03/2018	-5,378	Sale	296,507	0.29
				09/03/2018	-2,059	Sale	294,448	0.29
		31/03/2018		Closing balance	294,448	0.29		

14	GOVERNMENT PENSION FUND GLOBAL	190,200	0.19	01/04/2017		Opening balance		
				31/03/2018		Closing balance	190,200	0.18
15	ATUL GOEL	0	0	01/04/2017		Opening balance		
				09/02/2018	112,384	Purchase	112,384	0.11
				31/03/2018		Closing balance	112,384	0.11
16	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	0	0	01/04/2017		Opening balance		
				08/12/2017	83,866	Transfer	83,866	0.08
				31/03/2018		Closing balance	83,866	0.08
17	SHILPA ATUL SHAH	55,090	0.05	01/04/2017		Opening balance		
				31/03/2018		Closing balance	55,090	0.05
18	RAHAT HASSAN THARANI	0	0.00	01/04/2017		Opening balance		
				03/11/2017	4,000	Purchase	4,000	0.00
				10/11/2017	6,000	Purchase	10,000	0.01
				17/11/2017	1,000	Purchase	11,000	0.01
				29/12/2017	27,500	Purchase	38,500	0.04
				09/02/2018	15,000	Purchase	53,500	0.05
		31/03/2018		Closing balance	53,500	0.05		

**E) Shareholding of Directors and Key Managerial Personnel:**

S.No.	Name of the Share Holder	Shareholding 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	31/03/2018
2	Anuranjan Krishan Kalia, Director	0	0		0	0	31/03/2018
3	Jayaraman Ramachandran, Director	0	0		0	0	31/03/2018
4	Arvind Sharma, Director	0	0		0	0	31/03/2018
5	Hari Raju Mahadevu, Director	0	0		0	0	31/03/2018
6	Sunil Bowry, Director	0	0		0	0	31/03/2018
7	Rama Sivaraman, Director	39,820	6,000	45,819	1	1	31/03/2018
8	N M Vaidyanathan, Chief Financial Officer	379	35,000	35,379	0	0	31/03/2018
9	Christina Pauline Beulah, Company Secretary	0	0		0	0	31/03/2018

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

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. 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	-	34,616,902	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	10,949,277	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	23,667,625	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-		
2	Stock Option (in No's)	-	34,000	
3	Sweat Equity			
4	Commission - as % of profit	-		
5	Others, please specify	-		
	<b>Total (A) (excluding Stock Options)</b>	-	<b>34,616,902</b>	
Ceiling as per the 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					
	Independent Directors	Jayaraman Ramachandran	Sunil Bowry	Hari Raju Mahadevu	Arvind Sharma	Total
1	Fee for attending board committee meetings	145,000	285,000	315,000	180,000	925,000
	Fixed fees	3,000,000	1,200,000	1,200,000	1,200,000	6,600,000
	Others, please specify	-	-	-	---	-
	<b>Total (1)</b>					
2	Other Non-Executive Directors/Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Fixed fees	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
<b>Total (B)=(1+2)</b>		<b>3,145,000</b>	<b>1,485,000</b>	<b>1,515,000</b>	<b>1,380,000</b>	<b>7,525,000</b>
<b>Total Managerial Remuneration</b>						

**Overall ceiling as per the act :**

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

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Amount in Rs.

S.No.	Particulars of Remuneration	CS	CFO	Total
1	Gross salary	1,430,442	24,764,690	26,195,132
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,418,442	11,436,652	12,855,094
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,000	13,328,038	13,340,038
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option (No. of Options)	-	55,000	55,000
3	Sweat Equity	-	-	-
4	Commission - as % of profit	-	-	-
5	Others, please specify	-	-	-
<b>Total (excluding Stock Option)</b>		<b>1,430,442</b>	<b>24,764,690</b>	<b>26,195,132</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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	18th 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 Ullas Trust, Computer Shiksha and IIT Madras which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013. Ullas Trust and Computer Shiksha objective 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, 8th February 2017 and on 6th August 2018.

**Total amount to be spent for the financial year 2017-18:**

Particulars	Amount (Rs in lakhs)
Avg.net profit of three years	15,608.47
2% of Avg. net profits -Sec 135	312.17

**Details of CSR spent during the financial year 2017-18:**

Date of Payment	Avenue of CSR spend	Amount (Rs.)
22/06/2017	IIT Madras	50,00,000
22/06/2017	Computer Shiksha	17,50,000
03/08/2017	Ullas Trust	20,00,000
09/08/2017	IIT Madras	75,00,000
11/10/2017	Computer Shiksha	17,50,000
28/11/2017	IIT Madras	25,00,000
20/12/2017	Ullas Trust	20,00,000
18/01/2018	Computer Shiksha	17,50,000
28/03/2018	Computer Shiksha	17,50,000
31/03/2018	IIT Madras	12,17,000
31/03/2018	Ullas Trust	40,00,000
<b>Total</b>		<b>31,217,000</b>

Amount unspent – Nil

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

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 Sub-heads:(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	Ullas Trust	Promotion of Education	Chennai, Delhi, Hyderabad, Mumbai and Pune	80.00	80.00	908.37	988.37	80.00
2	Computer Shiksha	Promotion of Education	Gurgaon, Delhi, Aligarh, Amroha, Rajasthan, Faridabad	70.00	70.00	15.20	85.20	70.00
3	IIT Madras	promotion of education, environmental sustainability and incubation	Chennai	162.17	162.17	-	162.17	162.17
<b>Total</b>								<b>312.17</b>

\* 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 y ear 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**

**Arvind Sharma**  
Director

**Hari Raju Mahadevu**  
Director

Place: Chennai

Date : August 6, 2018

**Annexure 9**  
**Dividend Distribution Policy ("Policy")**

As required under clause 43A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time (SEBI Listing Regulations), this Policy is made by Polaris Consulting & Services Limited ("the Company") to determine the manner and the parameters under which the dividend is paid to its shareholders. The Policy is displayed on the website of the Company only for the benefit of the investors or stakeholders.

The Board of Directors ("Board") of the Company has approved this policy in its meeting held on 8th of February 2017

**Factors to be considered before declaration of Dividends:**

The Board will consider the following factors before making any recommendations for the dividend including, but not limited to:

- (i) future capital expenditure plans including but not limited to anticipated investments for organic and inorganic business growth opportunities
- (ii) profits earned during the financial year;
- (iii) cost of raising funds from alternate sources,
- (iv) the company's liquidity position and future cash flow needs
- (v) prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- (vi) Current and projected cash balance
- (vii) The macro economic factors and the general business environment
- (viii) Corporate actions resulting in significant cash outflow for the Company
- (ix) Track record of dividends distributed by the Company
- (x) Current and projected debt – raising capacity

**Utilization of retained earnings**

The Company's retained earnings shall be utilized in the following manner in compliance with the applicable rules and regulations:

- Funding organic and inorganic business growth needs
- Payment of dividend in future years
- Issue of bonus shares
- Buyback of shares subject to applicable limits
- Any other permissible purpose

**Applicability:**

This policy applies to the equity shareholders of the Company in accordance with applicable various Acts, rules and regulations.

The Board may declare interim dividend (s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

The payment of dividend is subject to the provisions of Companies Act, 2013 and rules framed thereunder (Act) and the dividend distribution shall be in accordance with the applicable provisions of the Act, SEBI Listing Regulations and other legislations governing dividends and the Articles of Association of the Company as in force and as amended from time to time.

The Board will review the policy at regular intervals and reserves the right to amend the Policy from the time to time to meet the requirements of the regulatory framework.

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company:

Sl. No	General Information	Details
1	Corporate Identity Number (CIN) of the Company	L65993TN1993PLC024142
2	Name of the Company	Polaris Consulting & Services Limited
3	Registered address	No. 34, IT Highway, Navallur, Chennai – 600 130
4	Website	www.polarisft.com
5	E-mail id	companysecretary@virtusa.com
6	Financial Year Reported	April 1, 2017 to March 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	62013 – Computer programming, Consultancy and related activities
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	<ol style="list-style-type: none"> <li>1. Software Development and Support Services</li> <li>2. Product Licenses and related services</li> <li>3. Business Process Outsourcing</li> </ol>
9	Total number of locations where business activity is undertaken by the Company	There are 28 Locations
a	Number of International Locations (Provide details of major 5)	<p>Number of International Locations is 19</p> <p><b>North America</b> 20, Corporate Place South, Piscataway, NJ 08854, USA</p> <p><b>Canada</b> Suite 800, 120 Adelaide Street West, Toronto, ON, M5H 1T1 CANADA.</p> <p><b>Europe</b> 26 Finsbury Square, London EC2A1DS, 2 Etage, Herriotstrasse 1, Frankfurt - 60528, Germany</p> <p><b>Australia</b> Level 12, 31 Market Street, Sydney, NSW 2000, Australia</p> <p><b>Asia Pacific</b> 3 Changi Business Park Vista, # 4-02 Akzonobel House, Singapore - 486 051</p>
b	Number of National Locations	9
10	Markets served by the Company: Local/State/National/International	North America, Canada, Japan, China, United Kingdom & Ireland, Europe, Asia Pacific, Middle East, Australia, New Zealand and India.

**Section B: Financial Details of the Company: (As on 31st of March 2018)**

Sl. No	Particulars	Amount (Rs in lakhs)
1	Paid up Capital	5,147.06
2	Total Turnover	181,730,87
3	Total profit after taxes	18,082.08
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average net profits of the Company made during the 3 immediately preceding financial years. Refer Annexure 8 of the Annual report.
5	List of activities in which expenditure in 4 above has been incurred – the details of expenditure can be accessed in the CSR report which is annexed to the Board’s report.	

**Section C: Other Details**

Sl. No	Other Details	Details
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	10 Subsidiaries and 5 Step down subsidiaries participate in BR activities.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company encourages its suppliers/distributors to adopt BR practices and follow the concept of being a responsible business.

**Section D: BR Information**

**1. Details of Director/Directors Responsible for BR**

**a. Details of the Director/Directors responsible for implementation of the BR policy/policies**

DIN	07425519
Name	Rama Sivaraman
Designation	Executive Director

**b. Details of the BR head**

DIN (if applicable)	01346527
Name	Krishan Aruna Canekaratne
Designation	Chairman and Non-Executive Director
Telephone Number	044-3987 3000
e-mail id	kris@virtusa.com

**List of Principles:**

Principle – 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle – 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle – 3	Businesses should promote the wellbeing of all employees
Principle – 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle – 5	Businesses should respect and promote human rights.
Principle – 6	Business should respect, protect, and make efforts to restore the environment
Principle – 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle – 8	Businesses should support inclusive growth and equitable development.
Principle – 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**2. Principle - Wise (As per National Voluntary Guidelines) Business Responsibility Policy/ Policies (Reply in Y/N)**

Sl. No	Question	Principle (Yes/No)								
		1	2	3	4	5	6	7	8	9
1	Do you have policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (The policies conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, SA 8000, UNGC guidelines and ILO principles and meet the regulatory requirements such as Clause 49 of listing agreement, Sarbanes Oxley Act etc. The policies reflect IMIL commitment to improve the quality of life of the communities it serves and practice of returning to society what it earns)	The policies are framed as per applicable law and as per Industry standard as well as ISO standards wherever applicable								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO /appropriate Board Director?	Y	NA 1*	NA 1*	Y	NA 1*	NA 1*	Y	Y	NA 1*
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to all its internal stakeholders and external stakeholders based on their relevance								
7	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company has internal persons and third party audits to evaluate the workings of this Policy								
10	Indicate the link for the policy to be viewed online?	2*								

1\* The policy is approved by the respective departmental heads of the Company

2\* It has been Company's practice to upload policies approved by the Board on Company's website for the information of all the stakeholders. The policies approved by the departmental heads are available in intra company website and access is available to all the employees of the Company.

**2 A. If answer to Sl. No 1 against any principle, is 'No', Please explain why:**

(Tick Up to 2 Options)

Sl. No	Question	Principle (Yes/No)								
		1	2	3	4	5	6	7	8	9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

**3. Governance related to BR:**

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Annually

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Your Company is one of the top 500 listed entities (by Market Capitalization as on March 31, 2018) Thus, Business Responsibility Report is forming part of the Annual Report for the Financial year ended March 31, 2018 as required under Regulation 34(2)(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Your Company has hosted Business Responsibility Report on the Company's website along with its Annual report at [www.polarisft.com](http://www.polarisft.com)

**Section E: Principle wise Performance**

*Principle - 1 Business should conduct and govern themselves with Ethics, Transparency and Accountability*

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

Polaris Consulting & Services Limited has adopted Whistle Blower Policy in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior in consonance with Code of Conduct.

The Company in order to attain the highest legal and ethical standard has adopted FCPA Policy. The policy covers instances pertaining to bribery, kickbacks, or corruption of any kind directly or through third parties, whether or not explicitly prohibited by this policy or law.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof

Stakeholders Complaint Received – 28

Stakeholders Complaint Resolved – 28

Stakeholders Complaint Pending – Nil

Percentage of Stakeholders Complaint Resolved – 100%

The Company has setup Investor Grievance Mechanism to respond to investor grievance in a timely basis

*Principle – 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.*

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities  
Not Applicable
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)
  - a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?  
Not Applicable
  - b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?  
Not Applicable
3. Does the company have procedures in place for sustainable sourcing (including transportation)?  
Not Applicable
- a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. – Not Applicable.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  
Not Applicable
- a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors? - Not Applicable.
5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so

Your Company does not have a mechanism to recycle its products.

STP treated water is recycled and reused and it is used for gardening and laterines.

Further the Company also ensures that e-waste is destroyed in environmentally safe method through hired specialized vendors.

*Principle – 3 Businesses should promote the well being of all employees*

1. Please indicate the Total number of employees.  
The total number of employees was 7,782 as on 31st March, 2018 in the Company.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis  
The total contractual/temporary manpower employed was 538 as on 31st March, 2018 in the Company.
3. Please indicate the Number of permanent women employees  
There were 1,868 permanent female employees as on 31st March, 2018 in the Company.
4. Please indicate the Number of permanent employees with disabilities  
There were 3 with disabilities as on 31st March, 2018
5. Do you have an employee association that is recognized by management  
No
6. What percentage of your permanent employees is members of this recognized employee association?  
Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

Sl. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / Forced Labour / Involuntary Labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given skill up-gradation training in the last year?

Safety training is provided to all employees.

7,367 employees were provided skill up-gradation training comprising of 129,823 hours during the year 2017-18.

*Principle – 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized*

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so

Yes, your Company has implemented its CSR initiatives through Ullas Trust, Computer Shiksha and IIT Madras. Refer Directors Report for details on Corporate Social Responsibility of the Company.

*Principle – 5 Businesses should respect and promote human rights*

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGO's / others?

Yes the policy applies to the Company and its subsidiaries, suppliers, contractors in all countries of its operations

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any stakeholder complaint regarding Human Rights in the year 2017-18

*Principle – 6 Business should respect, protect, and make efforts to restore the environment*

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others

Yes, the company has adopted Environment Policy and it extends to the suppliers, contractors and the subsidiaries of the Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

The Company has taken several initiatives to reduce the consumption of power. Refer Directors Report for details on Conservation of Energy, Technology and Absorption.

3. Does the company identify and assess potential environmental risks?

Yes, potential environmental risks are identified as part of the Company's risk management activity. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc

The Company has taken several initiatives to reduce the consumption of power which is covered under Conservation of Energy, Technology and Absorption heading in Directors report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Polaris facilities have been certified for Environment Management System under ISO 14001:2004.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year

There were no show cause notices received from CPCB/SPCB

*Principle – 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner*

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the company is a member of Madras Chamber of Commerce & Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

*Principle – 8 Businesses should support inclusive growth and equitable development*

1. Does the company have specified program/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has carried out its CSR activity through organizations like Ullas Trust, Computer Shiksha and IIT Madras.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organization?

The CSR programs of the company are run through organizations which have undertaken CSR activity and have experience in their respective fields.

3. Have you done any impact assessment of your initiative?

The CSR programs and their impacts/ outcomes are monitored and reviewed by the CSR Committee periodically.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

a. IIT Madras – Rs. 162.17 lakhs

b. Computer Shiksha – Rs. 70.00 lakhs

c. Ullas Trust – Rs. 80.00 lakhs

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Yes, Initiatives conducted under CSR are undertaken in such ways which ensure self-sustenance.

*Principle – 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner*

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year

The Company has carried out customer delight index based on the Account type, Business, Group, ATC & practice and the overall rating observed were above average and satisfactory. There were no customer complaints/cases pending as on the end of the financial year

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

There were no cases filed by any stakeholder against the company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The company does not carry out any consumer survey in the financial year 2017-18, however it intends to bring such trends in the coming years.

## Report on Corporate Governance

### 1. Company's Philosophy

Polaris focuses Corporate Governance as a key driver of sustainable corporate growth and a powerful medium to achieve the company's goal of maximizing value for all its stakeholders. A sound corporate governance strengthens investors' trust and enables the company to fulfill its commitment towards the customers, employees and the society in general. Polaris believes that the primary objective is to create and adhere to a corporate culture of conscience and consciousness, empowerment, accountability and independent monitoring. The company's philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

### 2. Board of Directors

The Board of Directors of the Company possess highest personal and professional ethics, integrity and values, and provide leadership, strategic guidance and objective judgement on the affairs of the company. The Board is fully aware of its fiduciary responsibilities and is committed to represent the long-term interest of the Stakeholders. The Board adopted the principles of corporate governance and remains informed, participative, and independent to implement its broad policies and guidelines and has set up adequate review procedures.

#### **Composition of the Board of Directors as on March 31, 2018**

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of seven members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management.

As a policy, the Company has an optimal combination of Executive, Non-executive and Independent Directors to maintain the independence of the Board.

#### **Boards' Composition**

The Board consists of seven members; comprising of one Chairman (Non-Executive Director), one Non-Executive Director, Four Independent Directors and one Executive Director. To maintain the independence of the Board and to separate its functions of governance and management, there is an appropriate mix of executive and Non-Executive independent Directors.

#### **Composition of the Board and directorships held as on 31st March 2018:**

Name of the Director	Age	India Listed Companies (1)	All Companies around the world (2)	Committee Memberships (3)	Chairperson of Committees (3)
<b>Chairman and Non Executive Director</b>					
Krishan Aruna Canekeratne	52	0	7	0	0
<b>Executive Director</b>					
Rama Sivaraman	51	0	8	1	0
<b>Non-Executive Director</b>					
Anuranjan Krishan Kalia	57	0	5	1	0
<b>Independent Directors</b>					
Jayaraman Ramachandran	61	4	9	4	2
Hari Raju Mahadevu	56	0	9	1	2
Arvind Sharma	58	1	5	1	1
Sunil Bowry	61	0	1	1	0

- (1) Excluding directorship in Polaris Consulting & Services Limited and its subsidiaries.
- (2) Directorship in Companies around the world (listed, unlisted and private limited companies), including Polaris Consulting & Services Limited and its subsidiaries.
- (3) In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the disclosure includes Membership/ Chairmanship of the audit committee and Stakeholders' Relationship Committee in Indian public companies (listed and unlisted)
- (4) There is no inter se relationship amongst the Directors of the Company

**During the financial year 2017-18, Board of Directors met 10 times on the following dates**

April 28, 2017
May 15, 2017
July 28, 2017
August 07, 2017
October 26, 2017
October 31, 2017
November 7, 2017
November 14, 2017
February 7, 2018
March 23, 2018

The maximum gap between two Board meetings was 84 days. (Between November 14, 2017 and February 7, 2018)

**Board of Directors' attendance at the 24th Annual General Meeting held on September 25, 2017**

Sl. No.	Name	Director Identification Number (DIN)	Designation / Category	Attended
1.	Krishan Aruna Canekaratne	01346527	Chairman	NO
2.	Jayaraman Ramachandran	00004593	Independent Director	YES
3.	Sunil Bowry	07425522	Independent Director	YES
4.	Arvind Sharma	00012177	Independent Director	YES
5.	Hari Raju Mahadevu	03262516	Independent Director	YES
6.	Anuranjan Krishan Kalia	07451682	Non-Executive Director	YES
7.	Rama Sivaraman	07425519	Executive Director	YES



**Familiarisation programme for the Independent Directors:**

The details of the familiarization program imparted to the Directors during the year 2017-18 is available at <http://www.polarisft.com/investor/notice/letterdated22518toNSE.pdf>

**Profile of the Directors of the Company are given below:**

**Mr. Krishan Aruna Canekaratne, Chairman**

Kris Canekaratne is the co-founder, Chairman & CEO of Virtusa Corp (NASDAQ: VRTU), a rapidly growing global provider of business consulting and information technology services. In March 2016, Virtusa made a strategic decision to further strengthen its position in Banking, Financial Services and Insurance by acquiring a majority interest in Polaris Consulting & Services Limited. Kris was elected to Chair the Board of Polaris when the Board was reconstituted following the acquisition of a majority interest by Virtusa Corp.

Kris co-founded Virtusa 20 years ago to address what he thought was a significant opportunity: applying the intellectual power of global teams and the efficiencies of software platforms to accelerate software development innovation. Today, Virtusa employs over 22,000 team members worldwide and has enjoyed a CAGR of over 22% during the past 10-years. Virtusa works with some of the world's most influential brands such as AIG, J.P Morgan Chase and British Telecom, helping them accelerate their transformation to digital businesses, while also supporting their efforts to improve business efficiencies, reduce costs and risk.

Kris is an accomplished entrepreneur and a transformational leader. Having been part of the global services and outsourcing market for nearly twenty years, Kris brings a unique global perspective to clients, colleagues and partners. Recognizing his unique talents and the critical leadership thinking he brings to the table, Kris was recently showcased as one of the featured CEOs in award-winning author John Mattone's latest book - Cultural Transformations: Lessons of Leadership and Corporate Reinvention.

In addition to Virtusa, Kris also co-founded eDocs, Inc, a leading provider of electronic bill presentment and payment technology. eDocs was backed by some of the leading venture firms in the Boston area, enjoyed pole-position in the bill presentment and customer self-service market, and was eventually acquired by Oracle in 2004.

In June 2018, Kris was recognized as one of top entrepreneurs in the US, winning the Ernst & Young Entrepreneur of the Year Award for the New England region. In November 2005, Kris was awarded the Sri Lanka Sikhamani Honor, one of the most prestigious national honors the Sri Lankan government bestows upon individuals making a significant contribution to the nation. The esteemed Sri Lanka Sikhamani Honor is only permitted to be held by 200 living individuals at a time.

Other notable personal accomplishments include:

- Worcester Business Journal's Business leader of the Year (large business category), 2013
- The Most Outstanding CEO award in the IT/BPO industry, presented by Information and Communication Technology Association of Sri Lanka (ICTA), 2007
- Ernst & Young Entrepreneur Of The Year® finalist for New England, 2006

Under Kris' stellar leadership, Virtusa Corporation has been recognized numerously for its outstanding corporate achievements and industry leading growth, including:

- IAOP Global Outsourcing 100 Leaders Category Listing (2014-16)
- VisionaryPlayer in Gartner's Magic Quadrant for IT Services Providers to CSPs (2016-17)
- FinTech 100 leader in Global Financial Technology Services (2011-17)
- Stevie American Business Awards for HR (2012-15)
- Stevie International Business Awards for HR (2012-15), Investor Relations (2014-15), Marketing Communications (2015), Technology (2015)
- Britain's Top Employer Award (2011-16)
- Asia's Best Employer Brand (2013)
- Golden Peacock Award for HR Innovation (2013)
- TiE Boston IPO Award in recognition of the company's successful IPO, 2007

**Mr. Anuranjan Krishan Kalia**

Ranjan Kalia was elected to the Board of Polaris Consulting and Services, Ltd., in March 2016, following the acquisition of a majority stake in Polaris by Virtusa Corporation, and reconstitution of the Polaris Board of Directors.

Mr. Kalia has served as executive vice president, chief financial officer, treasurer and secretary of Virtusa since October 2008 and prior to his promotion, served as the Company's senior vice president, finance when he joined Virtusa in April 2008. Prior to joining Virtusa, from 2000 to December 2007, Mr. Kalia served as Vice President, Finance Emerging Markets and International Development and Chief Financial Officer-Asia Pacific for EMC Corporation. Mr. Kalia has 20 years of experience in the areas of finance and operations and has held management positions in Pepsi-Cola International and Price Waterhouse. Mr. Kalia received a Masters in Business Administration from Nichols College and an undergraduate degree from Delhi University, India.

**Mr. Arvind Sharma, Independent Director**

Arvind did his B.E. (Electrical and Electronics) from Birla Institute of Technology and Science (BITS) Pilani. He has over 30 years experience in the Electronics Manufacturing Industry.

He started his career in the Hardware R&D division of DCM Data Products, designing computer motherboards. Subsequently he moved to manufacturing and helped set up the computer business of Methodex Systems Ltd.

Presently he is the Managing Director of Vintron Informatics Ltd, a public listed company engaged in the field of Security and Surveillance Products, and providing EMS services to the Energy Meter industry.

Arvind lives in Delhi with his dental surgeon wife and two children, and is a keen golfer.

**Mr. Hari Raju Mahadevu, Independent Director**

Mr. Hari Raju Mahadevu is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). He is currently the Financial Controller of Google India Private Limited, Hyderabad

**Mrs. Rama Sivaraman, Executive Director**

Mrs. Rama Sivaraman, B.E.,(Elec.), MBA serves as Global Head of Operations at Polaris Consulting & Services Limited. Mrs. Sivaraman served as Global Head of Operations - FT Services at Polaris Financial Technology Limited and served as its Chief Delivery Assurance Officer - FT Services. Mrs. Sivaraman served as Global Head of Performance Excellence at Polaris Financial Technology Limited (Alternate Name: Polaris Software Lab Ltd). Mrs. Sivaraman served as Head of Corporate Quality, and Global Head of Quality at Polaris Financial Technology Limited and also served as its Partner and Senior Vice President. Mrs. Sivaraman served as SEPG Manager of DSQ Software

**3. Audit Committee**

The Company has a qualified and independent Audit Committee comprising of Non-executive /Independent Directors. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

**Members of the Committee are as follows:**

Name	Designation	No. of meetings *	
		Held	Attended
Hari Raju Mahadevu	Chairman	8	8
Sunil Bowry	Member	8	8
Anuranjan Krishan Kalia	Member	8	4

The Audit Committee had met 8 times during the year 2017-18 on 28/04/2017, 15/05/2017, 28/07/2017, 07/08/2017, 26/10/2017, 07/11/2017, 07/02/2018 and 22/03/2018

**Audit Committee was reconstituted in the Board Meeting held on 6th August 2018. The members of the committee after its reconstitution are as follows :**

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

#### Powers of the Committee

- To investigate any activity within its terms of reference
- To secure attendance of and seek information from any employee including representative of Prime Shareholders (subject to internal approvals).
- To obtain outside legal or other professional advice, if necessary
- To secure attendance of outsiders with relevant expertise, if it considers necessary
- Compliance with the accounting standards.

#### Role / Functions of the Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
21. Review of information
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions, as defined by the Committee, submitted by the management;
  - c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. the appointment, removal and terms of remuneration of the Chief Internal Auditor

**4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consisting of 2 Non-executive Independent Directors and 2 Non-Executive Directors, who evaluates and finalise among other things, compensation and benefits of Executive Directors and Key Managerial Personnel, the procedures and modalities for giving effect to the Employee Stock Option Scheme which inter alia includes determination of eligibility criteria, maximum number of options/ shares offered to each employee and the aggregate number of options / shares offered during the period covered under the Scheme, identification of classes of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

**The members of the Nomination and Remuneration Committee are as follows:**

Name	Designation	No.of meetings *	
		Held	Attended
Jayaraman Ramachandran	Chairman	5	4
Arvind Sharma	Member	5	5
Krishan Aruna Canekeratne	Member	5	1
Anuranjan Krishan Kalia	Member	5	4

The Nomination and Remuneration Committee had met 5 times during the year 2017-18 on 28/04/2017, 28/07/2017, 26/10/2017, 07/02/2018 and 23/03/2018

Nomination and Remuneration Committee was reconstituted in the Board Meeting held on 6th August 2018. The members of the committee after its reconstitution are as follows :

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

**Performance evaluation of the independent director**

It was duly carried out as per the guidelines issued by SEBI and is in line with the applicable regulations of Companies Act, 2013.

**Remuneration policy**

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration payable to Directors is in accordance with the policy adopted by the Board.

Amount in Rs (excluding stock options/shares)

Name of the directors	Basic Salary	Perquisites/ Allowances	Retiral Benefits	Total fixed salary/ Remuneration	Bonus/ Incentives	Fixed Fees Paid	Sitting fees paid	No. of equity shares held	Stock options granted	Stock options exercised
<b>Chairman</b>										
Krishan Aruna Canekeratne	-	-	-	-	-	-	-	-	-	-
<b>Non- Executive Director</b>										
Anuranjan Krishan Kalia	-	-	-	-	-	-	-	-	-	-
<b>Executive Director</b>										
Rama Sivaraman	3,409,872	23,667,625	409,188	34,616,902	6,500,000	-	-	-	-	6,000
<b>Non- Executive and Independent Directors</b>										
Jayaraman Ramachandran	-	-	-	-	-	3,000,000	1,45,000	-	-	-
Sunil Bowry	-	-	-	-	-	1,200,000	285,000	-	-	-
Arvind Sharma	-	-	-	-	-	1,200,000	180,000	-	-	-
Hari Raju Mahadevu	-	-	-	-	-	1,200,000	315,000	-	-	-

\*It includes stock option perquisites which is not taken for the computation of fixed salary

#### Criteria for the remuneration and sitting fees :

The criteria for the remuneration and sitting fees is as per the remuneration policy approved by the Board of Directors of the Company.

Clause on Notice Period to be given by the Company and the Executive Directors is covered in the service agreement executed by the Company with the Executive Directors.

#### Stock Options

Details of stock options granted during the financial year 2017-18 under ASOP 2003, 2004, 2011 and ASOP 2015 Schemes are detailed as below:-

S No.	Date of Grant	Option Price (Rs)	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
			No. of as-sociates	No. of Options	No. of as-sociates	No. of Options	No. of as-sociates	No. of Options	No. of as-sociates	No. of Options
NIL										

The Company has obtained a certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations 2014 and in accordance with the resolutions passed by the Members in the General Meeting.

#### 5. Stakeholder's Relationship Committee

The Stakeholders' Relationship Committee consists of 2 Non-executive Independent Directors and 1 Executive Director and the chairman being Non-Executive Independent Director. It focuses on Shareholders' grievances and strengthening of investor relations. This Committee specifically looks into the redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the company on a timely and regular basis, participating and voting in shareholders meetings, electing members of the board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc.

The Stakeholders' Relationship Committee had met 4 times during the year 2017-18 on 28/04/2017, 28/07/2017, 26/10/2017 and 07/02/2018

**Members of the Stakeholders' Relationship Committee are as follows:**

Name	Designation	No. of meetings *	
		Held	Attended
Arvind Sharma	Chairman	4	4
Hari Raju Mahadevu	Member	4	4
Rama Sivaraman	Member	4	3

During the year, under ASOP 2003 Scheme the company had allotted 119,300 equity shares of Rs.5/- each to 36 Associates and under ASOP 2004 Scheme company had transferred 38,026 equity shares of Rs.5/- each to 10 Associates from Orbitech Employees Welfare Trust and under ASOP 2011 Scheme company had allotted 629,425 equity shares of Rs.5/- each to 141 Associates / Directors and under ASOP 2015 Scheme company had allotted 71,650 equity shares of Rs.5/- each to 29 Associates pursuant to exercise of stock options granted as detailed hereunder:

Sl. No.	Date of Allotment	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
		No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted
1	19-April-2017	1	3,000			2	17,000		
2	17-May-2017	1	3,000			13	40,580	1	600
3	16-Jun-2017	4	13,800			6	11,900		
4	17-July-2017	1	4,200			2	2,400	1	750
5	18-Aug-2017					3	6,210		
6	20-Sep-2017			2	6,000	4	5,310	1	1250
7	16-Oct-2017					3	22,580	1	450
8	21-Nov-2017	4	9,800	2	10,000	20	1,06,120	2	2,000
9	19-Dec-2017	6	13,000	3	13,000	20	1,13,840	1	2,250
10	25-Jan-2018	16	64,500	3	9,026	54	1,39,615	19	59,400
11	07-Mar-2018	2	5,000			4	4,870	1	2,250
12	17-Mar-2018	1	3,000			10	1,59,000	2	2,700

As the result of the above allotments paid-up equity share capital of the company had increased from Rs.510,603,770 comprising of 102,120,754 number of equity shares of Rs.5/- each as on March 31, 2017 to Rs.514,705,645 comprising of 102,941,129 number of equity shares of Rs.5/- each as on March 31, 2018. The allotted equity shares were listed and traded in the Stock Exchanges.

**5.1 Associate Stock Option Scheme (ASOP) Consolidated Scheme wise ASOP status for the year ended March 31, 2018**

Sl. No.	Description	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
1	Outstanding at the beginning of the year	188,300	48,500	1,469,830	264,450
2	Granted during the year	-	-	-	-
3.	Exercised during the year	119,300	38,026	629,425	71,650
4.	Forfeited during the year	-	-	358,660	24,050
5.	Cancelled during the year	40,800	1,500	43,790	10,350
6	Outstanding at the end of the year	28,200	8,974	437,955	158,400
7.	Price formula	Market Price	Market Price	* Discounted Market Price	**Discounted Market Price
8.	Total Shares arised due to exercise of options	119,300	38,026	629,425	71,650
9.	Money realized by exercise of options (Rs.)	15,748,660	4,827,361	63,189,949	10,376,780

\* Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.175/- per equity share as per scheme

\*\* Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.126/- per equity share as per scheme

Note: Pursuant to the scheme of Demerger approved by the Honourable 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 and ASOP 2011 Schemes.

Particulars / information of options granted under the ASOP schemes	March 31, 2018	
Weighted average exercise price	2003	NIL
	2004	NIL
	2011	NIL
	2015	NIL
Weighted average fair value	2003	NIL
	2004	NIL
	2011	NIL
	2015	NIL
(i) Details of number of options granted to Senior Management Personnel: (ii) Employee receiving 5% or more of the total number of Options granted during the year (iii) Employees granted Option equal to or exceeding 1% of the issued capital Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options for the financial year 2017-18	ASOP 2003	NIL
	ASOP 2004	NIL
	ASOP 2011	NIL
	ASOPT2011	NIL
	ASOPT 2015	NIL
(i) Employee compensation cost using Intrinsic method of accounting.		Rs.1,364,548
(ii) Employee compensation cost using Fair Value method of accounting.		Rs.1,224,192
(iii) Difference between (i) & (ii)		Rs.140,356
(iv) Impact for the accounting period had the fair value method been used on the following:		
Net results decreased by		Rs.140,356
Basic EPS will reduce by		0.001

**Method and significant assumptions used to estimate the fair value of options granted during the year under Black & Scholes methods**

		2003	2004	2011	2015
a)	Risk free rate of interest	-	-	-	-
b)	Expected life (in years)	-	-	-	-
c)	Expected volatility	-	-	-	-
d)	Expected dividend yield	-	-	-	-
e)	Price of the underlying share in market at the time of option grant (Rs.)	-	-	-	-

**Details of options granted during the year**

(in Rupees)

Date of grant	Market price	Exercise price
NIL		

**Shareholders' complaints and requests**

During the financial year 2017-18, 300 numbers of requests / 28 Complaints had been received and 300 numbers of requests / 28 Complaints were resolved by the Company:

## POLARIS CONSULTING & SERVICES LTD

### STATUS OF REQUESTS/ COMPLAINTS DURING THE PERIOD 01/04/2017 TO 31/03/2018

S.No.	Subject	Received	Replied/ Resolved
	A. REQUESTS		
1	CHANGE/CORRECTION OF ADDRESS	22	22
2	RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION	22	22
3	SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION	10	10
4	CHANGE/CORRECTION OF BANK MANDATE	1	1
5	CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW	1	1
6	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	17	17
7	QUERY REGARDING PAYMENT OF DIVIDEND WARRANT	1	1
8	RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK	6	6
9	REQUEST FOR ECS FACILITY ( ELECTRONIC CLEARANCE SERVICES)	7	7
10	LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS	0	0
11	POSTAL RETURN DOCUMENTS	32	32
12	LETTER FROM SEBI/STOCK EXCHANGE/CBI/ACKNOWLEDGE MENT	0	0
13	REGISTRATION OF POWER OF ATTORNEY	0	0
14	LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE	11	11
15	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	2	2
16	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	6	6
17	DELETION OF JOINT NAME DUE TO DEATH	5	5
18	REQUEST FOR TRANSFER OF SECURITIES	19	19
19	REQUEST FOR TRANSMISSION OF SECURITIES	7	7
20	REQUEST FOR DEMAT NSDL & CDSL /REMAT	84	84
21	DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS	4	4
22	CHANGE / CORRECTION OF NAME ON SECURITIES	4	4
23	CLARIFICATION REGARDING SHARES	7	7
24	REQUEST FOR EXCHANGE OF CERTIFICATES	8	8
25	QUERY REGARDING UNDELIVERED DOCUMENTS OTHERS(ACKNOWLEDGEMENT/NSDL OPERATION/ELECTRONIC DP REQ/	1	1
26	PAN NO, REQ FOR COMMUNIC , EMAILS/Lodgement of conversion form	23	23
	<b>TOTAL (A)</b>	<b>300</b>	<b>300</b>
	B. COMPLAINTS		
1	NON-RECEIPT OF ANNUAL REPORT	2	2
2	NON-RECEIPT OF DIVIDEND WARRANT	19	19
3	NON-RECEIPT OF SECURITIES	6	6
4	NON RECEIPT OF DUP/TRANSMISSION/DELITION OF SCS	0	0
5	NON-RECEIPT OF REFUND ORDER	0	0
6	SEBI/BSE/NSE Complaints	1	1
	<b>TOTAL(B)</b>	<b>28</b>	<b>28</b>
	<b>TOTAL (A) + (B)</b>	<b>328</b>	<b>328</b>

There were no complaints pending for resolution for more than 30 days during the year under review.

Mrs.Christina Pauline Beulah, Company Secretary is designated as Compliance Officer of the Company.

## 6. Corporate Social Responsibility Committee :

As per the said Section 135 of the Companies Act, 2013 every Company having net worth of Rupees 500 crore or more, or turnover of Rupees 1,000 crore or more or Net Profit of Rupees 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board of Directors of the Company consisting of 3 or more directors, out of which at least 1 director shall be an independent director.

The members of the Corporate Social Responsibility Committee is as follows:

Name	Designation
Rama Sivaraman	Chairman
Arvind Sharma	Member
Sunil Bowry	Member

The CSR Committee met 2 times during the year 2017-18 on 28/04/2017 and 15/05/2017

The Terms of Reference of the Committee is as under:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities referred to above;
- To monitor the Corporate Social Responsibility Policy of the company from time to time
- To ensure that the company spends, in every financial year, at least two per cent of the average net profits for CSR. If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.

CSR Committee was reconstituted in the Board Meeting held on 6th August 2018. The members of the committee after its reconstitution are as follows :

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

## 7. Details of the Sub-Committees constituted by the Board

### (a) Share Transfer Committee

The Share Transfer Committee is empowered to consider and approve the physical transfer, transmission and transposition etc. of the shares of the Company. The Committee met 14 times during the year 2017-18 on 27th April 2017, 5th May 2017, 25th May 2017, 4th August 2017, 28th August 2017, 20th September 2017, 29th November 2017, 1st December 2017, 12th February 2018, 22nd February 2018, 27th February 2018, 14th March 2018, 20th March 2018 and 28th March 2018.

The brief details on the business transacted are as follows.

Details for the period for 01/04/2017 to 31/03/2018

S.No	Details	No. of Cases	No. of Shares
1	Transfer of Shares	216	34,250
2	Consolidation of Unclaimed Shares	0	0
3	Deletion of names	1	50
4	Issue of Duplicate Shares	1	200
5	Rematerialisation requests	5	601
6	Transmission of names	1	50
7	Dematerialisation requests	57	14,465
8	Issue of Split Shares	0	0

The members of the Share Transfer Committee are :

Name	Designation
N M Vaidyanathan	Chief Financial Officer
Rama Sivaraman	Director
Christina Pauline Beulah	Company Secretary

## 8. General Body Meetings of the Company

Particulars of the last three Annual General Meetings of the Company are as follows:

Financial year ended	Date and Time	Venue	Special Resolutions passed
March 31, 2015	June 23, 2015 at 3:00 PM	“Rani Seethai Hall”, No.603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006	-
March 31, 2016	July 7, 2016 at 3:00 PM	“Rani Seethai Hall”, No.603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006	-
March 31, 2017	September 25, 2017 at 10:00 AM	No. 34, IT Highway, Navallur, Chennai - 600130	Adoption of new set of Articles of Association of the company

## 9. Postal Ballot :

During the fiscal 2018, the Company passed the following special resolutions by postal ballot :

Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	No. of Votes	%	
Voluntary delisting of the equity shares of the Company from BSE Limited (“BSE”), National Stock Exchange of India Limited (“NSE”) and withdrawal of “Permitted to Trade” status on the Metropolitan Stock Exchange of India Limited (“MSE”) (BSE, NSE and MSE are collectively referred to as the “Stock Exchanges”).	88,082,456	99.62	140,013	0.16	27th December 2017

The procedure for conduct of Postal ballot being followed by the Company is in accordance with the provisions of Companies Act, 2013, Companies (Management and Administration) Rules, 2014 and secretarial standards.

## Disclosures

### (a) Related Party Transactions

Details on related party transactions are shown in the Note No 32 under Significant Policies and Notes to accounts of standalone financial statements in this annual report.

### (b) Statutory Compliance, Penalties & Strictures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years:

The Company is a party to an adjudication proceeding in accordance with the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (“SEBI Adjudication Rules”), pertaining to alleged dealings in shares in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (“SEBI PIT Regulations”) by Mr. Arun Jain, the Former Chairman and Managing Director of the Company and Mr. R Srikanth, the former Chief Financial Officer and Compliance officer of the Company. In this regard, the Company had filed settlement application with SEBI on 22nd January, 2018 and application is pending disposal by SEBI.

The Company had received a show cause notice from Registrar of Companies, Chennai vide letter reference F. No. 24142/209A/ Follow up/JTA(CL)/2017 dated 26th March 2018 w.r.t the non – compliance of the erstwhile 383A of the Companies Act, 1956. In this regard the Company had submitted the compounding application and application is pending disposal by Regional Director, Southern Region, Chennai.

Ministry of Corporate affairs had condoned the delay in filing of MGT 14 pertaining to the Investment made in Hexa Wind Farm Private Limited by the Company vide their order file no. 09/01/2017 CL V dated 25th May 2017. The Company had filed INC - 28 along with the requisite fee as directed in the said order.

**(c) Compliance with mandatory requirements and adoption of non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

The Company has complied with the mandatory requirements of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including CEO/CFO certification. As required under the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a certificate signed by CEO & CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report. Further, a certificate from the Statutory Auditors, certifying the compliance of relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 was adhered/adopted has also been provided elsewhere in this report.

The relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements are given below:-

**(a) Nomination and Remuneration Committee**

The Company has constituted Nomination and Remuneration Committee consisting of Non-executive Directors and Independent Directors. A detailed note on Nomination and Remuneration Committee is provided elsewhere in the report.

**(b) Whistle Blower Policy**

The Company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, and violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2017-18; no employee has been denied to access the Audit Committee.

**(c) Ombudsman**

Ombudsman is a Polaris initiative, to resolve workplace conflicts. Incidentally the first office of the Ombudsman in the IT industry in India was set up at Polaris. It is a forum for associates' and retirees to report discuss and resolve workplace issues.

The office of the ombudsman promises complete confidentiality in all the matters discussed with him. Ombudsman also assures "No Reprisal" to the complainant who brings to light a problem or blows the whistle against someone. It works as an early warning system to the organization.

**(d) Risk Management framework**

Risk Management Committee was constituted by the Board of Directors on 29th March 2016 and the members of the committee is given below:

Name	Designation
Mr.Hari Raju Mahadevu	Chairman
Mr.Sunil Bowry	Member
Mr.Anuranjan Krishan Kalia	Member

Risk Management Committee was adopted by the Board of Directors in its meeting held on 29th March 2016 to chalk out the plan for risk mitigation.

Risk Management Committee was deconstituted in the Board Meeting held on 6th August 2018.

**(e) Insider Trading Policy**

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015 an Insider Trading Policy of the company is in force. The policy guides a mechanism for regulating transactions of the shares of the company and enforces a code of conduct and internal procedures.

The details of Trading window closure during the year 2017-18 is as under:

Sl. No.	Closed on	Opened on
1	20th June 2017	14th August 2017
2	15th September 2017	27th November 2017
3	4th January 2018	13th February 2018

**(f) Conflict of Interest Policy.**

As a part of good corporate governance, the company has formulated a Conflict of Interest policy for the senior management and associates.

The company has formulated and implemented a code of conduct for the Board of Directors and Senior Management of the Company. The Code of Conduct has also been posted in the company's website [www.polarisft.com](http://www.polarisft.com). The necessary declaration as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to annual affirmation given by the executive director of the company regarding compliance of the code of conduct for the financial year 2017-18 is given below

**To**  
The Members  
Polaris Consulting & Services Limited  
Chennai

**Sub: Declaration by the Executive Director**

I, Rama Sivaraman, Executive Director of Polaris Consulting & Services Limited to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2018.

**Rama Sivaraman**  
**Executive Director**

Place: Chennai  
Date: May 14, 2018

g) Weblink for the Policy for determination of material subsidiary, Policy on materiality of Related Party Transaction and, remuneration Policy are provided here >>><http://www.polarisft.com/investor/corporate-governance.asp>

**Weblink for the investor presentation :**

The Company's presentation for the investors on the performance of the Company for the financial year ended 31/03/2018 was uploaded on the 14th May 2018 subsequent to the approval of financial results of the Company for the said year ending. The weblink is given here: [http://www.polarisft.com/investor/presentations/Investor\\_Q417-18](http://www.polarisft.com/investor/presentations/Investor_Q417-18).

**10. Discretionary Requirements :**

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below:

10.1 Non-Executive Chairman's Office: Chairman's office is separate from that of the Managing Director & CEO. However, the same is now maintained by the Chairman himself.

10.2 Shareholders' Rights: As the Quarterly and Half Yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the Shareholders.

10.3 Modified opinion in auditors report: The Company's financial statement for the year 2017-18 does not contain any modified audit opinion.

10.4 Separate posts of Chairman and CEO: The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.

10.5 Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

**11. Means of Communication:**

We have established procedures to disseminate pertinent information to our shareholders, employees and society at large.

(a) Investor Information

Investors are being provided with timely information on all Company related matters;

Media release: all our media releases are posted on the Company's website: [www.polarisFT.com](http://www.polarisFT.com).

Quarterly results: Our quarterly results are published in widely circulated national newspapers such as Business Line, the local daily The Hindu Tamil edition.

Annual Report: Annual Report containing audited standalone accounts, consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto either in physical copy or through email.

Website: the Company's website contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual Report, Media release and financial reports of the company are available on the website in a user-friendly and downloadable form at [www.polarisFT.com](http://www.polarisFT.com).

**(b) The Management Discussion & Analysis report (MD&A)**

The MD&A gives an overview of the Industry, Company's business and its financials etc., and the same is provided elsewhere in this report, which forms a part of the Directors' Report.

<b>General Shareholder information</b>	
Date of incorporation	January 5, 1993
Company Registration Number	L65993TN1993PLC024142
Registered Office	34 IT Highway, Navallur, Chennai-600 130
Date and Time of Annual General Meeting	27th September 2018 at 10 A.M.
Venue of Annual General Meeting	No.34 IT Highway, Navallur, Chennai-600 130
<b>Financial Reporting: (tentative and subject to change) 01.04.2018 – 31.03.2019</b>	
First quarter ending June 30, 2018	Between 16th and 31st July 2018
Second quarter ending September 30, 2018	Between 16th and 31st October 2018
Third quarter ending December 31, 2018	Between 16th and 31st January 2019
For the year ending March 31, 2019	Between 16th and 30th April 2019
Book Closure	--
Dividend for 2017-18	--

The Company hereby confirms that the Listing fee, payable to each of the stock exchanges for the year 2017-18 as well as 2018-19 in which the Company's shares are Listed have been paid.

- The Company's shares were traded in "Group A" category in the Bombay Stock Exchange, Mumbai since March 26, 2001 till 24th July 2018, pursuant to the delisting approval received from the BSE and NSE and the Company's shares were delisted effective 1st August 2018.

**Reconciliation of Share Capital Audit:**

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carried out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges, NSDL and CDSL is also placed before the Board of Directors. No discrepancies were noticed during these audits other than listing of 50 shares which was held in abeyance and subsequently released. The Company has applied for listing those 50 shares to both NSE. BSE has listed those 50 shares and NSE is process the same for listing. The Company has been coordinating with NSE in this regard.

Registrar and Share Transfer Agent	Karvy Computershare Private Ltd. Unit: Polaris Consulting & Services Limited Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 008 E-mail: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> URL: <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a>
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## Publication of Quarterly Results

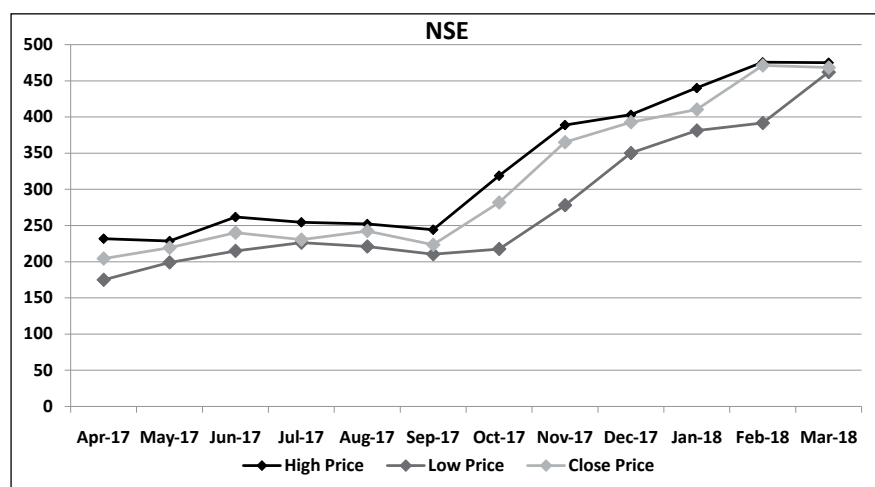
Details of Quarterly financial results published during financial year 2017-18

ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	May 17, 2017 May 17, 2017
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	August 09, 2017 August 09, 2017
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	November 09, 2017 November 09, 2017
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	February 9, 2018 February 9, 2018
Website address of the Company in which reports/financial results have been posted		www.polarisft.com
Website address of stock exchange(s) in which reports / financial results are posted		The National Stock Exchange of India Ltd The Bombay Stock Exchange Ltd- www.nseindia.com and www.bseindia.com

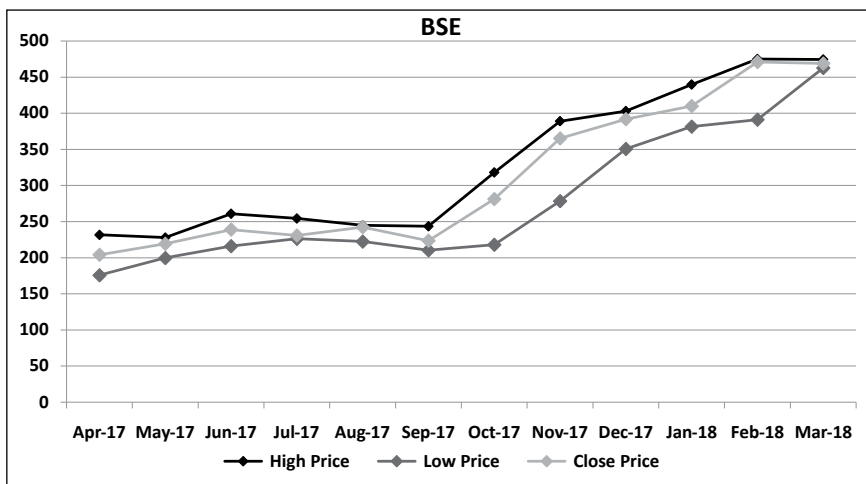
## 12. Stock market data about the shares of the Company for the period April 2017 to March 2018 at National Stock Exchange Limited (NSE) and BSE Limited (BSE).

Share market data and the graphical representation of closing market prices movement of the Company's shares quoted in the Bombay Stock Exchange (BSE) Mumbai and National Stock Exchange Ltd. (NSE) from April 2017 to March 2018

Month 2016-17	NSE Price			
	High Price	Low Price	Close Price	Volume
April 2017	231.80	175.00	204.45	1,13,657
May 2017	228.50	199.00	219.35	3,48,422
June 2017	261.70	215.00	240.15	1,35,926
July 2017	254.40	226.30	230.55	55,658
August 2017	252.00	221.00	242.55	31,212
September 2017	244.20	210.35	223.50	55,765
October 2017	318.85	217.60	281.80	4,10,781
November 2017	388.85	278.10	365.05	3,78,866
December 2017	402.95	350.10	392.60	1,12,898
January 2018	440.00	381.30	410.25	9,62,450
February 2018	475.50	391.65	471.00	58,583
March 2018	475.00	461.90	468.15	13,077



Month 2016-17	BSE Price			
	High Price	Low Price	Close Price	Volume
April 2017	231.70	175.75	204.10	1,373,681
May 2017	228.00	199.55	219.30	1,110,183
June 2017	261.00	216.00	239.00	901,086
July 2017	254.40	226.20	230.75	690,629
August 2017	245.00	222.35	242.25	217,001
September 2017	243.60	210.35	223.60	205,704
October 2017	318.10	218.00	281.15	981,741
November 2017	388.95	278.35	365.10	1,766,468
December 2017	403.00	350.50	391.65	983,038
January 2018	439.65	381.35	409.80	794,325
February 2018	474.95	391.00	470.75	933,721
March 2018	474.30	462.45	468.70	67,741

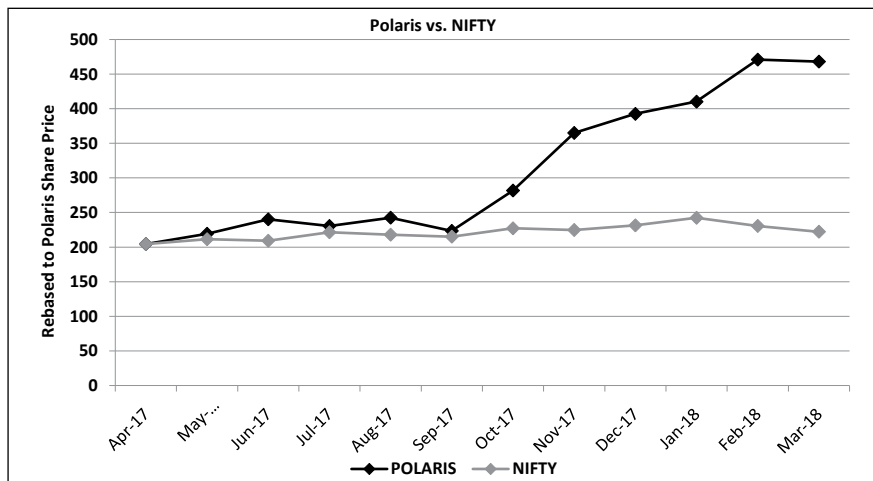


**Polaris Consulting & Services Limited Share Price (High/Low) during the financial year 2017-18**

Stock Exchange	Yearly High Price	Date	Yearly Low Price	Date
NSE	475.50	23/02/2018	175.00	12/04/2017
BSE	474.95	23/02/2018	175.75	12/04/2017

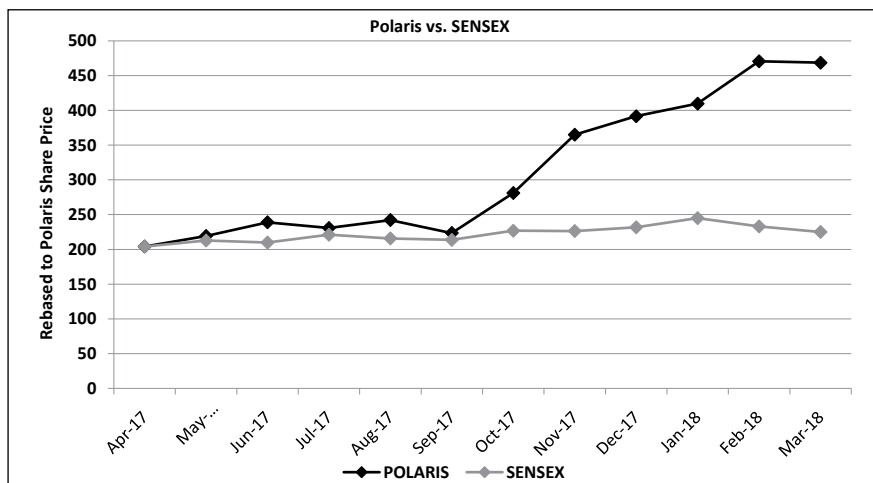
### NIFTY Vs POLARIS @ NSE

	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18
POLARIS	204.45	219.35	240.15	230.55	242.55	223.50	281.80	365.05	392.60	410.25	471.00	468.15
NIFTY	9,304.05	9,621.25	9,520.90	10,077.10	9,917.90	9,788.60	10,335.3	10,226.55	10,530.7	11,027.7	10,492.85	10,113.7



### SENSEX Vs POLARIS @ BSE

	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18
POLARIS	204.10	219.30	239.00	230.75	242.25	223.60	281.15	365.10	391.65	409.80	470.75	468.70
SENSEX	29,848.21	31,107.48	30,680.66	32,324.45	31,551.85	31,243.71	33,164.28	33,108.72	33,889.39	35,818.41	34,076.45	32,917.66



**13. Shareholding pattern of the Company as on March 31, 2018**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO. OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PER-CENTAGE of (A+B)	As a PER-CENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PER-CENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
<b>(A) PROMOTER AND PROMOTER GROUP</b>								
<b>(1)</b>	<b>INDIAN</b>							
(a)	Individual /HUF	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	95,366,876	95,366,826	92.64	92.64	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(1) :</b>	<b>1</b>	<b>95,366,876</b>	<b>95,366,826</b>	<b>92.64</b>	<b>92.64</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>FOREIGN</b>							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>1</b>	<b>95,366,876</b>	<b>95,366,826</b>	<b>92.64</b>	<b>92.64</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>							
<b>(1)</b>	<b>INSTITUTIONS</b>							
(a)	Mutual Funds /UTI	2	484,677	484,677	0.47	0.47	0	0.00
(b)	Financial Institutions / Banks	6	402,393	402,393	0.39	0.39	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	11	294,818	294,818	0.29	0.29	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total B(1) :</b>	<b>19</b>	<b>1,181,888</b>	<b>1,181,888</b>	<b>1.15</b>	<b>1.15</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>NON-INSTITUTIONS</b>							
(a)	Individuals						0	0.00
	(i) Individuals holding nominal share capital upto Rs.1 lakh	23,231	4,179,084	4,059,085	4.06	4.06	0	0.00
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4	271,037	271,037	0.26	0.26	0	0.00
(b)	NBFC's registered with RBI	2	401	401	0.00	0.00	0	0.00

CATE GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO. OF SHARES HELD IN DE- MATERIAL- IZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PER- CENTAGE of (A+B)	As a PER- CENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PER- CENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/ (IV)*100
(c)	Others						0	0.00
	TRUSTS	3	4,217	4,217	0.00	0.00	0	0.00
	ALTERNATIVE INVESTMENT FUND	1	294,448	294,448	0.29	0.29	0	0.00
	NRI NON-REPATRIATION	242	100,442	99,092	0.10	0.10	0	0.00
	CLEARING MEMBERS	48	28,190	28,190	0.03	0.03	0	0.00
	NON RESIDENT INDIANS	180	76,533	76,533	0.07	0.07	0	0.00
	OVERSEAS CORPORATE BODIES	322	1,343,673	1,345,033	1.31	1.31	0	0.00
	IEPF	1	83,866	83,866	0.08	0.08	0	0.00
	<b>Sub-Total B(2) :</b>	<b>24,034</b>	<b>6,381,891</b>	<b>6,260,392</b>	<b>6.20</b>	<b>6.20</b>	<b>0</b>	<b>0.00</b>
	<b>Total B=B(1)+B(2) :</b>	<b>24,053</b>	<b>7,563,779</b>	<b>7,442,280</b>	<b>7.35</b>	<b>7.35</b>	<b>0</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>24,055</b>	<b>102,941,129</b>	<b>102,819,580</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
(C1)	Shares held by custodians, against which						0	0
	Depository Receipts have been issued					0	0	
(1)	Promoter and Promoter Group					0	0.00	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00
(C2)	Shares held by employees Trust	1	10,474	10,474	100.00	0.01	0	0
	<b>GRAND TOTAL (A+B+C) :</b>	<b>24,056</b>	<b>102,941,129</b>	<b>102,819,580</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

\*No shares were pledged by the promoters as on March 31, 2018

#### List of persons holding more than 1% of the total number of shares

S No	Name	Shares	% Equity
1	VIRTUSA CONSULTING SERVICES PRIVATE LIMITED	95,366,876	92.64
	<b>TOTAL</b>	<b>95,366,876</b>	<b>92.64</b>

#### Shareholding of Directors / office bearers as on March 31,2018.

S No.	Name of the Director / Office Bearer	No. of. Shares	% Share Capital
1	Krishan Aruna Canekeratne, Director	0	0
2	Anuranjan Krishan Kalia, Director	0	0
3	Jayaraman Ramachandran, Director	0	0
4	Arvind Sharma, Director	0	0
5	Hari Raju Mahadevu, Director	0	0
6	Sunil Bowry, Director	0	0
7	Rama Sivaraman, Director	1	0
8	N M Vaidyanathan, Chief Financial Officer	0	0
9	Christina Pauline Beulah, Company Secretary	0	0

**Distribution Schedule of Shareholding as on March 31, 2018**

Category (Shares)	Total		Electronic		Physical	
	No. of Share holders	No. of Shares	No. of Share holders	No. of Shares	No. of Share holders	No. of Shares
1-5000	23,329	2,496,549	22,582	2,401,550	747	94,999
5001 - 10000	430	613,647	417	596,797	13	16,850
10001 - 20000	162	460,772	158	451,072	4	9,700
20001 - 30000	49	243,028	49	243,028	0	0
30001 - 40000	17	122,786	17	122,786	0	0
40001 - 50000	20	183,679	20	183,679	0	0
50001 - 100000	23	335,752	23	335,752	0	0
100001 and above	26	98,484,916	26	98,484,916	0	0
<b>TOTAL:</b>	<b>24,056</b>	<b>102,941,129</b>	<b>23,292</b>	<b>102,819,580</b>	<b>764</b>	<b>121,549</b>

**Comparitive distribution schedule as on March 31, 2018**

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
31/03/2018	121,549	0.12	102,819,580	99.88	102,941,129	100
31/03/2017	166,213	0.16	101,954,541	99.84	102,120,754	100
<b>Shareholders</b>						
31/03/2018	764	3.06	24,202	96.94	24,966	100
31/03/2017	1,032	2.46	40,954	97.54	41,986	100

**14. Other Information to Shareholders**

• **Share Transfer System**

The applications for transfers, transmission and transposition are received by the Company at its Registered Office address at Chennai or at Messrs Karvy Computershare Private Ltd., Hyderabad, Registrar and Share Transfer Agents (RTA) of the Company. As the Company's shares are currently traded in demat form, the transfers are processed and approved by NSDL/CDSL in the electronic form through its Depository Participants. The RTA on a regular basis processes the physical transfers and the share certificates are sent to the respective transferees.

• **Dividend Information**

Members who have not claimed the dividend for the below mentioned periods are requested to lodge their claim with the Company. No claim shall lie for the unclaimed dividends from IEPF by the members. The due dates for transfer of unclaimed dividends to IEPF, pertaining to different financial years are given below:

Financial Year ended	Dividend			Date of declaration of Dividend	Amount Lying Unpaid (in Rs.)	Last date for claiming unpaid Dividend
	Type	%	Per Share (in Rs.)			
31.03.2011	Final	90%	4.50	20.07.2011	1,150,686	19.08.2018
31.03.2012	Interim	40%	2.00	16.02.2012	576,780	15.03.2019
31.03.2013	Final	60%	3.00	19.11.2012	1,057,875	18.12.2019
31.03.2013	Final	100%	5.00	08.08.2013	1,621,740	07.09.2020
31.03.2014	Final	100%	5.00	23.07.2014	1,453,403	22.08.2021
31.03.2015	Interim	100%	5.00	19.03.2015	1,692,925	18.04.2022
31.03.2015	Final	200%	10.00	23.06.2015	2,820,990	22.07.2022
<b>Total</b>					<b>10,374,399</b>	

During the year under review, the company has revalidated 82 dividend warrants amounting to Rs.2,03,032 and the same was issued to the shareholders.

Dividend remitted to IEPF during the previous three years

Sl. No.	Pertaining to Financial year	Date of payment	Amount (in Rs.)
1	2009-10 Final	17/08/2017	572,839
2	2009-10-Interim	23/02/2017	653,336
3	2008-09 Final	17/08/2016	606,078

- **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity**  
- Not applicable -

- **Share Transaction Regulatory System in place for controlling insider trading policy on Insider Trading**

A Policy on Insider Trading has been implemented and continues to be in force since December 1999, as amended pursuant to the guidelines issued by SEBI from time to time. This Policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all associates in whatever capacity they may be, including Directors. This code forms part and parcel of the service conditions of the employees of the Company.

- **Disclosures with respect to demat suspense account / unclaimed suspense account**

In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI vide its circular CIR/CFD/DIL/10/2010 dated December 16, 2010; the company has opened a Demat account in the name of "Polaris Consulting & Services Limited Unclaimed Suspense Account" with ICICI Bank Limited, DP IN302679, Client ID No.38718320 Chennai for the purpose of transferring the unclaimed shares lying with RTA, Karvy Computershare (P) Ltd.

As and when any shareholder approaches the Company or RTA to claim the above said shares, the company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed suspense account to the demat account of the shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder. The voting rights on the unclaimed outstanding shares shall remain frozen till the rightful owner of such shares claims the shares.

aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year		number of shareholders who approached listed entity for the transfer of shares from suspense account during the year	number of shareholders to whom shares were transferred from suspense account during the year	Number of shareholders Transferred to IEPF Suspense account of IEPF Authority	Number of shareholders to whom shares were transferred from suspense account to IEPF Suspense account of IEPF authority	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
Shareholders	Shares					Shareholders	Shares
516	80,100	12	4,600	203	32,250	301	43,250

- **Locations**

Headquartered in Chennai; the other branch offices addresses / locations are furnished elsewhere in the Annual Report. Polaris also has one subsidiary in India namely Optimus Global Services Limited

- **Addresses for correspondence**

The Company Secretary & Compliance Officer

**POLARIS CONSULTING & SERVICES LTD**

Registered Office: 34 IT Highway, Navallur, Chennai-600 130

Phone: 044-39873000, Fax: 044-2743 5128

E-mail: shareholderquery@virtusa.com

companysecretary@virtusa.com

christinapaulineb@virtusa.com

**Commodity price risk or foreign exchange risk and hedging activities:**

The Company has adopted a foreign exchange hedging policy which was duly approved by the Board of Directors on the 26th of April 2016 which lays down guidelines for minimizing the foreign exchange risk.

By Order of the Board

For **Polaris Consulting & Services Limited**

**Arvind Sharma**  
Director

**Hari Raju Mahadevu**  
Director

Place: Chennai

Date : August 6, 2018

**CEO & CFO CERTIFICATION**

**To: The Board of Directors of Polaris Consulting & Services Limited, Chennai**

We, Rama Sivaraman, Executive Director and N M Vaidyanathan, Chief Financial Officer of Polaris Consulting & Services Limited hereby confirm that:

- a. We have reviewed financial statements and the Cash Flow Statement of the company for the financial year ended March 31, 2018 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Rama Sivaraman  
Executive Director

N M Vaidyanathan  
Chief Financial Officer

Place: Chennai

Date: May 14, 2018

**Auditors' Certificate on compliance with the conditions of Corporate Governance  
under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)  
Regulations 2015**

**AUDITORS' CERTIFICATE**

To

The Members of Polaris Consulting & Services Limited

We have examined the compliance of conditions of Corporate Governance by Polaris Consulting & Services Limited ('the Company'), for the year ended March 31, 2018, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

**Management's responsibility**

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

**Auditors' responsibility**

Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note on Reports or certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per regulations 17 to 27, clause (b) to (i) of regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restriction on use**

This Certificate has been solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

*Chartered Accountants*

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

*Partner*

Membership No. 211171

Place: Chennai

Date: May 14, 2018

**AUDITOR'S REPORT & FINANCIAL STATEMENTS**

## Independent Auditors' Report

### Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Polaris Consulting & Services Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss 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) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibility

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

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

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

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

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act.
  - e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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".
  - g) 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 on its financial position in its standalone Ind AS financial statements- Refer Note 31 to the standalone Ind AS financial statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts as at the year-end;
    - 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 financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed under Note 11C of the standalone Ind AS financial statements.

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

Chartered Accountants

ICAI Firm Registration No.101248W/W-100022

**K Raghuram**

Partner

Membership No. 211171

Place: Chennai

Date: 14 May 2018

### Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements of Polaris Consulting & Services Limited for the year ended 31 March 2018. We report that:

- (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 three 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.
- (ii) the Company is a service company, primarily rendering software services. According, as at 31 March 2018, 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, Sales tax, Service tax, Goods and Service tax, duty of Customs, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of 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, Sales-tax, Service tax, Goods and Service tax, duty of Customs, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 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	279.40	2004-05	Income Tax Appellate Tribunal, Chennai
Income tax Act, 1961	Income taxes	3,544.99	2012-14	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income taxes	2,562.49	2007-08	Deputy Commissioner of Income Tax
Income tax Act, 1961	Income taxes	924.35	2014-15	Dispute Resolution Panel, Bengaluru

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 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
The Maharashtra Value Added Tax Act, 2002	Sales taxes (Note 2)	66.89	2012-14	Deputy commissioner of Sales tax (Appeals)
The Finance Act, 1994	Service taxes (Note 2)	78.32	2006-13	The Customs, Excise and Service Tax Appellate Tribunal
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 47.06 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 Ind AS 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

ICAI Firm Registration No.101248W/W-100022

**K Raghuram**

Partner

Membership No. 211171

Place: Chennai

Date: May 14, 2018

## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Polaris Consulting & Services Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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 standalone Ind AS 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration No.101248W/W-100022

**K Raghuram**

Partner

Membership No. 211171

Place: Chennai

Date: May 14, 2018

**Balance Sheet as at March 31, 2018**

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

	Note	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	4	15,259.02	14,157.42
Capital work-in-progress		194.66	-
Investment property	5	5,324.54	5,309.09
Other intangible assets	6	786.10	203.85
Intangibles under development		-	277.41
Financial assets			
Investments	7	3,989.01	4,381.09
Loans	13	-	103.08
Other financial assets	14	578.92	831.04
Income tax asset, net		7,621.57	7,425.72
Deferred tax assets, net	8	1,409.40	8.89
Other non-current assets	15	193.47	113.27
<b>Total non-current assets</b>		<b>35,356.69</b>	<b>32,810.86</b>
Current assets			
Financial assets			
Investments	7	1,007.40	12,871.98
Trade receivables	9	22,155.61	22,891.98
Unbilled revenue	10	20,865.22	13,875.30
Cash and cash equivalents	11A	37,300.19	16,178.87
Other bank balances	11B	130.33	486.85
Derivative financial instruments	12	226.60	3,923.01
Loans	13	222.93	405.65
Other financial assets	14	454.81	122.83
Other current assets	16	4,109.99	1,516.81
<b>Total current assets</b>		<b>86,473.08</b>	<b>72,273.28</b>
<b>Total assets</b>		<b>121,829.77</b>	<b>105,084.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	5,147.06	5,106.04
Other equity		87,906.05	70,882.88
<b>Total equity</b>		<b>93,053.11</b>	<b>75,988.92</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	8	58.36	134.98
<b>Total non-current assets</b>		<b>58.36</b>	<b>134.98</b>
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		13,445.17	15,548.93
Other financial liabilities	22	2,278.26	1,506.22
Provision for employee benefits	20	2,920.82	3,041.50
Current tax liabilities		1,807.22	568.36
Other current liabilities	23	8,266.83	8,295.23
<b>Total current liabilities</b>		<b>28,718.30</b>	<b>28,960.24</b>
<b>Total equity and liabilities</b>		<b>121,829.77</b>	<b>105,084.14</b>

The notes from 1 to 34 are an integral part of these financial statements

As per our report of even date attached  
for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

Partner

Membership No.: 211171

Chennai

May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

**Statement of Profit and Loss for the year ended March 31, 2018**

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>Revenue from operations</b>		181,730.87	151,097.91
Other income	24	2,837.31	1,973.21
<b>Total income</b>		<b>184,568.18</b>	<b>153,071.12</b>
<b>Expenses</b>			
Employee benefits expense	25	129,793.73	109,791.41
Depreciation and amortisation expense	26	2,372.33	2,227.63
Other expenses	27	24,760.26	25,215.11
<b>Total expenses</b>		<b>156,926.32</b>	<b>137,234.15</b>
<b>Profit before income tax expense</b>		<b>27,641.86</b>	<b>15,836.97</b>
Current tax		9,813.53	5,239.43
Deferred tax		(253.75)	663.78
Income tax expense	8	9,559.78	5,903.21
<b>Profit after tax</b>		<b>18,082.08</b>	<b>9,933.76</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit liability / (asset)	20	157.09	5.97
Equity investments through other comprehensive income - net change in fair value		30.54	(121.31)
Gain on disposal of equity shares by trust		2.97	3.12
Income tax relating to items that will not be reclassified to profit or loss	8	(54.89)	(2.06)
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>135.71</b>	<b>(114.28)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences in translating financial statements of foreign operations		4.33	(230.88)
Effective portion of gains (losses) on hedging instruments in cash flow hedges		(3,696.41)	2,854.41
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income		-	37.88
Income-tax relating to items that will be reclassified to profit or loss	8	1,278.49	(996.59)
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>(2,413.59)</b>	<b>1,664.82</b>
<b>Other comprehensive income for the year, net of income tax expense</b>		<b>(2,277.88)</b>	<b>1,550.54</b>
<b>Total comprehensive income</b>		<b>15,804.20</b>	<b>11,484.30</b>
<b>Earnings per share</b>	<b>28</b>		
Basic earnings per share (INR)		17.67	9.78
Diluted earnings per share (INR)		17.60	9.71

The notes from 1 to 34 are an integral part of these financial statements

As per our report of even date attached  
for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

Partner

Membership No.: 211171

Chennai

May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

**Statements of Changes in Equity for the year ended March 31, 2018**

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

**A. Equity Share Capital**

	Note	Amount
Balance as at April 1, 2016		5,068.34
Changes in equity share capital during 2016-17	17	37.70
<b>Balance as at March 31, 2017</b>		<b>5,106.04</b>
Changes in equity share capital during 2017-18	17	41.02
<b>Balance as at March 31, 2018</b>		<b>5,147.06</b>

**B. Other Equity**

	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	Items of OCI Investments through OCI		Other items of OCI (Refer note 18B)
Balance at April 1, 2016	4,784.72	1,690.60	(30.94)	48,122.07	3,042.16	698.78	99.28	166.01	58,572.68
<b>Total comprehensive income for the year ended March 31, 2017</b>									
Profit or loss	-	-	-	9,933.76	-	-	-	-	9,933.76
Other comprehensive income (net of tax)	-	-	-	-	(230.88)	1,866.56	(92.17)	7.03	1,550.54
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,933.76</b>	<b>(230.88)</b>	<b>1,866.56</b>	<b>(92.17)</b>	<b>7.03</b>	<b>11,484.30</b>
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Shares options exercised	732.54	-	-	-	-	-	-	-	732.54
Share based payment	-	80.55	-	-	-	-	-	-	80.55
Shares issued by trust	-	-	2.85	-	-	-	-	-	2.85
Gain on sale of shares held by trust	9.96	-	-	-	-	-	-	-	9.96
<b>Total transactions with owners</b>	<b>742.50</b>	<b>80.55</b>	<b>2.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>825.90</b>
<b>Balance at March 31, 2017</b>	<b>5,527.22</b>	<b>1,771.15</b>	<b>(28.09)</b>	<b>58,055.83</b>	<b>2,811.28</b>	<b>2,565.34</b>	<b>7.11</b>	<b>173.04</b>	<b>70,882.88</b>

	Attributable to the owners of the Company							Total	
	Securities premium	Reserves and surplus	Retained earnings	Exchange differences on translation of foreign operations	Effective por-tion of cash flow hedges	Items of OCI	Other items of OCI (Refer note 18B)		
<b>Balance at April 1, 2017</b>	5,527.22	1,771.15	(28.09)	58,055.83	2,811.28	2,565.34	7.11	173.04	70,882.88
<b>Total comprehensive income for the year ended March 31, 2018</b>									
Profit or loss	-	-	-	18,082.08	-	-	-	-	18,082.08
Other comprehensive income (net of tax)	-	-	-	-	4.33	(2,417.92)	30.54	105.17	(2,277.88)
<b>Total comprehensive income</b>	-	-	-	<b>18,082.08</b>	<b>4.33</b>	<b>(2,417.92)</b>	<b>30.54</b>	<b>105.17</b>	<b>15,804.20</b>
Transferred to retained earnings	-	-	-	166.25	-	-	-	(166.25)	-
Transactions with owners, recorded directly in equity									
<b>Contributions by and distributions to owners</b>									
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
<b>Total transactions with owners</b>	<b>2,415.68</b>	<b>(1,222.41)</b>	<b>25.70</b>	-	-	-	-	-	<b>1,218.97</b>
<b>Balance at March 31, 2018</b>	<b>7,942.90</b>	<b>548.74</b>	<b>(2.39)</b>	<b>76,304.16</b>	<b>2,815.61</b>	<b>147.42</b>	<b>37.65</b>	<b>111.96</b>	<b>87,906.05</b>

The notes from 1 to 34 are an integral part of these financial statements

As per our report of even date attached for **BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**  
Partner  
Membership No.: 211171  
Chennai  
May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

**Statement of Cash Flows for the year ended March 31, 2018**

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

	Year ended March 31, 2018	Year ended March 31, 2017
Profit after tax for the year	18,082.08	9,933.76
<b>Adjustments for:</b>		
Depreciation and amortisation	2,372.33	2,227.63
Equity-settled share-based payments	77.21	80.55
Unrealised foreign exchange (gain)/loss	115.39	232.10
Interest income	(62.78)	(198.43)
Gain on sale of investments (net)	(2,577.66)	(582.61)
Financial assets mandatorily measured at FVTPL - net change in fair value	286.84	(92.12)
Net gain on sale of property, plant and equipment	(29.16)	(683.05)
Dividend income	(20.70)	-
Loss on impairment of financial assets	1,046.15	-
Income tax expense	9,559.78	5,903.21
<b>Operating profit before working capital changes</b>	<b>28,849.48</b>	<b>16,821.04</b>
<b>Working capital adjustments:</b>		
Decrease/(increase) in trade receivables	(6,722.29)	(2,590.72)
Decrease/(increase) in other assets	(2,269.41)	3,513.73
Increase/(decrease) in trade payables, other liabilities and provisions	(1,744.36)	(3,456.46)
<b>Cash generated from operations</b>	<b>18,113.42</b>	<b>14,287.59</b>
Direct taxes paid (net of refunds)	(8,770.46)	(6,533.71)
<b>Net cash flow generated from operating activities (A)</b>	<b>9,342.96</b>	<b>7,753.88</b>
<b>Cash flows from Investing activities</b>		
Acquisition of property, plant and equipment	(4,109.21)	(1,944.86)
Acquisition of investment property	(15.45)	-
Acquisition of investments	(49,597.05)	(60,624.15)
Proceeds from sale of investments	63,808.10	64,322.84
Movement in bank deposits not treated as cash and cash equivalents	348.95	-
Proceeds from sale of property, plant and equipment	86.92	1,662.10
Proceeds from sale of BPO division	-	145.00
Interest received	57.30	292.53
Dividend received	20.70	-
<b>Net cash used in investing activities (B)</b>	<b>10,600.26</b>	<b>3,853.46</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of share options	41.02	37.70
Proceeds from securities premium on exercise of share options	852.12	732.55
Proceeds from sale of treasury shares	289.64	12.81
Dividend paid during the year	(8.11)	(16.53)
<b>Net cash flow from financing activities (C)</b>	<b>1,174.68</b>	<b>766.53</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>21,117.90</b>	<b>12,373.87</b>
Cash and cash equivalents as at April 1	16,178.87	3,883.20
Effect of exchange rate fluctuations on cash held	3.43	(78.20)
<b>Cash and cash equivalents at March 31</b>	<b>37,300.19</b>	<b>16,178.87</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flows</b>		
<b>Cash and cash equivalents</b>		
Balance with banks in current accounts	25,800.19	16,178.87
Deposits with original maturity of less than three months	11,500.00	-
<b>Balance as per statement of cash flows</b>	<b>37,300.19</b>	<b>16,178.87</b>

The notes from 1 to 34 are an integral part of these financial statements

As per our report of even date attached  
for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

Partner

Membership No.: 211171

Chennai

May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**

Director

DIN: 03262516

**Arvind Sharma**

Director

DIN: 00012177

**Vaidyanathan N M**

Chief Financial Officer

**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 and its equity shares are listed on the National Stock Exchange and Bombay Stock Exchange. 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”).

**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 May 14, 2018.

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

- Note 2(j) – revenue recognition for 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;

## Notes to the financial statements

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

- 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 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 and 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.

**Notes to the financial statements**

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

**(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 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.

**Notes to the financial statements**

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

**(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, 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.

**Notes to the financial statements**

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

**(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.

**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.

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.

**Notes to the financial statements**

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

**(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 has been created and 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.

**(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.

**Notes to the financial statements**

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

**(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 which require management to make judgments and estimates in determining the overall cost to the customer. Fees for these contracts may be in the form of time and materials or fixed price arrangements.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last billing to the reporting date is recognised as unbilled revenues. Revenue from fixed-price arrangements, where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billing in excess of costs and earnings are classified as deferred revenue.

Under the percentage of completion method, management estimates the percentage of completion based upon efforts incurred as a percentage of the total estimated efforts for the specified engagement. When total cost estimates exceed revenue, the Company accrues for the estimated losses immediately. The use of the percentage of completion method requires significant judgment relative to estimating total contract revenue and efforts, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in other engagement related costs. The Company's analysis of these contracts also contemplates whether contracts should be combined or segmented. Estimates of total contract revenue and 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.

The Company offers certain services that are fixed fee or transaction based. The Company recognises revenue from these arrangements either ratably over the contractual period or as transactions occur.

Contract costs are recognised as expenses as incurred unless they create an asset related to future control activity.

**(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.

**Notes to the financial statements**

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

**(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 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.

## Notes to the financial statements

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

### (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 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, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 21 The Effect of Changes in Foreign Exchange Rates

#### *Ind AS 115 - Revenue from Contracts with Customers*

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has substantially completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Group does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

#### *Ind AS 21 - The Effect of Changes in Foreign Exchange Rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

**Notes to the Standalone 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
<b>Gross carrying amount</b>									
Balance as at April 1, 2016	4,224.25	6,677.17	3,576.39	427.68	1,151.82	870.18	781.11	97.43	17,806.03
Additions	-	25.51	1,269.44	2.71	26.98	57.25	174.98	3.60	1,560.47
Disposals	(13.29)	(687.41)	(83.98)	(8.17)	(24.39)	(22.80)	(98.81)	-	(938.85)
Exchange differences on translation of foreign operations	(0.61)	(2.84)	(63.06)	(3.88)	(4.03)	(1.48)	-	(1.74)	(77.64)
<b>Balance as at March 31, 2017</b>	<b>4,210.35</b>	<b>6,012.43</b>	<b>4,698.79</b>	<b>418.34</b>	<b>1,150.38</b>	<b>903.15</b>	<b>857.28</b>	<b>99.29</b>	<b>18,350.01</b>
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	-	(0.16)	(703.41)	(74.05)	(217.09)	(13.17)	(190.89)	-	(1,198.77)
Exchange differences on translation of foreign operations	-	0.29	(65.57)	-	0.71	2.28	-	0.17	(62.12)
<b>Balance as at March 31, 2018</b>	<b>4,210.35</b>	<b>6,012.56</b>	<b>6,109.21</b>	<b>476.56</b>	<b>1,236.72</b>	<b>1,463.64</b>	<b>708.64</b>	<b>99.46</b>	<b>20,317.14</b>
<b>Accumulated depreciation and impairment losses</b>									
Balance as at April 1, 2016	-	318.58	1,034.51	66.14	252.76	317.23	259.85	26.41	2,275.48
Depreciation for the year	-	293.00	977.36	55.85	174.10	220.62	222.98	75.12	2,019.03
Disposals	-	-	(8.84)	-	(2.10)	(1.45)	(12.26)	-	(24.65)
Exchange differences on translation of foreign operations	-	(1.60)	(52.79)	17.75	(19.70)	(7.23)	-	(13.70)	(77.27)
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>609.98</b>	<b>1,950.24</b>	<b>139.74</b>	<b>405.06</b>	<b>529.17</b>	<b>470.57</b>	<b>87.83</b>	<b>4,192.59</b>
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	1,190.63	59.84	173.54	191.47	169.15	-	2,057.82
Disposals	-	(0.07)	(692.69)	(73.84)	(217.09)	(13.17)	(146.61)	-	(1,143.47)
Exchange differences on translation of foreign operations	-	0.19	(64.51)	-	0.60	3.27	-	11.63	(48.82)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>883.29</b>	<b>2,383.67</b>	<b>125.74</b>	<b>362.11</b>	<b>710.74</b>	<b>493.11</b>	<b>99.46</b>	<b>5,058.12</b>
Carrying amounts (net)									
<b>At March 31, 2017</b>	<b>4,210.35</b>	<b>5,402.45</b>	<b>2,748.55</b>	<b>278.60</b>	<b>745.32</b>	<b>373.98</b>	<b>386.71</b>	<b>11.46</b>	<b>14,157.42</b>
<b>At March 31, 2018</b>	<b>4,210.35</b>	<b>5,129.27</b>	<b>3,725.54</b>	<b>350.82</b>	<b>874.61</b>	<b>752.90</b>	<b>215.53</b>	<b>-</b>	<b>15,259.02</b>

**Notes to the financial statements**

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

**5. Investment Property**

**Reconciliation of carrying amount**

	Intangible assets under development
<b>Gross carrying amount</b>	
Balance as at April 1, 2016	5,309.09
Acquisitions	-
<b>Balance as at March 31, 2017</b>	<b>5,309.09</b>
Balance as at April 1, 2017	5,309.09
Acquisitions	15.45
<b>Balance as at March 31, 2018</b>	<b>5,324.54</b>
<b>Fair value</b>	
<b>At March 31, 2017</b>	<b>7,986.00</b>
<b>At March 31, 2018</b>	<b>8,730.00</b>

**Measurement of fair values**

**i. Fair value hierarchy**

Investment property comprises of land in Gurgaon. The fair value of investment property has been determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 2 (see Note 2(a)(v)).

**ii. Valuation technique**

The Company follows a sales comparison approach. The valuation model estimates the value based on what other purchasers and sellers have agreed to as a price of land in the same locality. The model has taken in to consideration, the sales price and the estimated transaction cost to sale in arriving at the value of the land.

**6. Other intangible assets**

<b>A. Reconciliation of carrying amount</b>	<b>Computer Software</b>	<b>Customer Contracts</b>	<b>Total</b>	<b>Intangible assets under development</b>
<b>Gross carrying amount</b>				
Balance as at April 1, 2016	499.14	58.33	557.47	-
Additions	136.37	-	136.37	277.41
Exchange differences on translation of foreign operations	32.30	-	32.30	-
<b>Balance as at March 31, 2017</b>	<b>667.81</b>	<b>58.33</b>	<b>726.14</b>	<b>277.41</b>
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	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>1,564.57</b>	<b>58.33</b>	<b>1,622.90</b>	<b>-</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at April 1, 2016	223.48	58.33	281.81	-
Amortisation for the year	208.60	-	208.60	-
Exchange differences on translation of foreign operations	31.88	-	31.88	-
<b>Balance as at March 31, 2017</b>	<b>463.96</b>	<b>58.33</b>	<b>522.29</b>	<b>-</b>
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	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>778.47</b>	<b>58.33</b>	<b>836.80</b>	<b>-</b>
<b>Carrying amounts (net)</b>				
<b>At March 31, 2017</b>	<b>203.85</b>	<b>-</b>	<b>203.85</b>	<b>277.41</b>
<b>At March 31, 2018</b>	<b>786.10</b>	<b>-</b>	<b>786.10</b>	<b>-</b>

**Notes to the financial statements**

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

**7. Investments**

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

**A. Non-current investments**

	March 31, 2018	March 31, 2017
<b>Quoted instruments</b>		
<i>Preference shares at FVTPL</i>		
8,000 (March 31, 2017: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	1,075.74	1,120.00
<i>Equity shares at FVOCI</i>		
83,808 (March 31, 2017: 95,008) equity shares of Intellect Polaris Design Arena Limited (refer note below)	138.53	109.04
<b>Preference shares at cost</b>		
<i>Preference shares at FVTPL</i>		
1,492,030 (March 31, 2017: 1,492,030) Optimus Global Services Limited, less impairment of INR 29.84 Lakhs (March 31, 2017: INR 29.84 Lakhs)	-	-
<b>Unquoted equity instruments</b>		
151,000 (March 31, 2017: 151,000) equity shares of Hexa Wind Farm Private Limited, less impairment of INR 15.10 Lakhs (March 31, 2017 : INR 15.10 Lakhs)	-	-
<b>Equity shares at cost</b>		
600,000 (March 31, 2017: 6,00,000) Polaris Consulting & Services GmbH (Germany)	261.99	261.99
25,000 (March 31, 2017: 25,000) Polaris Consulting & Services Pty Ltd (Australia)	8.11	8.11
176,186 (March 31, 2017: 176,186) Polaris Consulting & Services Ireland Ltd (Ireland)	88.96	88.96
400 (March 31, 2017: 400) Polaris Consulting and Services Japan K.K (Japan)	79.04	79.04
296,350 (March 31, 2017: 296,350) Polaris Consulting & Services Inc. (Canada)	109.38	109.38
235,072 (March 31, 2017: 250,010) Polaris Consulting & Services Pte Ltd (Singapore)	112.69	119.85
5,001 (March 31, 2017: 5,001) Polaris Consulting & Services Limited (UK)	4.92	4.92
1,500 (March 31, 2017: 1,500) Polaris Consulting and Services FZ- LLC (Dubai)	261.00	261.00
200,000 (March 31, 2017: 200,000) Polaris Consulting & Services SA (Swiss)	685.30	685.30
849,997 (March 31, 2017: 849,997) Optimus Global Services Limited, less impairment of INR 17 lakhs (March 31, 2017 : INR 17 lakhs)	-	-
<b>Investment in Joint Venture</b>		
50 (March 31, 2017: 50) Intellect Polaris Design LLC, USA, less impairment of INR 369.95 lakhs (March 31, 2017 : Nil)	1,163.35	1,533.50
	<b>3,989.01</b>	<b>4,381.09</b>
Aggregate book value of quoted investments	1,214.27	1,229.04
Aggregate market value of quoted investments	1,214.27	1,229.04
Aggregate value of unquoted investments	2,774.74	3,152.05
Aggregate amount of impairment in value of investments	431.89	61.94

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.

## Notes to the financial statements

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

### B. Current investments

	March 31, 2018	March 31, 2017
<b>Investment in mutual funds</b>		
<b>Quoted</b>		
Nil (March 31, 2017: 287,974) units in Birla Sun Life Cash Plus Fund	-	750.21
Nil (March 31, 2017: 2,495,467) units in BSL Short term Fund	-	1,553.97
Nil (March 31, 2017: 5,452,234) units in ICICI Prudential Short Term	-	1,860.42
Nil (March 31, 2017: 3,404,882) units in Reliance Short Term Fund	-	1,049.28
10,000,000 (March 31, 2017: Nil) units in Reliance Fixed Horizon Fund	1,007.40	-
Nil (March 31, 2017: 5,036,024) units in Kotak Short Term Bond	-	1,547.87
Nil (March 31, 2017: 5,825,639) units in Axis Short Term Fund	-	1,035.81
Nil (March 31, 2017: 35,706) units in SBI Ultra Short Term Debt fund	-	750.00
Nil (March 31, 2017: 5,220,660) units in ICICI Prudential Regular Savings Fund	-	906.80
Nil (March 31, 2017: 4,005,055) units in Reliance Regular Savings Fund	-	907.41
Nil (March 31, 2017: 33,444) units in Reliance Money Manager Fund	-	750.00
Nil (March 31, 2017: 41,724) units in Axis Liquid Fund	-	750.21
<b>Preference shares at FVTPL</b>		
Nil (March 31, 2017: 1,000,000) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited	-	1,010.00
	<b>1,007.40</b>	<b>12,871.98</b>
All units are in absolute numbers		
Aggregate book value of quoted investments	1,007.40	12,871.98
Aggregate market value of quoted investments	1,007.40	12,871.98
Aggregate value of unquoted investments	-	-

### 8. Income taxes

See accounting policy in Note 2 (m)

A. Amounts recognised in profit or loss	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current tax</b>		
a) Current tax	9,813.53	5,239.43
<b>b) Deferred tax:</b>		
Attributable to:		
Origination and reversal of temporary difference	(253.75)	663.78
<b>Income tax expense reported in the statement of profit or loss (a+b)</b>	<b>9,559.78</b>	<b>5,903.21</b>

**Notes to the financial statements**

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

**8. Income taxes (Contd...)**

**B. Income tax recognised in other comprehensive income**

	March 31, 2018			March 31, 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Deferred tax related to items recognised in OCI during in the year:</b>						
Exchange differences in translating financial statements of foreign operations	4.33	-	4.33	(230.88)	-	(230.88)
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	(3,696.41)	1,278.49	(2,417.92)	2,854.41	(987.85)	1,866.56
Fair value of equity investments through OCI	30.54	-	30.54	(121.31)	-	(121.31)
Gain on disposal of equity Shares by trust	2.97	-	2.97	3.12	-	3.12
Fair value of debt investments through OCI	-	-	-	37.88	(8.74)	29.14
Remeasurements of defined benefit liability (asset)	157.09	(54.89)	102.20	5.97	(2.06)	3.91
<b>Income tax charged to OCI</b>	<b>(3,501.48)</b>	<b>1,223.60</b>	<b>(2,277.88)</b>	<b>2,549.19</b>	<b>(998.65)</b>	<b>1,550.54</b>

**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, 2018 and March 31, 2017:

	March 31, 2018		March 31, 2017	
<b>Profit before tax</b>		<b>27,641.86</b>		<b>15,836.97</b>
Tax using the Company's domestic tax rate	34.61%	9,566.29	34.61%	5,480.86
Tax exempt income	-0.03%	(7.16)	4.44%	703.40
Non-deductible expenses	0.66%	182.05	-2.32%	(367.55)
Employee stock compensation cost	0.10%	26.72	0.18%	28.94
Others	-0.75%	(208.12)	0.36%	57.56
<b>Effective tax rate</b>		<b>34.58%</b>		<b>37.27%</b>
Current tax		9,813.53		5,239.43
Deferred tax		(253.75)		663.78
<b>Tax expense reported in the statement of comprehensive income</b>		<b>9,559.78</b>		<b>5,903.21</b>

## Notes to the financial statements

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

### 8. Income taxes (Contd...)

#### 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	178.03	350.23	-	-
Difference on account of revenue recognition	80.19	174.28	12.96	-
Allowances for doubtful debts	520.00	280.98	-	-
Others	712.94	644.16	-	-
<b>A</b>	<b>1,491.16</b>	<b>1,449.65</b>	<b>12.96</b>	<b>-</b>
Less: Deferred tax liability arising on account of :				
Gain on fair valuation of investments	(2.58)	(83.08)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	-	-	(71.32)	(134.98)
Derivative liability on the effective portion of cash flow hedges	(79.18)	(1,357.68)	-	-
<b>B</b>	<b>(81.76)</b>	<b>(1,440.76)</b>	<b>(71.32)</b>	<b>(134.98)</b>
<b>Net deferred tax asset</b>	<b>(A+B)</b>	<b>1,409.40</b>	<b>8.89</b>	<b>(58.36)</b>
		<b>8.89</b>	<b>(58.36)</b>	<b>(134.98)</b>

#### Movement in temporary differences

	Balance as at April 1, 2016	Rec-ognised in OCI during 2016-17	Rec-ognised in profit or loss during 2016-17	FCTR impact on account of average and closing rates	Balance as at March 31, 2017	Rec-ognised in OCI during 2017-18	Rec-ognised in profit or loss during 2017-18	FCTR impact on account of average and closing rates	Balance as at March 31, 2018
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	342.14	-	8.09	-	350.23	-	(172.20)	-	178.03
Difference on account of revenue recognition	772.40	-	(598.13)	-	174.27	-	(81.12)	-	93.15
Allowances for doubtful debts	294.23	-	(13.25)	-	280.98	-	239.02	-	520.00
Others	662.38	(2.06)	(16.16)	-	644.16	(54.89)	123.67	-	712.94
Less: Deferred tax liability arising on account of :									
Gain on fair valuation of investments	(59.33)	(8.74)	(14.98)	-	(83.05)	-	80.47	-	(2.58)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(138.02)	-	(29.35)	32.39	(134.98)	-	63.91	(0.25)	(71.07)
Derivative liability on the effective portion of cash flow hedges	(369.82)	(987.85)	-	-	(1,357.67)	1,278.49	-	-	(79.18)
<b>Total</b>	<b>1,503.98</b>	<b>(998.65)</b>	<b>(663.78)</b>	<b>32.39</b>	<b>(126.06)</b>	<b>1,223.60</b>	<b>253.75</b>	<b>(0.25)</b>	<b>1,351.29</b>

**Notes to the financial statements**

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

**8. Income taxes (Contd...)**

**E. Unrecognised deferred tax liabilities**

As at March 31, 2018 and March 31, 2017, 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, 2018		March 31, 2017	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	2,557.69	595.84	4,365.73	873.15
<b>Total</b>	<b>2,557.69</b>	<b>595.84</b>	<b>4,365.73</b>	<b>873.15</b>

The tax losses expire in 2019-2025. 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.

	March 31, 2018	Expiry date	March 31, 2017	Expiry date
Expires	2,557.69	2019-25	4,365.73	2019-25

**9. Trade receivables**

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

	March 31, 2018	March 31, 2017
<b>Trade receivables</b>		
Unsecured, considered good	22,155.61	22,891.98
Doubtful	1,478.76	811.90
	<b>23,634.37</b>	<b>23,703.88</b>
Allowance for credit loss	(1,478.76)	(811.90)
<b>Net trade receivables</b>	<b>22,155.61</b>	<b>22,891.98</b>
Of the above, trade receivables from related parties are as below:		19,434.30
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Total trade receivables from related parties	9,508.35	6,173.43
Allowance for credit loss	-	-
<b>Net trade receivables</b>	<b>9,508.35</b>	<b>6,173.43</b>

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 revenue**

	March 31, 2018	March 31, 2017
Unbilled revenue	20,865.22	13,875.30
	<b>20,865.22</b>	<b>13,875.30</b>

**11. Cash and bank balances**

	March 31, 2018	March 31, 2017
<b>A. Cash and cash equivalents</b>		
Balance with banks in current accounts	25,800.19	16,178.87
Deposits with original maturity of less than three months	11,500.00	-
	<b>37,300.19</b>	<b>16,178.87</b>

## Notes to the financial statements

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

### 11. Cash and bank balances (Contd...)

#### B. Other bank balances

	March 31, 2018	March 31, 2017
	Current	Current
Deposits with banks	26.59	375.00
Unclaimed dividend accounts	103.74	111.85
	<b>130.33</b>	<b>486.85</b>

#### 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. Derivative financial instruments

	March 31, 2018	March 31, 2017
Forward exchange contracts used for hedging	226.60	3,923.01
	<b>226.60</b>	<b>3,923.01</b>
Non-current	-	-
Current	226.60	3,923.01
	<b>226.60</b>	<b>3,923.01</b>

### 13. Loans

(Unsecured, considered good unless otherwise stated)

	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Current	Non current	Current	Non current
Loans to employees	222.51	-	394.67	103.08
Employee advance	0.42	-	10.98	-
	<b>222.93</b>	<b>-</b>	<b>405.65</b>	<b>103.08</b>

### 14. Other financial assets

	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Current	Non current	Current	Non current
Security deposits	213.14	559.09	-	811.21
Deposits with banks	-	19.83	-	19.83
Interest receivable	11.68	-	6.21	-
Other advances	229.99	-	116.62	-
	<b>454.81</b>	<b>578.92</b>	<b>122.83</b>	<b>831.04</b>

### 15. Other non-current assets

	March 31, 2018	March 31, 2017
Capital advances	158.89	82.31
Prepaid expenses	34.58	30.96
	<b>193.47</b>	<b>113.27</b>

**Notes to the financial statements**

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

**16. Other current assets**

	March 31, 2018	March 31, 2017
Balance with statutory authorities	2,445.43	407.36
Prepaid expenses	1,113.68	749.38
Prepaid Gratuity (Refer Note 20)	138.33	-
Other advances	412.55	360.06
	<b>4,109.99</b>	<b>1,516.81</b>

**17. Equity Share Capital**

<b>Authorised</b>	March 31, 2018	March 31, 2017
120,000,000 (March 31, 2017: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00
10,000,000 (March 31, 2017: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00
<b>Issued, subscribed and paid-up</b>		
102,941,129 equity shares of INR 5 each (March 31, 2017:102,120,754) equity shares of INR 5 each) fully paid up	5,147.06	5,106.04
	<b>5,147.06</b>	<b>5,106.04</b>

All issued shares are fully paid up.

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

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period	102,120,754	5,106.04	101,366,874	5,068.34
Shares issued on exercise of employee stock options	820,375	41.02	753,880	37.70
<b>At the end of the period</b>	<b>102,941,129</b>	<b>5,147.06</b>	<b>102,120,754</b>	<b>5,106.04</b>

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, 2018		March 31, 2017	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	95,366,876	4,768.34	76,081,069	3,804.05

*Number of shares are in absolute numbers*

## Notes to the financial statements

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

### 17. Equity Share Capital (Contd...)

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

	March 31, 2018		March 31, 2017	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	95,366,876	92.64%	76,081,069	74.50%
			-	-

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 on January 24, 2018 subsequent to obtaining in-principle approval from the stock exchanges. The bidding for the tendering of shares closed on February 5, 2018 and Virtusa has acquired further stake of 18.77% on February 12, 2018 at a price of Rs. 480 per share, increasing its shareholding to 92.80%. The Company is in the process of obtaining final approval for delisting from stock exchange.

#### Shares reserved for issue under options:

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 8,234 equity shares (March 31, 2017: 98,988 equity shares) of INR 5 each (see Note 19)	8,234	0.41	98,988	4.95

### 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, 2018	March 31, 2017
Remeasurements of defined benefit liability (asset)	-	64.05
Gain on sale of equity instruments classified as FVOCI	111.96	108.99
<b>(i) Remeasurements of defined benefit liability (assets)</b>		
	March 31, 2018	March 31, 2017
Opening balance	64.05	60.14
Remeasurements of defined benefit liability (asset)	102.20	3.91
Transferred to retained earnings	(166.25)	-
<b>Closing balance</b>	<b>-</b>	<b>64.05</b>

**Notes to the financial statements**

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

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

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

	March 31, 2018	March 31, 2017
Opening balance	108.99	105.87
Gain on sale of equity shares during the year	2.97	3.12
<b>Closing balance</b>	<b>111.96</b>	<b>108.99</b>

**b. Disaggregation of changes in items of OCI**

	Attributable to the owners of the Company					
	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	Total attributable to owners of parent
<b>Year ended March 31, 2017</b>						
Exchange differences on translating financial statements of foreign operations	(230.88)	-	-	-	-	(230.88)
Effective portion of gains (losses) on hedging instruments in cash flow hedges	-	1,866.56	-	-	-	1,866.56
Equity investments through OCI - net change in fair value	-	-	(121.31)	-	-	(121.31)
Gain on disposal of equity shares by trust	-	-	-	-	3.12	3.12
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income	-	-	29.14	-	-	29.14
Remeasurement of defined benefit liability (asset)	-	-	-	3.91	-	3.91
	<b>(230.88)</b>	<b>1,866.56</b>	<b>(92.17)</b>	<b>3.91</b>	<b>3.12</b>	<b>1,550.54</b>
<b>Year ended March 31, 2018</b>						
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
Remeasurement of defined benefit liability (asset)	-	-	-	102.20	-	102.20
	<b>4.33</b>	<b>(2,417.92)</b>	<b>30.54</b>	<b>102.20</b>	<b>2.97</b>	<b>(2,277.88)</b>

**Notes to the financial statements**

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

**18B. Analysis of accumulated OCI, net of tax (Contd...)*****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. 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, 2018, 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 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:

**Notes to the financial statements**

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

**19. Share-based payments (Contd...)**

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
<b>Eligible employees</b>	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
<b>Maximum number of options grantable</b>	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
<b>Grant price</b>				
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
<b>Service conditions</b>				
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%
<b>Performance conditions</b>				
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:

**Notes to the financial statements**

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

**19. Share-based payments (Contd...)**

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
<b>Grant price</b>					
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.

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.

**B Measurement of fair values**

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

Scheme	ASOP 2015 Swarnam 101	ASOP 2015 Swarnam 101	ASOP 2015 Swarnam 101	ASOP 2015 Swarnam 101	ASOP 2015 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	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%

**Notes to the financial statements**

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

**19. Share-based payments (Contd...)**

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 March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	127.86	188,300	124.13	292,300
Granted during the period	-	-	-	-
Forfeited during the period	137.28	(11,900)	112.26	(57,500)
Exercised during the period	132.01	(119,300)	123.63	(46,500)
Expired during the period	108.60	(28,900)	-	-
Outstanding at 31 March	126.07	28,200	127.86	188,300
<b>Exercisable at 31 March</b>	<b>126.07</b>	<b>28,200</b>	<b>127.86</b>	<b>188,300</b>

The options outstanding at March 31, 2018 have an exercise price in the range of INR 92.52 to INR 150.30 (March 31, 2017: INR 49.03 to INR 133.88) and a weighted average remaining contractual life of 0.49 years (March 31, 2017: 0.87 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 372.76 (2016-17: INR 193.28)

**Associate Stock Option Plan 2004**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	128.64	48,500	130.35	82,100
Granted during the period	-	-	-	-
Forfeited during the period	-	-	133.75	(23,800)
Exercised during the period	126.95	(38,026)	130.74	(9,800)
Expired during the period	140.08	(1,500)	-	-
Outstanding at 31 March	133.88	8,974	128.64	48,500
<b>Exercisable at 31 March</b>	<b>133.88</b>	<b>8,974</b>	<b>128.64</b>	<b>48,500</b>

The options outstanding at March 31, 2018 have an exercise price was of INR 133.88 (March 31, 2017: INR 124.42 to INR 140.08) and a weighted average remaining contractual life of 0.24 years (March 31, 2017: 0.80 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 342.20 (2016-17: INR 185.06)

**Associate Stock Option Plan 2011**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	105.09	1,469,830	107.35	2,517,700
Granted during the period	-	-	-	-
Forfeited during the period	106.05	(402,450)	134.54	(274,510)
Exercised during the period	100.39	(629,425)	100.64	(704,630)
Expired during the period	-	-	115.76	(68,730)
Outstanding at 31 March	111.02	437,955	105.09	1,469,830
<b>Exercisable at 31 March</b>	<b>107.33</b>	<b>381,455</b>	<b>102.19</b>	<b>701,120</b>

## Notes to the financial statements

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

### 19. Share-based payments (Contd...)

The options outstanding at March 31, 2018 have an exercise price in the range of INR 81.50 to INR 175 (March 31, 2017: INR 78.48 to INR 175) and a weighted average remaining contractual life of 3.32 years (March 31, 2017: 4.38 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 377.37 (2016-17: INR 183.39)

#### Associate Stock Option Plan 2015

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	145.74	264,450	146.22	1,062,900
Granted during the period	-	-	-	-
Forfeited during the period	143.39	(34,400)	146.54	(603,750)
Exercised during the period	144.83	(71,650)	130.22	(2,750)
Expired during the period	-	-	146.08	(191,950)
Outstanding at 31 March	146.66	158,400	145.74	264,450
<b>Exercisable at 31 March</b>	<b>153.98</b>	<b>28,600</b>	<b>141.44</b>	<b>93,950</b>

The options outstanding at March 31, 2018 have an exercise price of INR 130.22 to INR 179.95 (March 31, 2017: INR 130.22 to INR 179.95) and a weighted average remaining contractual life of 3.02 years (March 31, 2017: 3.66 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 410.05 (2016-17: INR 181.55)

#### Restricted stock units

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	-	112,052	-	-
Granted during the period	-	26,285	-	151,882
Forfeited during the period	-	(23,808)	-	(7,996)
Exercised during the period	-	(33,886)	-	(31,834)
Expired during the period	-	-	-	-
Outstanding at 31 March	-	80,643	-	112,052
<b>Exercisable at 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The weighted average remaining contractual life of the restricted stock units is 1.40 years (March 31, 2017: 1.81 years)

#### D. Expense recognised in Statement of Profit and Loss

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

### 20. Provision for employee benefits

	March 31, 2018	March 31, 2017
Net defined benefit liability - Gratuity plan	-	258.09
Liability for compensated absences	2,920.82	2,783.41
	<b>2,920.82</b>	<b>3,041.50</b>
Non-current	-	-
Current	2,920.82	3,041.50
	<b>2,920.82</b>	<b>3,041.50</b>

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

**Notes to the financial statements**

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

**20. Provision for employee benefits (Contd...)**

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, 2018	March 31, 2017
Balance at the beginning of the year	2,423.94	2,456.12
Benefits paid	(365.24)	(541.16)
Current service cost	343.02	346.89
Interest cost	148.59	167.07
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in financial assumptions	(51.14)	76.43
- experience adjustments	(295.65)	(81.41)
<b>Balance at the end of the year</b>	<b>2,203.52</b>	<b>2,423.94</b>

*Reconciliation of the present value of plan assets*

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	2,165.85	2,003.81
Contributions paid into the plan	583.46	551.44
Benefits paid	(364.03)	(541.16)
Interest income	146.28	150.78
Actuarial gains / (losses) recognised in other comprehensive income	(189.71)	0.98
<b>Balance at the end of the year</b>	<b>2,341.85</b>	<b>2,165.85</b>
<b>Net defined benefit (asset) / obligation</b>	<b>(138.33)</b>	<b>258.09</b>

**B. i. Expense recognised in profit or loss**

	March 31, 2018	March 31, 2017
Current service cost	343.02	346.89
Interest cost	148.59	167.07
Interest income	(146.28)	(150.78)
	<b>345.33</b>	<b>363.18</b>

**ii. Remeasurements recognised in other comprehensive income**

	March 31, 2018	March 31, 2017
Actuarial gains / (losses) on defined benefit obligation	346.80	4.98
Actuarial (losses) / gains on plan assets	(189.71)	0.98
	<b>157.09</b>	<b>5.96</b>

As at March 31, 2018 and March 31, 2017, the plan assets have been invested in insurance company products.

## Notes to the financial statements

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

### 20. Provision for employee benefits (Contd...)

#### C. Defined benefit obligation

##### i. Actuarial assumptions

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

	March 31, 2018	March 31, 2017
Discount rate	7.30%	6.75%
Return on plan assets	7.30%	6.75%
Future salary growth	1.9 % - 5%	1.9 % - 8%
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, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(45.58)	47.57	(50.20)	52.43
Future salary growth (50 basis points)	42.25	(40.97)	43.53	(42.90)
Withdrawal rate (100 basis points)	(0.91)	0.18	4.70	(5.92)

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, 2017: 4 years)

### 21. Trade payables

	March 31, 2018	March 31, 2017
Trade payables to related parties	8,231.06	9,530.18
Other trade payables	5,214.11	6,018.75
	<b>13,445.17</b>	<b>15,548.93</b>

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, 2018, the Company had no outstanding dues to Micro and Small enterprises is Nil (March 31, 2017: 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.

### 22. Other financial liabilities

	March 31, 2018	March 31, 2017
Liabilities for restricted stock units	2,174.52	1,394.37
Unclaimed dividend	103.74	111.85
	<b>2,278.26</b>	<b>1,506.22</b>

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, 2018	March 31, 2017
Employee related payables	4,258.67	3,056.89
Deferred revenue	2,273.24	3,198.77
Statutory tax payable	1,271.82	1,109.41
Others	463.10	930.16
	<b>8,266.83</b>	<b>8,295.23</b>

**Notes to the financial statements**

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

**24. Other income**

	March 31, 2018	March 31, 2017
Interest income under effective interest method on		
Cash and bank balances	62.78	198.43
Gain on sale of investments (net)	2,577.66	582.61
Financial assets at FVTPL-net change in fair value:		
Mandatorily measured at FVTPL	-	92.12
Dividend income	20.70	179.94
Net gain on sale of property, plant and equipment	29.16	683.05
Miscellaneous income	147.01	237.06
	<b>2,837.31</b>	<b>1,973.21</b>

**25. Employee benefits expense**

See accounting policies in Note 2(h)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus		122,559.88	102,155.27
Contribution to provident fund and other funds		2,171.89	1,704.81
Gratuity	20	345.33	363.18
Share based payments	19	878.71	1,415.75
Staff welfare expense		3,837.91	4,152.40
		<b>129,793.73</b>	<b>109,791.41</b>

**26. Depreciation and amortisation expense**

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	4	2,057.82	2,019.03
Amortisation of intangible assets	6	314.51	208.60
		<b>2,372.33</b>	<b>2,227.63</b>

**27. Other expenses**

	Year ended March 31, 2018	Year ended March 31, 2017
Power and fuel	909.63	1,055.06
Rent	844.73	946.27
Subcontracting expenses	5,302.10	7,166.54
Repairs and maintenance	2,396.78	2,802.93
Rates and taxes	103.01	122.31
Travelling expenses	6,745.93	5,905.89
Legal and professional charges	2,267.96	2,598.24
Payment to the auditors (see note (i) below)	99.89	98.36
Business promotion	875.07	642.17
Expenditure on corporate social responsibility (see note (ii) below)	312.17	289.48
Communication expenses	1,109.12	1,119.40
Office maintenance	1,264.90	552.80
Impairment loss on financial assets	1,046.15	220.56
Insurance	329.70	526.89
Printing and stationery	63.91	9.68
Directors' sitting fees	75.25	73.10
Net Loss on foreign currency transactions	328.70	385.25
Miscellaneous expenses	685.26	700.18
	<b>24,760.26</b>	<b>25,215.11</b>

## Notes to the financial statements

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

### 27. Other expenses (Contd...)

#### (i) Payments to auditors

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Statutory audit	63.50	75.50
In other capacity	18.00	1.00
Reimbursement of expenses	18.39	21.86
	<b>99.89</b>	<b>98.36</b>

#### (ii) Details of corporate social responsibility expenditure

	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent by the Company during the year	307.25	288.48
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	312.17	289.48

### 28. Earnings per share

#### A. Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows

	Year ended March 31, 2018	Year ended March 31, 2017
Profit (loss) for the year, attributable to the equity holders	18,082.08	9,933.76
Weighted average number of equity shares for the year	102,355,773	101,567,946

#### 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, 2018	March 31, 2017
Profit for the year attributable to equity shareholders	18,082.08	9,933.76

##### ii. Weighted average number of equity shares (diluted)

	March 31, 2018	March 31, 2017
Weighted average number of equity shares (basic)	102,355,773	101,567,946
Effect of dilutive equity shares - share options outstanding	372,802	684,901
<b>Weighted average number of equity shares (diluted) for the year</b>	<b>102,728,575</b>	<b>102,252,847</b>

Numbers of equity shares are in absolute terms

**Notes to the financial statements**

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

**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 the fair value hierarchy

**March 31, 2018**

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount			Total carrying amount	Fair value			Total
			FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>										
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
	<b>226.60</b>	<b>2,083.14</b>	<b>138.53</b>	-	-	<b>2,448.27</b>	<b>2,221.67</b>	<b>226.60</b>	-	<b>2,448.27</b>
<b>Financial assets not measured at fair value</b>										
Trade receivables	-	-	-	22,155.61	-	22,155.61				
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				
	-	-	-	<b>81,708.01</b>	-	<b>81,708.01</b>				
<b>Financial liabilities not measured at fair value</b>										
Trade payables	-	-	-	-	13,445.17	13,445.17				
Other financial liabilities	-	-	-	-	2,278.26	2,278.26				
	-	-	-	-	<b>15,723.43</b>	<b>15,723.43</b>				

**Notes to the financial statements**

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

**29. Financial instruments - Fair values and risk management (Contd...)**

**March 31, 2017**

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount			Total carrying amount	Fair value			Total
			FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>										
Investments										
- Preference shares	-	2,130.00	-	-	-	2,130.00	2,130.00	-	-	2,130.00
- Mutual funds	-	11,861.98	-	-	-	11,861.98	11,861.98	-	-	11,861.98
- Equity instruments	-	-	109.04	-	-	109.04	109.04	-	-	109.04
Forward exchange contracts used for hedging	3,923.01	-	-	-	-	3,923.01	-	3,923.01	-	3,923.01
	<b>3,923.01</b>	<b>13,991.98</b>	<b>109.04</b>	<b>-</b>	<b>-</b>	<b>18,024.03</b>	<b>14,101.02</b>	<b>3,923.01</b>	<b>-</b>	<b>18,024.03</b>
<b>Financial assets not measured at fair value</b>										
Trade receivables	-	-	-	22,891.98	-	22,891.98				
Unbilled revenue	-	-	-	13,875.30	-	13,875.30				
Loans	-	-	-	508.73	-	508.73				
Cash and cash equivalents	-	-	-	16,178.87	-	16,178.87				
Other bank balances	-	-	-	506.68	-	506.68				
Other financial assets	-	-	-	934.04	-	934.04				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,895.60</b>	<b>-</b>	<b>54,895.60</b>				
<b>Financial liabilities not measured at fair value</b>										
Trade payables	-	-	-	-	15,548.93	15,548.93				
Other financial liabilities	-	-	-	-	5,250.08	5,250.08				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,799.01</b>	<b>20,799.01</b>				

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 approximates 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.

**Notes to the financial statements**

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

**29. Financial instruments - Fair values and risk management (Contd...)**

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

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, 2018	March 31, 2017
Revenue from top customer	92,943.13	72,066.50
Revenue from top five customers	120,833.79	96,316.55

At March 31, 2018, the carrying amount of the Company's most significant customer is INR 4,956.85 lakhs (March 31, 2017: INR 5,465.27 lakhs).

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

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)
<b>Carrying amount of trade receivables</b>		<b>23,634.37</b>	<b>(1,478.76)</b>

March 31, 2017	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	1.15%	19,406.26	(222.99)
Amber (Moderate risk)	12.56%	4,057.20	(509.78)
Red (High Risk)	32.91%	240.42	(79.13)
		<b>23,703.88</b>	<b>(811.90)</b>

**Notes to the financial statements**

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

**29. Financial instruments - Fair values and risk management (Contd...)**

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

	March 31, 2018	March 31, 2017
Balance as at April 1	811.90	841.95
Amounts written off	-	(250.61)
Net remeasurement of loss allowance	666.86	220.56
<b>Balance as at March 31</b>	<b>1,478.76</b>	<b>811.90</b>

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

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, 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. As of March 31, 2017, the Company had a working capital of INR 70,705.90 lakhs including cash and bank balances of INR 16,685.55 lakhs and investments of INR 17,253.07 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, 2018	Carrying amount	Total	Contractual cash flows	
			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)	-
	<b>15,723.43</b>	<b>(15,723.43)</b>	<b>(15,723.43)</b>	-

March 31, 2017	Carrying amount	Total	Contractual cash flows	
			6 months or less	More than 6 months
Trade payables	15,548.93	(15,548.93)	(15,548.93)	-
Other financial liabilities	1,506.22	(1,506.22)	(1,506.22)	-
	<b>17,055.15</b>	<b>(17,055.15)</b>	<b>(17,055.15)</b>	-

**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.

**Notes to the financial statements**

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

**29. Financial instruments - Fair values and risk management (Contd...)**

*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

<b>March 31, 2018</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>	<b>Others</b>	<b>Total</b>
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 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)
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>49,133.97</b>	<b>2,155.57</b>	<b>(484.99)</b>	<b>(1,049.81)</b>	<b>49,754.33</b>

<b>March 31, 2017</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>	<b>Others</b>	<b>Total</b>
Cash and cash equivalents	12,858.66	-	22.83	-	12,881.49
Trade receivables	12,693.41	10,840.09	466.80	6,529.74	30,530.04
Unbilled revenue	9,507.25	44.59	37.92	138.05	9,727.81
Trade payables	(3,033.94)	(13,692.46)	(542.46)	(6,991.28)	(24,260.14)
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>32,025.38</b>	<b>(2,807.78)</b>	<b>(14.91)</b>	<b>(323.49)</b>	<b>28,879.20</b>

*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.

	<b>Profit or loss</b>		<b>Equity, net of tax</b>	
	<b>Strengthening</b>	<b>Weakening</b>	<b>Strengthening</b>	<b>Weakening</b>
<b>March 31, 2018</b>				
INR / USD (1% movement)	655.74	(655.74)	491.34	(491.34)
INR / GBP (1% movement)	35.64	(35.64)	21.56	(21.56)
<b>March 31, 2017</b>				
INR / USD (1% movement)	602.52	(602.52)	320.25	(320.25)
INR / GBP (1% movement)	(30.91)	30.91	(28.08)	28.08

*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, 2018, the Company holds the following instruments to hedge exposures to changes in foreign currency rates.

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

At March 31, 2017, the Group held the following instruments to hedge exposures to changes in foreign currency rates

## Notes to the financial statements

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

### 29. Financial instruments - Fair values and risk management (Contd...)

	Maturity		
	1-6 months	6-12 months	More than one year
<b>Foreign currency risk</b>			
<b>Forward exchange contracts</b>			
Net exposure (in thousands of INR)	22,032.68	18,144.56	-
Average INR:USD forward contract rate	72.43	73.10	-

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, 2018 Equity head 'Effective portion of cash flow hedges'	March 31, 2017 Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	3,923.01	1,068.61
Effective portion of changes in fair value		
Foreign currency risk – Sales	1,560.78	4,622.39
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	(5,257.19)	(1,767.98)
Tax on movements in relevant items of OCI during the year	1,278.49	(987.85)
<b>Balance as at March 31</b>	<b>1,505.09</b>	<b>2,935.17</b>

**Notes to the financial statements**

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

**29. Financial instruments - Fair values and risk management (contd...)**

**iv. Market risk (contd...)**

Hedge accounting (contd...)  
Cash flow hedges (contd...)

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

	March 31, 2018		During the period 2016-2018										
	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 'costs of hedging' to cost of inventory	Amount transferred 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	
<b>Foreign currency risk</b>													
Forward exchange contracts - Sales	25,979.20	226.60	-	Derivative asset	1,560.78	Nil	Not applicable	-	-	-	5,257.19	-	Revenue
	March 31, 2017		During the period 2015-2017										
	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 '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	
<b>Foreign currency risk</b>													
Forward exchange contracts - Sales	40,177.24	3,923.01	-	Derivative asset	4,622.39	Nil	Not applicable	-	-	-	1,767.98	-	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 (Contd...)

#### 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, 2018 and March 31, 2017. The Company has a healthy risk profile driven by its healthy capital structure with no debts and a net worth of INR 93,053.11 lakhs as at March 31, 2018. Moreover the Company has strong liquidity, marked by cash and cash equivalents of around INR 37,300.19 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.

	March 31, 2018	March 31, 2017
Total debtors	22,155.61	22,891.98
Less: Taxes	(624.22)	(640.98)
Unbilled revenue	20,865.22	13,875.30
Adjusted debtors	42,396.61	36,126.30
Operating revenue	181,730.87	151,097.91
DSO	85	87

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 provide for additional rent payments that are based on changes in specified local price indices.

#### 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, 2018	March 31, 2017
Payable in less than one year	812.77	628.40
Payable between one and five years	3,169.37	1,417.10
Payable after more than five years	1,862.92	1,147.25
	<b>5,845.06</b>	<b>3,192.75</b>

#### ii. Amounts recognised in profit or loss

	Year ended March 31, 2018	Year ended March 31, 2017
Rent	844.73	946.27

**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, 2018	March 31, 2017
<b>Contingent liabilities</b>		
a. Claims against the Company not acknowledged as debts		
Income tax related matters (see Note (i) and (ii) below)	15,811.59	15,164.46
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	417.81	662.88
Other matters including claims related to employees/ ex-employees, etc. (see Note (i), (ii) and (v) below)	-	-
	<b>16,229.41</b>	<b>15,827.34</b>
<b>Commitments</b>		
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)	1,419.68	746.18

**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, 2018, the Company is committed to spend INR 1,419.68 lakhs (March 31, 2017: 746.18 lakhs) under a contract to purchase property, plant and equipment.
- vi. The Company is also involved in a law suit and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

**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**

Polaris Consulting & Services Pte Ltd, Singapore  
Polaris Consulting & Services Inc., Canada  
Polaris Consulting & Services Limited, United Kingdom  
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  
Polaris Consulting & Services B.V, Netherlands  
Polaris Software (Shanghai) Company Limited, China  
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

**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

## Notes to the financial statements

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

### 32. Related parties (Contd...)

#### 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, 2018	Year ended March 31, 2017
Remuneration and other benefits	683.49	441.94
	<b>683.49</b>	<b>441.94</b>

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, 2018	March 31, 2017
<b>Balance due from related parties</b>		
<b>Trade receivables (see note 9)</b>		
Virtusa Corporation	3,938.16	2,853.12
Virtusa Consulting Services Pvt. Ltd.	231.98	170.52
Virtusa Austria GmbH	6.22	11.19
Virtusa International BV Netherlands	-	14.51
Virtusa Malaysia SDN BHD	0.93	-
Virtusa Pvt.Ltd, Sri Lanka	19.70	2.20
Virtusa Singapore Private Limited	98.69	68.01
Virtusa UK Limited	296.34	144.10
Virtusa AB- Sweden	-	5.97
Polaris Consulting & Services Pty Ltd, Australia	2.89	733.75
Polaris Consulting & Services Pte Ltd, Singapore	0.47	-
Polaris Consulting & Services GmbH, Germany	3.19	6.66
Polaris Consulting and Services Japan K.K, Japan	127.07	375.75
Polaris Consulting & Services Limited, United Kingdom	2,130.77	-
Polaris Consulting & Services Inc., Canada	1,832.39	1,544.06
Polaris Software (Shanghai) Company Limited, China	23.10	21.00

**Notes to the financial statements**

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

**32. Related parties (Contd...)**

	March 31, 2018	March 31, 2017
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	6.28
Polaris Consulting and Services FZ- LLC, Dubai	615.98	-
Polaris Consulting & Services Ireland Ltd., Ireland	13.71	11.86
Polaris Consulting & Services, KFT, Hungary	-	20.88
Polaris Consulting & Services B.V, Netherlands	-	16.47
Polaris Consulting & Services SA, Switzerland	1.59	11.18
Optimus Global Services Limited, India	165.17	155.92
	<b>9,508.35</b>	<b>6,173.43</b>
	March 31, 2018	March 31, 2017
<b>Other financial assets - non current</b>		
Intellect Polaris Design LLC,USA	16.24	16.24
	<b>16.24</b>	<b>16.24</b>
<b>Other financial assets - current</b>		
Virtusa Corporation	-	13.10
	-	<b>13.10</b>
<b>Other current assets</b>		
Virtusa Corporation	-	11.62
Intellect Polaris Design LLC,USA	9.20	-
	<b>9.20</b>	<b>11,62</b>
	March 31, 2018	March 31, 2017
<b>Balance due to related parties</b>		
<b>Trade payables</b>		
Virtusa Corporation	2,631.61	1,946.14
Virtusa Consulting Services Pvt. Ltd.	770.98	1,860.75
Virtusa Pvt.Ltd, Sri Lanka	275.09	207.20
Virtusa Singapore Private Limited	-	-
Virtusa UK Limited	102.99	526.81
Virtusa Technologies India Pvt. Ltd.	97.38	195.80
Virtusa Software Services Pvt. Ltd	198.98	224.75
Virtusa Switzerland GmbH	43.83	-
Virtusa Hungary Kft.	23.34	-
Virtusa Malaysia SDN BHD	(13.56)	-
Polaris Consulting & Services GmbH, Germany	11.11	-
Polaris Consulting and Services FZ- LLC, Dubai	2,455.22	899.57
Polaris Consulting and Services Japan K.K, Japan	120.89	-
Polaris Consulting & Services Ireland Ltd., Ireland	596.81	512.89
Polaris Consulting & Services Limited, United Kingdom	163.41	2,153.01
Polaris Consulting & Services Pte Ltd, Singapore	218.48	337.09
Polaris Consulting & Services SA, Switzerland	443.05	642.01
Polaris Consulting & Services B.V, Netherlands	0.24	-
Polaris Consulting & Services Inc., Canada	52.23	10.16
Optimus Global Services Limited, India	38.98	14.00
	<b>8,231.06</b>	<b>9,530.18</b>

## Notes to the financial statements

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

### 32. Related parties (Contd...)

	March 31, 2018	March 31, 2017
<b>Other Financial Liabilities</b>		
Virtusa Corporation	-	116.12
	-	<b>116.12</b>
<b>INVESTMENTS</b>		
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	119.85
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
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
Intellect Polaris Design LLC, USA	1,163.35	1,533.50
	<b>2,774.74</b>	<b>3,152.05</b>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Software development service income</b>		
Virtusa Corporation	16,362.16	12,003.72
Virtusa Consulting Services Pvt. Ltd.	412.94	130.97
Virtusa International BV, Netherlands	3.03	15.06
Virtusa Pvt.Ltd, Sri Lanka	18.40	2.30
Virtusa Singapore Private Limited	189.54	69.35
Virtusa UK Limited	555.20	148.32
Virtusa AB- Sweden	-	6.08
Virtusa Technologies India Pvt. Ltd.	-	(4.41)
Virtusa Software Services Pvt. Ltd	-	2.47
Virtusa Austria GmbH	46.53	11.44
Polaris Consulting & Services Pty Ltd, Australia	67.68	7,168.75
Polaris Consulting and Services Japan K.K, Japan	238.14	2,182.90
Polaris Consulting & Services Pte Ltd, Singapore	-	1,187.84
Polaris Consulting & Services GmbH, Germany	3.20	-
Polaris Consulting & Services Limited, United Kingdom	3,804.25	22,264.72
Polaris Consulting and Services FZ- LLC, Dubai		329.21
Polaris Consulting & Services Inc., Canada	5,747.46	205.57
	<b>27,448.53</b>	<b>45,724.29</b>

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

**32. Related parties (Contd...)**

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Software development expenses</b>		
Virtusa Corporation	4,670.56	917.43
Virtusa Consulting Services Pvt. Ltd.	4,472.54	2,883.69
Virtusa Pvt.Ltd, Sri Lanka	575.41	211.09
Virtusa UK Limited	373.83	545.16
Virtusa International BV, Netherlands	(2.24)	-
Virtusa Switzerland GmbH	69.45	-
Virtusa Hungary Kft.	22.92	-
Virtusa APS	59.66	-
Virtusa Software Services Pvt. Ltd	1,156.03	223.20
Virtusa Technologies India Pvt. Ltd.	609.53	195.17
Polaris Consulting & Services Pty Ltd, Australia	217.21	5,869.82
Polaris Consulting & Services Inc., Canada	-	(1,146.01)
Polaris Consulting and Services Japan K.K, Japan	139.08	1,698.08
Polaris Consulting & Services GmbH, Germany	69.90	(10.43)
Polaris Consulting & Services Ireland Ltd., Ireland	479.38	175.75
Polaris Consulting & Services Limited, United Kingdom	697.81	23,112.37
Polaris Consulting & Services Pte Ltd, Singapore	1,750.11	1,327.82
Polaris Consulting and Services FZ- LLC, Dubai	7,252.78	5,420.77
Polaris Consulting & Services SA, Switzerland	1,445.57	1,954.94
	<b>24,059.53</b>	<b>43,378.85</b>
<b>Expenses reimbursed</b>		
Virtusa Corporation	3,461.59	2,100.95
Virtusa Consulting Services Pvt. Ltd.	2.19	0.94
Virtusa Pvt.Ltd, Sri Lanka	907.34	-
Virtusa Software Services Pvt. Ltd	0.99	0.17
Virtusa Technologies India Pvt. Ltd.	0.26	0.18
Polaris Consulting & Services GmbH, Germany	19.71	-
	<b>4,392.08</b>	<b>2,102.24</b>
<b>Expenses paid on behalf of</b>		
Virtusa Pvt.Ltd, Sri Lanka	8.57	-
	<b>8.57</b>	<b>-</b>
<b>Rental &amp; amenities expenses</b>		
Intellect Polaris Design LLC, USA	142.48	111.97
	<b>142.48</b>	<b>111.97</b>

All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash.

**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.

## Notes to the financial statements

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

### 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, 2018	Year ended March 31, 2017
India	22,957.19	13,648.76
Americas	132,843.49	95,626.81
Europe	14,019.06	14,349.31
Rest of the World	11,911.12	27,473.03
<b>Total</b>	<b>181,730.86</b>	<b>151,097.91</b>

##### ii. Non-current assets\*

	Year ended March 31, 2018	Year ended March 31, 2017
India	21,226.47	19,604.41
Americas	531.31	456.63
<b>Total</b>	<b>21,757.78</b>	<b>20,061.04</b>

\*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 92,942.87 lakhs (2016-2017: INR 72,066.50 lakhs) which is approx. 51 percent of the Company's total revenue.

The notes from 1 to 34 are an integral part of these financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

Partner

Membership No.: 211171

Chennai

May 14, 2018

*for and on behalf of the Board of Directors of*  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

## **Independent Auditors' Report**

### **To the Members of Polaris Consulting & Services Limited**

#### **Report on the Audit of Consolidated Indian Accounting Standard ('Ind AS') Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **Polaris Consulting & Services Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries and a joint venture (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

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

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

#### **Auditors' Responsibility**

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated Ind AS 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 auditors' report. However, future events or conditions may cause Group to cease to continue as a going concern.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and a joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group, as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

**Other Matters**

We did not audit the financial statements of twelve subsidiaries and a joint venture, whose financial statements reflect total assets of INR 19,550.91 lakhs as at 31 March 2018, total revenues of INR 23,659.07 lakhs and net cash outflows/ (inflows) amounting to INR 2,538.09 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 75.74 lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of such joint venture whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and 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 reports of the other auditors.

Our opinion above on the consolidated Ind AS 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**

1. 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 and the other financial information of subsidiaries and joint venture, as noted in the 'Other Matters' 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 Ind AS financial statements.
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d) in our opinion, the aforesaid consolidated Ind AS 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 of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 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 Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- g) with respect to the other matters to be included in the Auditors' 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture as noted in the 'Other Matters' paragraph:
- i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 32 to the consolidated Ind AS financial statements.
  - ii. provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any. The Group did not have any long term derivative contracts as at the year-end;
  - iii. there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended 31 March 2018.
  - iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 as appearing in the audited Consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed under Note 12C of the Consolidated Ind AS financial statements.

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

Chartered Accountants

ICAI Firm Registration No.101248W/W-100022

**K Raghuram**

Partner

Membership No. 211171

Place: Chennai

Date: May 14, 2018

## **Annexure - A to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2018, we have audited the internal financial control with reference to financial statements of Polaris Consulting & Services Limited ("the Holding Company") and its subsidiary company which is incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditors in terms of their report referred in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control 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 control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS 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 consolidated Ind AS 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

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 as mentioned in the Other Matter paragraph, the Holding Company and its subsidiary which is incorporated in India have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Chartered Accountants  
ICAI Firm Registration No.101248W/W-100022

**K Raghuram**

Partner  
Membership No. 211171

Place: Chennai  
Date: May 14, 2018

## Consolidated Balance Sheet as at March 31, 2018

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

	Note	As at March 31, 2018	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	15,562.51	14,482.86
Capital Work in Progress		194.66	-
Investment property	5	5,324.54	5,309.09
Other intangible assets	6	786.10	203.85
Intangible assets under development		-	277.41
Equity accounted investees	7	1,025.00	1,470.69
<b>Financial assets</b>			
Investments	8	1,214.27	1,229.26
Loans	14	-	103.07
Other financial assets	15	928.70	1,250.91
Income tax assets, net		8,215.60	7,846.96
Deferred tax assets, net	9	1,610.20	136.70
Other non-current assets	16	1,094.93	113.27
<b>Total non-current assets</b>		<b>35,956.51</b>	<b>32,424.07</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	8	1,007.40	12,871.98
Trade receivables	10	28,932.21	32,005.29
Unbilled revenue	11	35,491.60	21,679.36
Cash and cash equivalents	12A	65,805.59	32,405.51
Other bank balances	12B	4,229.66	7,530.45
Derivative financial instruments	13	226.60	3,923.01
Loans	14	333.82	528.53
Other financial assets	15	491.85	319.71
Other current assets	17	5,006.66	1,977.10
<b>Total current assets</b>		<b>141,525.39</b>	<b>113,240.94</b>
<b>Total assets</b>		<b>177,481.90</b>	<b>145,665.01</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	5,147.06	5,106.04
Other equity		128,020.55	104,342.64
<b>Total equity</b>		<b>133,167.61</b>	<b>109,448.68</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities, net	9	72.86	134.98
<b>Total non-current liabilities</b>		<b>72.86</b>	<b>134.98</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade payables	22	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		20,597.83	17,353.04
Other financial liabilities	23	3,739.41	2,457.39
Provision for employee benefits	21	4,929.18	3,947.56
Current tax liabilities		2,162.93	622.38
Other current liabilities	24	12,812.08	11,700.98
<b>Total current liabilities</b>		<b>44,241.43</b>	<b>36,081.35</b>
<b>Total equity and liabilities</b>		<b>177,481.90</b>	<b>145,665.01</b>

The notes from 1 to 37 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  
ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**  
Partner  
Membership No.: 211171  
Chennai  
May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**                      **Arvind Sharma**  
Director    Director  
DIN: 03262516                                      DIN: 00012177

**Vaidyanathan N M**                              **Christina Pauline Beulah**  
Chief Financial Officer                              Company Secretary

**Consolidated Statement of Profit and Loss for the year ended March 31, 2018**

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations		262,787.17	209,498.66
Other income	25	1,513.26	2,086.61
<b>Total income</b>		<b>264,300.43</b>	<b>211,585.27</b>
<b>Expenses</b>			
Employee benefits expense	26	170,598.77	139,482.72
Depreciation and amortisation expense	27	2,516.78	2,383.67
Other expenses	28	57,427.42	46,030.40
<b>Total expenses</b>		<b>230,542.97</b>	<b>187,896.79</b>
<b>Profit before share of loss of equity accounted investees and income tax expense</b>		<b>33,757.46</b>	<b>23,688.48</b>
Share of loss from joint venture	7	(75.74)	(62.60)
<b>Profit before income tax expense</b>		<b>33,681.72</b>	<b>23,625.88</b>
Current tax		11,335.63	6,690.17
Deferred tax		(288.96)	691.06
Income tax expense	9	11,046.67	7,381.23
<b>Profit after tax</b>		<b>22,635.05</b>	<b>16,244.65</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit liability / (asset)	21	157.09	5.97
Equity investments through other comprehensive income - net change in fair value		30.54	(121.31)
Gain on disposal of equity shares		2.97	3.12
Income tax relating to items that will not be reclassified to profit or loss	9	(54.89)	(2.06)
<b>Net other comprehensive income that will not be reclassified subsequently to profit or loss</b>		<b>135.71</b>	<b>(114.28)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences in translating financial statements of foreign operations		2,709.70	(2,918.51)
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		(3,696.41)	2,854.41
Reclassification of gains / (losses) on securities classified as fair value through other comprehensive income		-	37.88
Income-tax relating to items that will be reclassified to profit or loss	9	1,278.49	(996.59)
<b>Net other comprehensive income that will be reclassified subsequently to profit or loss</b>		<b>291.78</b>	<b>(1,022.81)</b>
<b>Other comprehensive income for the year, net of income tax expense</b>		<b>427.49</b>	<b>(1,137.09)</b>
<b>Total comprehensive income</b>		<b>23,062.54</b>	<b>15,107.56</b>
<b>Earnings per share</b>	<b>29</b>		
Basic earnings per share (INR)		22.11	15.99
Diluted earnings per share (INR)		22.03	15.89

The notes from 1 to 37 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  
ICAI Firm Registration Number: 101248W/W-100022  
**K Raghuram**  
Partner  
Membership No.: 211171  
Chennai  
May 14, 2018

for and on behalf of the Board of Directors of  
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**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

**Consolidated Statements of Changes in Equity for the year ended March 31, 2018**

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

**A. Equity Share Capital**

	Note	Amount
Balance as at April 1, 2016		5,068.34
Changes in equity share capital during 2016-17	18	37.70
<b>Balance as at March 31, 2017</b>		<b>5,106.04</b>
Changes in equity share capital during 2017-18	18	41.02
<b>Balance as at March 31, 2018</b>		<b>5,147.06</b>

**B. Other Equity**

	Attributable to the owners of the Company										Total	
	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)	Total attributable to owners of Company	Attributable to NCI	
Balance at April 1, 2016	4,784.72	2,719.74	(30.94)	-	76,893.16	3,027.77	698.78	99.28	166.01	88,358.52	-	88,358.52
<b>Total comprehensive income for the year ended March 31, 2017</b>												
Profit or loss	-	-	-	-	16,144.34	-	-	-	-	16,144.34	-	16,144.34
Other comprehensive income (net of tax)	-	-	-	-	-	(2,910.88)	1,866.56	(92.17)	7.03	(1,129.46)	-	(1,129.46)
<b>Total comprehensive income</b>	-	-	-	-	<b>16,144.34</b>	<b>(2,910.88)</b>	<b>1,866.56</b>	<b>(92.17)</b>	<b>7.03</b>	<b>15,014.88</b>	-	<b>15,014.88</b>
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Shares options exercised	732.54	-	-	-	-	-	-	-	-	732.54	-	732.54
Share based payment	-	(94.52)	-	-	-	-	-	-	-	(94.52)	-	(94.52)
Shares issued by trust	-	-	2.85	-	-	-	-	-	-	2.85	-	2.85
Gain on sale of shares held by trust	9.96	-	-	-	-	-	-	-	-	9.96	-	9.96
<b>Total transactions with owners</b>	<b>742.50</b>	<b>(94.52)</b>	<b>2.85</b>	-	-	-	-	-	-	<b>650.83</b>	-	<b>650.83</b>
Acquisition of interest in a common control entity (Refer note 36)				213.83	110.44	(5.86)				318.41		318.41
<b>Balance at March 31, 2017</b>	<b>5,527.22</b>	<b>2,625.22</b>	<b>(28.09)</b>	<b>213.83</b>	<b>93,147.94</b>	<b>111.03</b>	<b>2,565.34</b>	<b>7.11</b>	<b>173.04</b>	<b>104,342.64</b>	-	<b>104,342.64</b>

	Attributable to the owners of the Company										Total	
	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)	Total attributable to owners of Company	Attributable to NCI	
<b>Balance at April 1, 2017</b>	<b>5,527.22</b>	<b>2,625.22</b>	<b>(28.09)</b>	<b>213.83</b>	<b>93,147.94</b>	<b>111.03</b>	<b>2,565.34</b>	<b>7.11</b>	<b>173.04</b>	<b>104,342.64</b>	-	<b>104,342.64</b>
<b>Total comprehensive income for the year ended March 31, 2018</b>												
Profit or loss	-	-	-	-	22,635.05	-	-	-	-	22,635.05	-	22,635.05
Other comprehensive income (net of tax)	-	-	-	-	-	2,709.70	(2,417.92)	30.54	105.17	427.49	-	427.49
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,635.05</b>	<b>2,709.70</b>	<b>(2,417.92)</b>	<b>30.54</b>	<b>105.17</b>	<b>23,062.54</b>	<b>-</b>	<b>23,062.54</b>
Transferred to retained earnings					166.25				(166.25)			-
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
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
<b>Total transactions with owners</b>	<b>2,405.18</b>	<b>(1,222.42)</b>	<b>25.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,208.46</b>	<b>-</b>	<b>1,208.46</b>
<b>Consideration paid with respect to common control acquisition (Refer note 36)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(593.09)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(593.09)</b>	<b>-</b>	<b>(593.09)</b>
<b>Balance at March 31, 2018</b>	<b>7,932.40</b>	<b>1,402.80</b>	<b>(2.39)</b>	<b>(379.26)</b>	<b>115,949.24</b>	<b>2,820.73</b>	<b>147.42</b>	<b>37.65</b>	<b>111.96</b>	<b>128,020.55</b>	<b>-</b>	<b>128,020.55</b>

The notes from 1 to 37 are an integral part of these consolidated financial statements

As per our report of even date attached for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**

Partner

Membership No.: 211171

Chennai

May 14, 2018

*for and on behalf of the Board of Directors of*  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

## Consolidated Statement of Cash Flows for the year ended March 31, 2018

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

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year	22,635.05	16,244.65
<b>Adjustments for:</b>		
Depreciation and amortisation	2,516.78	2,383.67
Equity-settled share-based payments	77.21	(152.68)
Share of loss from joint venture	75.74	62.60
Unrealised foreign exchange (gain)/loss	613.77	(134.91)
Interest income	(213.51)	(261.93)
Gain on sale of investments (net)	(1,046.05)	(651.81)
Financial assets mandatorily measured at FVTPL - net change in fair value	286.84	(22.92)
Net gain on sale of property, plant and equipment	(29.15)	(682.04)
Dividend income	(20.70)	-
Loss on impairment of financial assets	780.27	17.55
Loss on impairment of non-financial assets	369.95	-
Income tax expense	11,046.69	7,381.23
<b>Operating profit before working capital changes</b>	<b>37,092.89</b>	<b>24,183.41</b>
<b>Working capital adjustments:</b>		
Decrease/(increase) in trade receivables	(8,627.46)	(10,607.20)
Decrease/(increase) in other assets	(3,285.15)	6,448.16
Increase/(decrease) in trade payables, other liabilities and provisions	3,746.15	(1,331.09)
<b>Cash generated from operations</b>	<b>28,926.43</b>	<b>18,693.28</b>
Direct taxes paid (net of refunds)	(10,139.80)	(8,701.42)
<b>Net cash flow generated from operating activities (A)</b>	<b>18,786.63</b>	<b>9,991.86</b>
<b>Cash flows from Investing activities</b>		
Acquisition of property, plant and equipment	(4,186.52)	(1,965.93)
Acquisition of investment property	(15.45)	-
Acquisition of investments	(50,259.06)	(60,400.00)
Proceeds from sale of investments	62,253.68	63,443.20
Movement in bank deposits	3,911.85	(5,738.11)
Proceeds from sale of property, plant and equipment	104.20	1,591.51
Proceeds from sale of BPO division	-	145.00
Interest received	210.23	336.34
Dividend received	59.46	-
<b>Net cash used in investing activities (B)</b>	<b>12,078.39</b>	<b>(2,587.99)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of share options	41.02	240.26
Proceeds from securities premium on exercise of share options	852.12	732.55
Proceeds from sale of treasury shares	289.63	12.81
Dividend paid during the year	(8.11)	(16.53)
<b>Net cash flow from financing activities (C)</b>	<b>1,174.66</b>	<b>969.09</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>32,039.68</b>	<b>8,372.96</b>
Cash and cash equivalents as at April 1, 2017	32,405.51	25,267.85
Effect of exchange rate fluctuations on cash held	1,360.40	(1,235.30)
<b>Cash and cash equivalents at March 31, 2018</b>	<b>65,805.59</b>	<b>32,405.51</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flows</b>		
Cash and cash equivalents		
Balance with banks in current accounts	51,933.56	31,951.78
Deposits with original maturity of less than three months	13,872.03	453.73
<b>Balance as per statement of cash flows</b>	<b>65,805.59</b>	<b>32,405.51</b>

The notes from 1 to 37 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  
ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**  
Partner  
Membership No.: 211171  
Chennai  
May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**                      **Arvind Sharma**  
Director    Director  
DIN: 03262516                                      DIN: 00012177

**Vaidyanathan N M**                              **Christina Pauline Beulah**  
Chief Financial Officer                              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 and its equity shares are listed on the National Stock Exchange and Bombay Stock Exchange. 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”).

**2 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The 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 Group’s consolidated financial statements were authorised for issue by the Company’s Board of the Directors on May 14, 2018.

**(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:

<b>Items</b>	<b>Measurement basis</b>
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 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:

**Notes to the consolidated financial statements**

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

- Note 9(E) - Unrecognised deferred tax liabilities
- Note 34 - Consolidation: whether the Group 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 adjustment in the year ending March 31, 2018 is included in the following notes:

- Note 2(k) – revenue recognition for 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;
- Notes 32 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 30 – 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 30 – 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 Statement of Profit and Loss.

**Notes to the consolidated financial statements**

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

**(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.

**(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 36).

**(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 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 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 Statement of Profit and Loss.

**Notes to the consolidated financial statements**

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

**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.

**(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 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 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 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 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.

**Notes to the consolidated financial statements**

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

*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 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 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

## Notes to the consolidated financial statements

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

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 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 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 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 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.

**Notes to the consolidated financial statements**

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

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 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 Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, 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.

**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 Statement of Profit and Loss. The fair values of investment property is disclosed in the notes.

**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.

**Notes to the consolidated financial statements**

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

**(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.

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.

**Notes to the consolidated financial statements**

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

**(v) Superannuation**

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and 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.

**(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 which require management to make judgments and estimates in determining the overall cost to the customer. Fees for these contracts may be in the form of time and materials or fixed price arrangements.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last billing to the reporting date is recognised as unbilled revenues. Revenue from fixed-price arrangements, where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billing in excess of costs and earnings are classified as deferred revenue.

Under the percentage of completion method, management estimates the percentage of completion based upon efforts incurred as a percentage of the total estimated efforts for the specified engagement. When total cost estimates exceed revenue, the Group accrues for the estimated losses immediately. The use of the percentage of completion method requires significant judgment relative to estimating total contract revenue and efforts, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in other engagement related costs. The Group's analysis of these contracts also contemplates whether contracts should be combined or segmented.

**Notes to the consolidated financial statements**

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

Estimates of total contract revenue and 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.

The Group offers certain services that are fixed fee or transaction based. The Group recognises revenue from these arrangements either ratably over the contractual period or as transactions occur.

Contract costs are recognised as expenses as incurred unless they create an asset related to future control activity.

**(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.

**(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

**Notes to the consolidated financial statements**

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

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.

**(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, 2018:

- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 21 The Effect of Changes in Foreign Exchange Rates

*Ind AS 115 - Revenue from Contracts with Customers*

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has substantially completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Group does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

### *Ind AS 21 - The Effect of Changes in Foreign Exchange Rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

**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 improvement	Total
<b>Gross carrying amount</b>									
Balance as at April 1, 2016	4,224.25	6,863.41	3,636.76	391.18	1,288.67	919.28	760.28	91.85	18,175.68
Acquisitions through business combinations	-	-	55.35	-	-	-	-	133.22	188.57
Additions	-	25.51	1,277.96	2.71	27.55	57.81	174.98	-	1,566.52
Disposals	(13.29)	(733.47)	(159.89)	(11.71)	(103.28)	(46.73)	(534.69)	(2.30)	(1,605.36)
Exchange differences on translation of foreign operations	(0.61)	(48.86)	(11.52)	(1.80)	(35.61)	(13.57)	4.89	(29.43)	(136.51)
<b>Balance as at March 31, 2017</b>	<b>4,210.35</b>	<b>6,106.59</b>	<b>4,798.66</b>	<b>380.38</b>	<b>1,177.33</b>	<b>916.79</b>	<b>405.46</b>	<b>193.34</b>	<b>18,188.90</b>
Balance as at April 1, 2017	4,210.35	6,106.59	4,798.66	380.38	1,177.33	916.79	405.46	193.34	18,188.90
Additions	-	-	2,238.58	132.27	302.72	571.38	42.25	45.47	3,332.67
Disposals	-	(0.10)	73.05	(6.17)	10.70	(0.48)	(182.94)	-	(105.94)
Exchange differences on translation of foreign operations	0.06	12.54	(136.71)	0.69	(40.54)	12.49	-	23.45	(128.02)
<b>Balance as at March 31, 2018</b>	<b>4,210.41</b>	<b>6,119.03</b>	<b>6,973.58</b>	<b>507.17</b>	<b>1,450.21</b>	<b>1,500.18</b>	<b>264.77</b>	<b>262.26</b>	<b>21,287.61</b>
<b>Accumulated depreciation and impairment losses</b>									
Balance as at April 1, 2016	-	325.82	1,138.47	34.77	233.35	347.42	221.76	19.94	2,321.53
Acquisitions through business combinations	-	-	10.41	-	-	-	-	61.38	71.79
Depreciation for the year	-	296.43	1,015.04	59.54	228.13	229.21	222.98	115.81	2,167.14
Disposals	-	(46.06)	(84.76)	(3.53)	(80.03)	(27.46)	(448.13)	(5.91)	(695.88)
Exchange differences on translation of foreign operations	-	(4.93)	(98.13)	(0.90)	(18.53)	(25.01)	22.20	(33.24)	(158.54)
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>571.26</b>	<b>1,981.03</b>	<b>89.88</b>	<b>362.92</b>	<b>524.16</b>	<b>18.81</b>	<b>157.98</b>	<b>3,706.04</b>
Balance as at April 1, 2017	-	571.26	1,981.03	89.88	362.92	524.16	18.81	157.98	3,706.04
Depreciation for the year	-	276.55	1,244.01	62.46	185.25	197.46	169.16	67.39	2,202.28
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-
Disposals	-	(0.01)	83.37	(3.14)	24.10	(0.35)	(138.66)	-	(34.69)
Exchange differences on translation of foreign operations	-	3.57	(158.97)	0.43	(43.37)	12.92	-	36.89	(148.53)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>851.37</b>	<b>3,149.44</b>	<b>149.63</b>	<b>528.90</b>	<b>734.19</b>	<b>49.31</b>	<b>262.26</b>	<b>5,725.10</b>
<b>Carrying amounts (net)</b>									
<b>At March 31, 2017</b>	<b>4,210.35</b>	<b>5,535.33</b>	<b>2,817.63</b>	<b>290.50</b>	<b>814.41</b>	<b>392.63</b>	<b>386.65</b>	<b>35.36</b>	<b>14,482.86</b>
<b>At March 31, 2018</b>	<b>4,210.41</b>	<b>5,267.66</b>	<b>3,824.14</b>	<b>357.54</b>	<b>921.31</b>	<b>765.99</b>	<b>215.46</b>	<b>-</b>	<b>15,562.51</b>

## 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	Total
Balance as at April 1, 2016	5,309.09
Acquisitions	-
Balance as at March 31, 2017	5,309.09
<b>Balance as at April 1, 2017</b>	<b>5,309.09</b>
Acquisitions	15.45
<b>Balance as at March 31, 2018</b>	<b>5,324.54</b>
<b>Fair Value</b>	
At March 31, 2017	7,986.00
At March 31, 2018	8,730.00

#### B. Measurement of fair values

##### i. Fair value hierarchy

Investment property comprises of land in Gurgaon. The fair value of investment property has been determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 2 (see Note 2(a)(v)).

##### ii. Valuation technique

The group follows a sales comparison approach. The valuation model estimates the value based on what other purchasers and sellers have agreed to as a price of land in the same locality. The model has taken in to consideration, the sales price and the estimated transaction cost to sale in arriving at the value of the land.

### 6. Other intangible assets

#### Reconciliation of carrying amount

	Computer Software	Customer Contracts#	Total	Intangible assets under development
<b>Gross carrying amount</b>				
Balance as at April 1, 2016	499.14	58.33	557.47	-
Additions	138.19	-	138.19	277.41
Exchange differences on translation of foreign operations	64.04	-	64.04	-
<b>Balance as at March 31, 2017</b>	<b>701.37</b>	<b>58.33</b>	<b>759.70</b>	<b>277.41</b>
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	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>1,598.12</b>	<b>58.33</b>	<b>1,656.45</b>	<b>-</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at April 1, 2016	223.48	58.33	281.81	-
Amortisation for the year	216.53	-	216.53	-
Exchange differences on translation of foreign operations	57.51	-	57.51	-
<b>Balance as at March 31, 2017</b>	<b>497.52</b>	<b>58.33</b>	<b>555.85</b>	<b>-</b>

**Notes to the consolidated financial statements**

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

**6. Other intangible assets (Contd...)**

Balance as at April 1, 2017	497.52	58.33	555.85	-
Amortisation for the year	<b>314.50</b>	-	<b>314.50</b>	-
Exchange differences on translation of foreign operations	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>812.02</b>	<b>58.33</b>	<b>870.35</b>	-
<b>Carrying amounts (net)</b>				
<b>At March 31, 2017</b>	<b>203.85</b>	-	<b>203.85</b>	<b>277.41</b>
<b>At March 31, 2018</b>	<b>786.10</b>	-	<b>786.10</b>	-

**7. Equity accounted investees**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Interest in joint venture</b>	1,025.00	1,470.69
	<b>1,025.00</b>	<b>1,470.69</b>

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.

The following table summarizes the financial information of IDLLC and the carrying amount of the Group's interest in IDLLC

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Percentage ownership interest</b>	<b>50%</b>	<b>50%</b>
Non-current assets	2,621.33	2,675.78
Current assets (including cash and cash equivalents - March 31, 2018: INR 201.54 lakhs; March 31, 2017: INR 254.89 lakhs)	212.94	328.42
Current liabilities	(44.37)	(62.83)
<b>Net assets</b>	<b>2,789.90</b>	<b>2,941.37</b>
Group's share of net assets (50%)	1,394.95	1,470.69
<b>Carrying amount of interest in joint venture</b>	<b>1,394.95</b>	<b>1,470.69</b>
Less: Impairment	(369.95)	-
<b>Interest in Joint venture</b>	<b>1,025.00</b>	<b>1,470.69</b>

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Other income	219.40	286.96
Depreciation of plant and machinery	(99.66)	(103.57)
Other expenses	(271.22)	(308.59)
Loss	(151.48)	(125.20)
Other comprehensive income	-	-
Total comprehensive income	(151.48)	(125.20)
Group's share of Profit (50%)	(75.74)	(62.60)
Group's share of OCI (50%)	-	-
<b>Group's share of total comprehensive income (50%)</b>	<b>(75.74)</b>	<b>(62.60)</b>

In years ended March 31, 2018 and March 31, 2017, the Group did not receive dividends from the joint venture

## Notes to the consolidated financial statements

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

### 8. Investments

#### A. Non-current investments

	March 31, 2018	March 31, 2017
<b>Quoted instruments</b>		
<i>Preference shares at FVTPL</i>		
8,000 (March 31,2017: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	1,075.74	1,120.00
<i>Equity shares at FVOCI</i>		
83,808 (March 31,2017: 95,008) equity shares of Intellect Design Arena Limited (refer note below)	138.53	109.26
<b>Unquoted instruments</b>		
<i>Preference shares at FVTPL</i>		
481,232 (March 31,2017: 481,232) series B Preference shares of Tyfone Inc, less impairment of INR 250.61 lakhs (March 31,2017: INR 250.61 lakhs)	-	-
<i>Equity shares at FVTPL</i>		
1,51,000 (March 31,2017: 1,51,000) equity shares of Hexa Wind Farm Private Limited at Rs 10 each, less impairment of INR 15.10 Lakhs (March 31,2017: INR 15.10 lakhs)	-	-
Nil (March 31,2017: 175,990) equity shares of Software Sidoun GmbH Germany, less impairment of Nil (March 31,2017: INR 4.96 lakhs)	-	-
	<b>1,214.27</b>	<b>1,229.26</b>
<i>All units are in absolute numbers</i>		
Aggregate book value of quoted investments	1,214.27	1,229.26
Aggregate market value of quoted investments	1,214.27	1,229.26
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	265.71	270.67

#### 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.

#### B. Current investments

	March 31, 2018	March 31, 2017
<b>Investment in mutual funds</b>		
<b>Quoted</b>		
Nil (March 31,2017: 287,974) units in Birla Sun Life Cash Plus Fund	-	750.21
Nil (March 31,2017: 2,495,467) units in BSL Short term Fund	-	1,553.97
Nil (March 31,2017: 5,452,234) units in ICICI Prudential Short Term	-	1,860.42
Nil (March 31,2017: 3,404,882) units in Reliance Short Term Fund	-	1,049.28
10,000,000 (March 31,2017: Nil) units in Reliance Fixed Horizon Fund	1,007.40	-
Nil (March 31,2017: 5,036,024) units in Kotak Short Term Bond	-	1,547.87
Nil (March 31,2017: 5,825,639) units in Axis Short Term Fund	-	1,035.81
Nil (March 31,2017: 35,706) units in SBI Ultra Short Term Debt fund	-	750.00
Nil (March 31,2017: 5,220,660) units in ICICI Prudential Regular Savings Fund	-	906.80
Nil (March 31,2017: 4,005,055) units in Reliance Regular Savings Fund	-	907.41
Nil (March 31,2017: 33,444) units in Reliance Money Manager Fund	-	750.00
Nil (March 31,2017: 41,724) units in Axis Liquid Fund	-	750.21

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

**8. Investments (Contd...)**

<b>Investment in preference shares</b>		
<b>Quoted instruments</b>		
<i>Preference shares at FVTPL</i>		
Nil (March 31,2017:1,000,000) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited	-	1,010.00
	<b>1,007.40</b>	<b>12,871.98</b>
All units are in absolute numbers		
Aggregate book value of quoted investments	1,007.40	12,871.98
Aggregate market value of quoted investments	1,007.40	12,871.98
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

**9. Income taxes**

<b>A. Amounts recognised in profit or loss</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
<b>Current tax</b>		
a) Current tax	11,335.63	6,690.17
<b>b) Deferred tax:</b>		
Attributable to:		
Origination and reversal of temporary difference	(288.96)	691.06
<b>Income tax expense reported in the statement of profit or loss (a+b)</b>	<b>11,046.67</b>	<b>7,381.23</b>

**B. Income tax recognised in other comprehensive income**

	March 31, 2018			March 31, 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Deferred tax related to items recognised in OCI during in the year:</b>						
Exchange differences in translating financial statements of foreign operations	2,709.70	-	2,709.70	(2,918.51)	-	(2,918.51)
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	(3,696.41)	1,278.49	(2,417.92)	2,854.41	(987.85)	1,866.56
Fair value of equity investments through OCI	30.54	-	30.54	(121.31)	-	(121.31)
Gain on disposal of equity shares by trust	2.97	-	2.97	3.12	-	3.12
Fair value of debt investments through OCI	-	-	-	37.88	(8.74)	29.14
Remeasurements of defined benefit liability (asset)	157.09	(54.89)	102.20	5.97	(2.06)	3.91
<b>Income tax charged to OCI</b>	<b>(796.11)</b>	<b>1,223.60</b>	<b>427.49</b>	<b>(138.44)</b>	<b>(998.65)</b>	<b>(1,137.09)</b>

## Notes to the consolidated financial statements

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

### 9. Income taxes (Contd...)

#### 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, 2018 and March 31, 2017

	March 31, 2018		March 31, 2017	
Profit before tax		33,681.72		23,625.88
Tax using the Company's domestic tax rate	34.61%	11,986.78	34.61%	8,176.44
Tax exempt income	-0.34%	(114.48)	-1.56%	(367.54)
Non-deductible expenses	0.69%	231.36	3.33%	786.96
Employee stock compensation cost	0.08%	26.72	0.12%	28.94
Others	-3.22%	(1,083.71)	-5.12%	(1,208.85)
<b>Effective tax rate</b>	<b>31.82%</b>	<b>11,046.67</b>	<b>31.39%</b>	<b>7,415.95</b>
Current tax		11,335.63		6,690.17
Deferred tax		(288.96)		691.06
Tax expense reported in the statement of comprehensive income		<u>11,046.67</u>		<u>7,381.23</u>

#### 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	178.94	351.31	-	-
Difference on account of revenue recognition	80.19	174.28	12.96	-
Allowance for doubtful debts	537.62	280.96	-	-
Others	899.59	754.23	(14.50)	-
<b>(A)</b>	<b>1,696.34</b>	<b>1,560.78</b>	<b>(1.54)</b>	<b>-</b>
Less: Deferred tax liability arising on account of :				
Gain on fair valuation of investments	(2.59)	(83.05)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(4.37)	16.65	(71.32)	(134.98)
Derivative liability on the effective portion of cash flow hedges	(79.18)	(1,357.68)	-	-
<b>(B)</b>	<b>(86.14)</b>	<b>(1,424.08)</b>	<b>(71.32)</b>	<b>(134.98)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>(A)+(B)</b>	<b>1,610.20</b>	<b>(72.86)</b>	<b>(134.98)</b>

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

**9. Income taxes (Contd...)**

**Movement in temporary differences**

	Balance as at March 31, 2016	Recognised in OCI during 2016-17	Recognised in profit or loss during 2016-17	FCTR impact on account of average and closing rates	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
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	343.65	-	8.10	-	351.75	-	(172.80)	-	178.95
Difference on account of revenue recognition	880.39	-	(706.12)	-	174.27	-	(81.12)	-	93.15
Allowance for doubtful debts	315.74	-	(13.27)	-	302.47	-	235.15	-	537.62
Others	775.83	(2.06)	(41.49)	-	732.28	(54.89)	207.69	-	885.08
Less: Deferred tax liability arising on account of :	-	-	-	-	-	-	-	-	-
Gain on fair valuation of investments	(59.33)	(8.74)	(14.98)	-	(83.05)	-	80.47	-	(2.58)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(148.39)	-	76.71	(46.64)	(118.32)	-	19.57	23.05	(75.70)
Derivative liability on the effective portion of cash flow hedges	(369.82)	(987.85)	(0.01)	-	(1,357.68)	1,278.49	-	-	(79.19)
<b>Total</b>	<b>1,738.07</b>	<b>(998.65)</b>	<b>(691.06)</b>	<b>(46.64)</b>	<b>1.72</b>	<b>1,223.60</b>	<b>288.96</b>	<b>23.05</b>	<b>1,537.33</b>

**E. Unrecognised deferred tax liabilities**

As at March 31, 2018 and March 31, 2017, deferred tax liability on the undistributed reserves of the subsidiaries has not been recognised because the Group 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, 2018		March 31, 2017	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	3,100.95	751.19	4,891.33	1,022.32
<b>Total</b>	<b>3,100.95</b>	<b>751.19</b>	<b>4,891.33</b>	<b>1,022.32</b>

The tax losses expire in 2019-2025. 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.

	March 31, 2018	Expiry date	March 31, 2017	Expiry date
Expires	3,100.95	2019-2025	4,891.33	2019-2025

## Notes to the consolidated financial statements

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

### 10. Trade receivables

See accounting policies in Note 2(d) & 2(h)

	March 31, 2018	March 31, 2017
<b>Trade receivables</b>		
Unsecured, considered good	28,932.21	32,005.29
Doubtful	1,597.28	811.90
	<b>30,529.49</b>	<b>32,817.19</b>
Allowance for credit loss	(1,597.28)	(811.90)
<b>Net trade receivables</b>	<b>28,932.21</b>	<b>32,005.29</b>
Of the above, trade receivables from related parties are as below:		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Total trade receivables from related parties	5,271.18	3,619.74
Allowance for credit loss	-	-
<b>Net trade receivables</b>	<b>5,271.18</b>	<b>3,619.74</b>

For terms and conditions of trade receivables owing from related parties, see Note 33.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 30.

### 11. Unbilled revenue

	March 31, 2018	March 31, 2017
Unbilled revenue	35,491.60	21,679.36
	<b>35,491.60</b>	<b>21,679.36</b>

### 12. Cash and bank balances

#### A. Cash and cash equivalents

	March 31, 2018	March 31, 2017
Balance with banks in current accounts	51,933.56	31,951.78
Deposits with original maturity of less than three months	13,872.03	453.73
	<b>65,805.59</b>	<b>32,405.51</b>

#### B. Other bank balances

	March 31, 2018	March 31, 2017
Deposits with banks	4,125.92	7,418.60
Unclaimed dividend accounts	103.74	111.85
	<b>4,229.66</b>	<b>7,530.45</b>

#### 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. Derivative financial instruments

	March 31, 2018	March 31, 2017
Forward exchange contracts used for hedging	226.60	3,923.01
	<b>226.60</b>	<b>3,923.01</b>
Non-current	-	-
Current	226.60	3,923.01
	<b>226.60</b>	<b>3,923.01</b>

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

**14. Loans**

(Unsecured, considered good unless otherwise stated)

	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Current	Non current	Current	Non current
Loans to employees	332.32	-	511.14	103.07
Employee advance	1.50	-	17.39	-
	<b>333.82</b>	<b>-</b>	<b>528.53</b>	<b>103.07</b>

**15. Other financial assets**

	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Current	Non current	Current	Non current
Security deposits	215.33	908.87	-	1,191.02
Deposits with banks	-	19.83	-	59.89
Interest receivable	29.17	-	25.90	-
Other advances	247.35	-	293.81	-
	<b>491.85</b>	<b>928.70</b>	<b>319.71</b>	<b>1,250.91</b>

**16. Other non-current assets**

	March 31, 2018	March 31, 2017
Capital advances	158.89	82.31
Prepaid expenses	936.04	30.96
	<b>1,094.93</b>	<b>113.27</b>

**17. Other current assets**

	March 31, 2018	March 31, 2017
Balances with statutory authorities	2,517.55	524.81
Prepaid expenses	2,309.39	911.13
Prepaid Gratuity (Refer Note 21)	138.33	-
Other advances	41.39	541.16
	<b>5,006.66</b>	<b>1,977.10</b>

**18. Share capital**

<b>Authorised</b>	March 31, 2018	March 31, 2017
120,000,000 (March 31, 2017: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00
10,000,000 (March 31, 2017: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00
<b>Issued, subscribed and paid-up</b>		
102,941,129 equity shares of INR 5 each (March 31, 2017 : 102,120,754 equity shares of INR 5 each) fully paid up	5,147.06	5,106.04
	<b>5,147.06</b>	<b>5,106.04</b>

All issued shares are fully paid up.

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

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period	102,120,754	5,106.04	101,366,874	5,068.34
Shares issued on exercise of employee stock options	820,375	41.02	753,880	37.70
<b>At the end of the period</b>	<b>102,941,129</b>	<b>5,147.06</b>	<b>102,120,754</b>	<b>5,106.04</b>

**Notes to the consolidated financial statements**

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

**18. Share capital (Contd...)**

**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, 2018		March 31, 2017	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	95,366,876	4,768.34	76,081,069	3,804.05

Number of shares are in absolute numbers

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

	March 31, 2018		March 31, 2017	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	95,366,876	92.64%	76,081,069	74.50%

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 on January 24, 2018 subsequent to obtaining in-principle approval from the stock exchanges. The bidding for the tendering of shares closed on February 5, 2018 and Virtusa has acquired further stake of 18.77% on February 12, 2018 at a price of Rs. 480 per share, increasing its shareholding to 92.80%. The Company is in the process of obtaining final approval for delisting from stock exchange.

**Shares reserved for issue under options:**

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 8,234 equity shares (March 31, 2017: 98,988 equity shares) of INR 5 each (see Note 20)	8,234	0.41	98,988	4.95

**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.

**(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 are recognised at cost and deducted from equity.

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

**19B. Analysis of accumulated OCI, net of tax**

**a. Other items of OCI**

	March 31, 2018	March 31, 2017
Remeasurements of defined benefit liability	-	64.05
Gain on sale of equity instruments classified as FVOCI	111.96	108.99
<b>(i) Remeasurements of defined benefit liability</b>		
	March 31, 2018	March 31, 2017
Opening balance	64.05	60.14
Remeasurements of defined benefit liability	102.20	3.91
Transferred to retained earnings	(166.25)	
<b>Closing balance</b>	<b>-</b>	<b>64.05</b>
<b>(ii) Gain on sale of equity instruments classified as FVOCI</b>		
	March 31, 2018	March 31, 2017
Opening balance	108.99	105.87
Gain on sale of equity shares during the year	2.97	3.12
<b>Closing balance</b>	<b>111.96</b>	<b>108.99</b>

**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	
<b>Year ended March 31, 2017</b>						
Exchange differences on translating financial statements of foreign operations	(2,910.88)	-	-	-	-	(2,910.88)
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	1,866.56	-	-	-	1,866.56
Equity investments through OCI - net change in fair value	-	-	(121.31)	-	-	(121.31)
Gain on disposal of equity shares by trust	-	-	-	-	3.12	3.12
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income, net of tax	-	-	29.14	-	-	29.14
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	3.91	-	3.91
Acquisition of interest in a common control entity (Refer note 36)	(7.63)	-	-	-	-	(7.63)
	<b>(2,918.51)</b>	<b>1,866.56</b>	<b>(92.17)</b>	<b>3.91</b>	<b>3.12</b>	<b>(1,137.09)</b>

## Notes to the consolidated financial statements

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

### 19B. Analysis of accumulated OCI, net of tax (Contd...)

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
	<b>2,709.70</b>	<b>(2,417.92)</b>	<b>30.54</b>	<b>102.20</b>	<b>2.97</b>	<b>427.49</b>

#### **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. The Group 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 Group 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.

## 20. Share-based payments

### A. Description of share-based payment arrangements

At March 31, 2018, 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.

**Notes to the consolidated financial statements**

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

**20. Share-based payments (Contd...)**

**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
<b>Eligible employees</b>	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
<b>Maximum number of options grantable</b>	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
<b>Grant price</b>				
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:

## Notes to the consolidated financial statements

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

### 20. Share-based payments (Contd...)

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
<b>Service conditions</b>				
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%
<b>Performance conditions</b>				
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
<b>Grant price</b>					
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.

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

**20. Share-based payments (Contd...)**

**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.

**B. Measurement of fair values**

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

Scheme	ASOP 2015 Swarnam 101 Grant date April 30, 2015	ASOP 2015 Swarnam 101 Grant date May 8, 2015	ASOP 2015 Swarnam 101 Grant date August 6, 2015	ASOP 2015 Swarnam 101 Grant date October 29, 2015	ASOP 2015 Swarnam 101 Grant date 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 March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	127.86	188,300	124.13	292,300
Granted during the period	-	-	-	-
Forfeited during the period	137.28	(11,900)	112.26	(57,500)
Exercised during the period	132.01	(119,300)	123.63	(46,500)
Expired during the period	108.60	(28,900)	-	-
Outstanding at 31 March	126.07	28,200	127.86	188,300
<b>Exercisable at 31 March</b>	<b>126.07</b>	<b>28,200</b>	<b>127.86</b>	<b>188,300</b>

**Notes to the consolidated financial statements**

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

**20. Share-based payments (Contd...)**

The options outstanding at March 31, 2018 have an exercise price in the range of INR 92.52 to INR 150.30 (March 31, 2017: INR 49.03 to INR 133.88) and a weighted average remaining contractual life of 0.49 years (March 31, 2017: 0.87 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 372.76 (2016-17: INR 193.28)

**Associate Stock Option Plan 2004**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	128.64	48,500	130.35	82,100
Granted during the period	-	-	-	-
Forfeited during the period	-	-	133.75	(23,800)
Exercised during the period	126.95	(38,026)	130.74	(9,800)
Expired during the period	140.08	(1,500)	-	-
Outstanding at 31 March	133.88	8,974	128.64	48,500
<b>Exercisable at 31 March</b>	<b>133.88</b>	<b>8,974.00</b>	<b>128.64</b>	<b>48,500</b>

The options outstanding at March 31, 2018 have an exercise price in the range of INR 133.88 (March 31, 2017: INR 124.42 to INR 140.08) and a weighted average remaining contractual life of 0.24 years (March 31, 2017: 0.80 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 342.20 (2016-17: INR 193.28)

**Associate Stock Option Plan 2011**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	105.09	1,469,830	107.35	2,517,700
Granted during the period	-	-	-	-
Forfeited during the period	106.05	(402,450)	134.54	(274,510)
Exercised during the period	100.39	(629,425)	100.64	(704,630)
Expired during the period	-	-	115.76	(68,730)
Outstanding at 31 March	111.02	437,955	105.09	1,469,830
<b>Exercisable at 31 March</b>	<b>107.33</b>	<b>381,455</b>	<b>102.19</b>	<b>701,120</b>

The options outstanding at March 31, 2018 have an exercise price in the range of INR 81.50 to INR 175 (March 31, 2017: INR 78.48 to INR 175) and a weighted average remaining contractual life of 3.32 years (March 31, 2017: 4.38 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 377.37 (2016-17: INR 183.39)

**Associate Stock Option Plan 2015**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	145.74	264,450	146.22	1,062,900
Granted during the period	-	-	-	-
Forfeited during the period	143.39	(34,400)	146.54	(603,750)
Exercised during the period	144.83	(71,650)	130.22	(2,750)
Expired during the period	-	-	146.08	(191,950)
Outstanding at 31 March	146.66	158,400	145.74	264,450
<b>Exercisable at 31 March</b>	<b>153.98</b>	<b>28,600</b>	<b>141.44</b>	<b>93,950</b>

**Notes to the consolidated financial statements**

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

**20. Share-based payments (Contd...)**

The options outstanding at March 31, 2018 have an exercise price in the range of INR 130.22 to INR 179.95 (March 31, 2017: INR 130.22 to INR 179.95) and a weighted average remaining contractual life of 3.02 years (March 31, 2017: 3.66 years)

The weighted average share price at the date of exercise for share options exercised in 2017-18 was INR 410.05 (2016-17: INR 181.55)

**Restricted stock units**

	Weighted average exercise price March 31, 2018	Number of options March 31, 2018	Weighted average exercise price March 31, 2017	Number of options March 31, 2017
Outstanding at 1 April	-	149,222	-	-
Granted during the period	-	51,550	-	338,171
Forfeited during the period	-	(33,226)	-	(119,299)
Exercised during the period	-	(45,363)	-	(69,650)
Expired during the period	-	-	-	-
Outstanding at 31 March	-	122,183	-	149,222
<b>Exercisable at 31 March</b>	-	-	-	-

The weighted average remaining contractual life of the restricted stock units is 1.41 years (March 31, 2017: 1.99 years)

**D. Expense recognised in Statement of Profit and Loss**

For details on the employee benefits expense, see Note 26.

**21. Provision for employee benefits**

	March 31, 2018	March 31, 2017
Net defined benefit liability - Gratuity plan	-	258.09
Liability for compensated absences	4,510.23	3,535.94
Others	418.95	153.53
	<b>4,929.18</b>	<b>3,947.56</b>
Non-current	-	-
Current	4,929.18	3,947.56
	<b>4,929.18</b>	<b>3,947.56</b>

For details about the related employee benefit expenses, see Note 26

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

## Notes to the consolidated financial statements

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

### 21. Provision for employee benefits (Contd...)

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	2,423.94	2,456.12
Benefits paid	(365.23)	(541.16)
Current service cost	343.02	346.89
Interest cost	148.59	167.07
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in financial assumptions	(51.15)	76.43
- experience adjustments	(295.65)	(81.41)
<b>Balance at the end of the year</b>	<b>2,203.52</b>	<b>2,423.94</b>

#### Reconciliation of the present value of plan assets

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	2,165.85	2,003.81
Contributions paid into the plan	583.46	551.44
Benefits paid	(364.03)	(541.16)
Interest income	146.28	150.78
Actuarial gains / (losses) recognised in other comprehensive income	(189.71)	0.98
<b>Balance at the end of the year</b>	<b>2,341.85</b>	<b>2,165.85</b>
<b>Net defined benefit (asset) / obligation</b>	<b>(138.33)</b>	<b>258.09</b>

#### B. i. Expense recognised in profit or loss

	March 31, 2018	March 31, 2017
Current service cost	343.02	346.89
Interest cost	148.59	167.07
Interest income	(146.28)	(150.78)
	<b>345.33</b>	<b>363.18</b>

#### ii. Remeasurements recognised in other comprehensive income

	March 31, 2018	March 31, 2017
Actuarial gains / (losses) on defined benefit obligation	346.80	4.98
Actuarial (losses) / gains on plan assets	(189.71)	0.98
	<b>157.09</b>	<b>5.96</b>

As at March 31, 2018 and March 31, 2017, the plan assets have been invested in insurance company products.

### C. Defined benefit obligation

#### i. Actuarial assumptions

Principal actuarial assumptions at the reporting date

	March 31, 2018	March 31, 2017
Discount rate	7.30%	6.75%
Return on plan assets	7.30%	6.75%
Future salary growth	1.9% - 5%	1.9% - 8%
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.

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

**21. Provision for employee benefits (Contd...)**

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(45.58)	47.57	(50.20)	52.43
Future salary growth (50 basis points)	42.24	(40.98)	43.53	(42.90)
Withdrawal rate (100 basis points)	(0.92)	0.17	4.70	(5.92)

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, 2017: 4 years)

**22. Trade payables**

	March 31, 2018	March 31, 2017
Trade payables to related parties	7,347.97	4,771.06
Other trade payables	13,249.86	12,581.98
	<b>20,597.83</b>	<b>17,353.04</b>

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 30

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

As at March 31, 2018, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2017: 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. Other financial liabilities**

	March 31, 2018	March 31, 2017
Liabilities for restricted stock units	3,635.67	2,345.54
Unclaimed dividend	103.74	111.85
	<b>3,739.41</b>	<b>2,457.39</b>

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in Note 30.

**24. Other current liabilities**

	March 31, 2018	March 31, 2017
Employee related payables	5,725.05	3,789.22
Deferred revenue	2,777.16	3,780.81
Statutory tax payable	3,391.02	3,163.50
Others	918.85	967.45
	<b>12,812.08</b>	<b>11,700.98</b>

**25. Other income**

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
Cash and bank balances	213.51	261.93
Gain on sale of investments, net	1,046.05	651.81
Financial assets at FVTPL - net change in fair value:		
Mandatorily measured at FVTPL	-	22.92
Dividend income	20.70	179.94
Net gain on sale of property, plant and equipment	29.15	682.04
Miscellaneous income	203.85	287.97
	<b>1,513.26</b>	<b>2,086.61</b>

## Notes to the consolidated financial statements

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

### 26. Employee benefits expense

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus		161,442.24	129,410.02
Contribution to provident fund and other funds		3,135.97	2,804.09
Gratuity	21	345.33	363.18
Share based payments	20	1,282.98	2,192.77
Staff welfare expense		4,392.25	4,712.66
		<b>170,598.77</b>	<b>139,482.72</b>

### 27. Depreciation and amortisation expense

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	4	2,202.28	2,167.14
Amortisation of intangible assets	6	314.50	216.53
		<b>2,516.78</b>	<b>2,383.67</b>

### 28. Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Subcontracting expenses	32,593.77	23,436.15
Power and fuel	923.30	1,076.41
Rent	1,340.49	1,561.64
Repairs and maintenance	2,537.65	2,929.95
Rates and taxes	114.50	144.54
Travelling expenses	8,262.83	7,930.32
Legal and professional charges	3,750.70	3,560.62
Payment to the auditors (see note (i) below)	99.89	98.36
Business promotion	1,019.78	703.65
Expenditure on corporate social responsibility (see note (ii) below)	312.17	289.48
Communication expenses	1,395.80	1,509.01
Office maintenance	1,418.04	650.23
Impairment loss on financial assets	1,150.22	229.88
Insurance	333.39	543.37
Printing and stationery	82.44	17.42
Directors' sitting fees	75.25	73.10
Net loss of foreign currency transactions	1,069.48	249.17
Cash discount	107.80	107.65
Miscellaneous expenses	839.92	919.45
	<b>57,427.42</b>	<b>46,030.40</b>

#### (i) Payments to auditors

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Statutory audit	63.50	75.50
In other capacity	18.00	1.00
Reimbursement of expenses	18.39	21.86
	<b>99.89</b>	<b>98.36</b>

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

**28. Other expenses (Contd...)**

**(ii) Details of corporate social responsibility expenditure**

	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent by the Company during the year	307.25	288.48
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	312.17	289.48

**29. 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:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year, attributable to the equity holders	22,635.05	16,244.65
Weighted average number of equity shares for the year	102,355,773	101,567,946

**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, 2018	March 31, 2017
Profit for the year, attributable to the equity holders	22,635.05	16,244.65

**ii. Weighted average number of equity shares (diluted)**

	March 31, 2018	March 31, 2017
Weighted average number of equity shares (basic)	102,355,773	101,567,946
Effect of dilutive equity shares - share options outstanding	372,802	684,901
<b>Weighted average number of equity shares for the year</b>	<b>102,728,575</b>	<b>102,252,847</b>
<i>Number of equity shares are in absolute terms</i>		

**Notes to the consolidated financial statements**

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

**30. 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, 2018**

	Fair value-hedging instruments	Mandatorily at FVTPL-others	Carrying amount			Total carrying amount	Fair value			Total
			FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
<b>Financial assets</b>										
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
	<b>226.60</b>	<b>2,083.14</b>	<b>138.53</b>	-	-	<b>2,448.27</b>	<b>2,221.67</b>	<b>226.60</b>	-	<b>2,448.27</b>
Trade receivables	-	-	-	28,932.21	-	28,932.21	-	-	-	28,932.21
Unbilled revenue	-	-	-	35,491.60	-	35,491.60	-	-	-	35,491.60
Loans	-	-	-	333.82	-	333.82	-	-	-	333.82
Cash and cash equivalents	-	-	-	65,805.59	-	65,805.59	-	-	-	65,805.59
Other bank balances	-	-	-	4,229.66	-	4,229.66	-	-	-	4,229.66
Other financial assets	-	-	-	1,420.55	-	1,420.55	-	-	-	1,420.55
	-	-	-	<b>136,213.43</b>	-	<b>136,213.43</b>	-	-	-	<b>136,213.43</b>
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	20,597.83	20,597.83	-	-	-	20,597.83
Other financial liabilities	-	-	-	-	3,739.41	3,739.41	-	-	-	3,739.41
	-	-	-	-	<b>24,337.24</b>	<b>24,337.24</b>	-	-	-	<b>24,337.24</b>

**March 31, 2017**

	Fair value-hedging instruments	Mandatorily at FVTPL-others	Carrying amount			Total carrying amount	Fair value			Total
			FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
<b>Financial assets</b>										
Investments										
- Preference shares	-	2,130.00	-	-	-	2,130.00	2,130.00	-	-	2,130.00
- Mutual funds	-	11,861.98	-	-	-	11,861.98	11,861.98	-	-	11,861.98
- Equity instruments	-	-	109.26	-	-	109.26	109.26	-	-	109.26
Forward exchange contracts used for hedging	3,923.01	-	-	-	-	3,923.01	-	3,923.01	-	3,923.01
	<b>3,923.01</b>	<b>13,991.98</b>	<b>109.26</b>	-	-	<b>18,024.25</b>	<b>14,101.24</b>	<b>3,923.01</b>	-	<b>18,024.25</b>
Trade receivables	-	-	-	32,005.29	-	32,005.29	-	-	-	32,005.29
Unbilled revenue	-	-	-	21,679.36	-	21,679.36	-	-	-	21,679.36
Loans	-	-	-	631.60	-	631.60	-	-	-	631.60
Cash and cash equivalents	-	-	-	32,405.51	-	32,405.51	-	-	-	32,405.51
Other bank balances	-	-	-	7,530.45	-	7,530.45	-	-	-	7,530.45
Other financial assets	-	-	-	1,570.62	-	1,570.62	-	-	-	1,570.62
	-	-	-	<b>95,822.83</b>	-	<b>95,822.83</b>	-	-	-	<b>95,822.83</b>
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	17,353.04	17,353.04	-	-	-	17,353.04
Other financial liabilities	-	-	-	-	2,457.39	2,457.39	-	-	-	2,457.39
	-	-	-	-	<b>19,810.43</b>	<b>19,810.43</b>	-	-	-	<b>19,810.43</b>

**Notes to the consolidated financial statements**

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

**30. Financial instruments - Fair values and risk management (Contd...)**

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.

**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 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.

## Notes to the consolidated financial statements

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

### 30. Financial instruments - Fair values and risk management (Contd...)

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

	March 31, 2018	March 31, 2017
Revenue from top customer	99,695.59	77,530.93
Revenue from top five customers	180,028.05	129,818.40

At March 31, 2018, the carrying amount of the Group's most significant customer is INR 6,492.09 lakhs (March 31, 2017: INR 5,849.54 lakhs).

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

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)
		<b>30,529.49</b>	<b>(1,597.28)</b>

March 31, 2017	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	0.86%	26,065.32	(222.99)
Amber (Moderate risk)	8.55%	5,961.05	(509.78)
Red (High Risk)	10.00%	790.83	(79.12)
		<b>32,817.19</b>	<b>(811.90)</b>

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

	March 31, 2018	March 31, 2017
Balance as at April 1	811.90	985.95
Amounts written off	-	(386.38)
Net remeasurement of loss allowance	785.38	212.33
<b>Balance as at March 31</b>	<b>1,597.28</b>	<b>811.90</b>

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, 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. As of March 31, 2017, the Group had a working capital of INR 107,781.74 lakhs including cash and bank balances of INR 39,995.85 lakhs and investments of INR 14,101.24 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.

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

**30. Financial instruments - Fair values and risk management (Contd...)**

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)	-
	<b>24,337.24</b>	<b>(24,337.24)</b>	<b>(24,337.24)</b>	-

March 31, 2017	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	17,353.04	(17,353.04)	(17,353.04)	-
Other financial liabilities	2,457.39	(2,457.39)	(2,457.39)	-
	<b>19,810.43</b>	<b>(19,810.43)</b>	<b>(19,810.43)</b>	-

**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, 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)	(354.99)
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>63,105.27</b>	<b>200.59</b>	<b>880.21</b>	<b>714.81</b>	<b>69,165.99</b>

March 31, 2017	USD	GBP	EUR	Others	Total
Cash and cash equivalents	18,039.70	-	101.97	-	18,141.67
Other bank balances	4,860.00	-	-	-	4,860.00
Trade receivables	12,387.50	190.87	228.45	1,473.00	14,279.82
Unbilled revenue	10,194.07	44.59	53.42	138.05	10,430.13
Trade payables	(309.02)	(22.65)	(14.62)	(113.32)	(459.61)
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>45,172.25</b>	<b>212.81</b>	<b>369.22</b>	<b>1,497.73</b>	<b>47,252.01</b>

*Sensitivity analysis*

A reasonably possible strengthening (weakening) of the INR, US dollar, sterling or euro 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.

## Notes to the consolidated financial statements

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

### 30. Financial instruments - Fair values and risk management (Contd...)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 2018</b>				
INR / USD (1% movement)	688.08	(688.08)	631.05	(631.05)
INR / GBP (1% movement)	57.64	(57.64)	2.01	(2.01)
<b>March 31, 2017</b>				
INR / USD (1% movement)	594.76	(594.76)	451.72	(451.72)
INR / GBP (1% movement)	(8.51)	8.51	2.13	(2.13)

#### 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.

#### Cash flow hedges

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
<b>Foreign currency risk</b>			
<b>Forward exchange contracts</b>			
Net exposure (in lakhs of INR)	16,237.00	9,742.20	-
Average INR:USD forward contract rate	66.81	67.40	-

At March 31, 2017, the Group held the following instruments to hedge exposures to changes in foreign currency rates

	Maturity		
	1-6 months	6-12 months	More than one year
<b>Foreign currency risk</b>			
<b>Forward exchange contracts</b>			
Net exposure (in lakhs of INR)	22,032.68	18,144.56	-
Average INR:USD forward contract rate	72.43	73.10	-

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, 2018 Equity head 'Effective portion of cash flow hedges'	March 31, 2017 Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	3,923.01	1,068.61
Effective portion of changes in fair value		
Foreign currency risk – Sales	1,560.78	4,622.39
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	(5,257.19)	(1,767.98)
Tax on movements in relevant items of OCI during the year	1,278.49	(987.85)
<b>Balance as at March 31</b>	<b>1,505.09</b>	<b>2,935.17</b>

**Notes to the consolidated financial statements**

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

**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, 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 'costs of hedging' to cost of inventory		Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	
<b>Foreign currency risk</b>												
Forward exchange contracts - Sales	25,979.20	226.60	-	Derivative asset	1,560.78	Nil	Not applicable	-	-	5,257.19	-	Revenue
	March 31, 2017		During the period 2016-2017							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 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss			
<b>Foreign currency risk</b>												
Forward exchange contracts - Sales	40,177.24	3,923.01	-	Derivative asset	4,622.39	Nil	Not applicable	-	-	1,767.98	-	Revenue

**Notes to the consolidated financial statements**

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

**30. Financial instruments - Fair values and risk management (Contd...)**

**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, 2018 and March 31, 2017. The Company has a healthy risk profile driven by its healthy capital structure with no debts and a networth of INR 133,167.61 lakhs as at March 31, 2018. Moreover the Company has strong liquidity, marked by cash and cash equivalents of around INR 65,805.39 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.

	March 31, 2018	March 31, 2017
Total debtors	28,932.21	32,005.29
Less: Taxes	(2,099.40)	(2,320.38)
Unbilled revenue	35,491.60	21,679.36
<b>Adjusted debtors</b>	<b>62,324.41</b>	<b>51,364.27</b>
Operating revenue	262,787.17	209,498.66
<b>DSO</b>	<b>87</b>	<b>89</b>

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

**31. 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, 2018	March 31, 2017
Payable in less than one year	991.17	910.96
Payable between one and five years	3,329.89	1,814.12
Payable after more than five years	1,862.92	771.86
	<b>6,183.98</b>	<b>3,496.94</b>

**ii. Amounts recognised in profit or loss**

	Year ended March 31, 2018	Year ended March 31, 2017
Rent	1,340.49	1,561.64

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

**32. Contingent liabilities and commitments**  
(to the extent not provided for)

	March 31, 2018	March 31, 2017
<b>Contingent liabilities</b>		
<b>a. Claims against the Company not acknowledged as debts</b>		
Income tax related matters (see Note (i) and (ii) below)	15,811.59	15,164.46
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	496.14	777.42
Other matters including claims related to employees/ ex-employees, etc. (see Note (i) and (ii) below)	-	-
	<b>16,307.73</b>	<b>15,941.88</b>
<b>Commitments</b>		
<b>b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)</b>	1,419.68	751.74

**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, 2018, the Group is committed to spend INR 1,419.68 lakhs (March 31, 2017: 751.74 lakhs) under a contract to purchase property, plant and equipment.
- iv. The Company is also involved in a law suit and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

**33. 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 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)

**Notes to the consolidated financial statements**

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

**33. Related parties (Contd...)**

**Key Management Personnel**

Rama Sivaraman, Executive Director  
Vaidyanathan N M, Chief Financial Officer  
Christina Pauline Beulah, Company Secretary  
Jitin Goyal, Executive Director (till November 9, 2016)

**Joint Venture**

Intellect Polaris Design LLC, USA

**B. Transactions with key management personnel**

**i. Key management personnel compensation**

	Year ended March 31, 2018	Year ended March 31, 2017
Remuneration and other benefits	683.49	1,003.84
Termination benefits	-	523.76
	<b>683.49</b>	<b>1,527.60</b>

\* 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).

As a result of the termination of the employment of one of the Group's executives in United Kingdom, the executive received an enhanced retirement benefit entitlement. Accordingly, the Group has recognised an expense of INR Nil during the year (2016-2017: 523.76 lakhs).

**C. Related party transactions other than those with key management personnel**

	March 31, 2018	March 31, 2017
<b>Balance due from related parties</b>		
<b>Trade receivables (see note 10)</b>		
Virtusa AB, Sweden	2.32	5.97
Virtusa Austria GmbH	6.22	11.19
Virtusa Corporation	4,218.92	2,938.06
Virtusa Technologies India Pvt. Ltd.	0.32	-
Virtusa International BV, Netherlands	-	14.51
Virtusa Pvt.Ltd, Sri Lanka	19.70	2.20
Virtusa Singapore Private Limited	482.08	300.22
Virtusa UK Limited	305.66	177.07
Virtusa Consulting Services Pvt. Ltd., India	235.96	170.52
	<b>5,271.18</b>	<b>3,619.74</b>
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Other financial assets - non current</b>		
Intellect Polaris Design LLC,USA	16.24	16.24
	<b>16.24</b>	<b>16.24</b>
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Other financial assets - current</b>		
Virtusa Corporation	-	13.10
	-	13.10

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

**33. Related parties (Contd...)**

**C. Related party transactions other than those with key management personnel**

	March 31, 2018	March 31, 2017
<b>Other current assets</b>		
Virtusa Corporation	-	11.62
Intellect Polaris Design LLC, USA	9.20	-
	<u>9.20</u>	<u>11.62</u>

	March 31, 2018	March 31, 2017
<b>Balance due to related parties</b>		
<b>Trade payables (see note 22)</b>		
Virtusa Corporation	3,526.15	1,581.34
Virtusa Consulting Services Pvt. Ltd.	1,461.37	1,903.58
Virtusa Pvt.Ltd, Sri Lanka	360.07	227.87
Virtusa Singapore Private Limited	33.90	14.58
Virtusa UK Limited	1,068.32	544.32
Virtusa Technologies India Pvt. Ltd.	418.72	214.14
Virtusa Software Services Pvt. Ltd	271.71	259.09
Virtusa Switzerland GmbH	43.83	-
Virtusa Hungary Kft.	23.34	-
Virtusa APS	77.86	-
Virtusa AB, Sweden	62.70	26.14
	<u>7,347.97</u>	<u>4,771.06</u>

	March 31, 2018	March 31, 2017
<b>Other Financial Liabilities</b>		
Virtusa Corporation	-	116.12
	<u>-</u>	<u>116.12</u>

<b>Other current liabilities</b>		
Virtusa Singapore Private Limited	-	0.17
	<u>-</u>	<u>0.17</u>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Transactions during the year</b>		
<b>Revenue from operations</b>		
Virtusa Corporation	17,133.92	12,120.99
Virtusa Consulting Services Pvt. Ltd.	412.94	93.33
Virtusa International BV, Netherlands	3.03	15.06
Virtusa Pvt.Ltd, Sri Lanka	18.40	2.30
Virtusa Singapore Private Limited	1,075.33	297.30
Virtusa UK Limited	595.78	177.70
Virtusa AB, Sweden	2.39	6.08
Virtusa Technologies India Pvt. Ltd.	-	(4.41)
Virtusa Software Services Pvt. Ltd	-	2.47
Virtusa India Private Limited	-	36.93
Virtusa Austria GmbH	46.53	11.44
	<u>19,288.32</u>	<u>12,759.19</u>

## Notes to the consolidated financial statements

(All amounts are in Lakhs of Indian Rupees, unless ot

### 33. Related parties (Contd...)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Software development expenses</b>		
Virtusa Corporation	4,864.14	924.93
Virtusa Consulting Services Pvt. Ltd.	6,139.10	2,916.04
Virtusa Pvt.Ltd, Sri Lanka	893.24	213.33
Virtusa AB, Sweden	156.73	-
Virtusa International BV Netherlands	(2.27)	-
Virtusa Singapore Private Limited	63.62	-
Virtusa Switzerland	69.45	-
Virtusa Hungary	22.92	-
Virtusa APS	196.56	-
Virtusa UK Limited	2,006.37	571.80
Virtusa Software Services Pvt. Ltd	1,447.94	258.93
Virtusa Technologies India Pvt. Ltd.	1,257.20	211.63
	<b>17,115.00</b>	<b>5,096.66</b>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Expenses reimbursed</b>		
Virtusa Corporation	3,479.87	2,100.95
Virtusa Consulting Services Pvt. Ltd.	4.61	0.94
Virtusa Pvt.Ltd, Sri Lanka	923.73	-
Virtusa Singapore Private Limited	-	13.89
Virtusa UK Limited	437.01	25.03
Virtusa Software Services Pvt. Ltd	0.99	0.17
Virtusa Technologies India Pvt. Ltd.	0.26	0.18
	<b>4,846.47</b>	<b>2,141.16</b>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Expenses paid on behalf of</b>		
Virtusa Corporation	63.94	-
Virtusa Consulting Services Pvt. Ltd.	3.98	-
Virtusa Singapore Private Limited	40.78	-
Virtusa UK Limited	1.31	-
Virtusa Pvt.Ltd, Sri Lanka	10.47	-
	<b>120.48</b>	<b>-</b>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Rental &amp; amenities expenses</b>		
Intellect Polaris Design LLC,USA	142.48	111.97
	<b>142.48</b>	<b>111.97</b>

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)

**34. List of subsidiaries**

Set out below is the list of subsidiaries

	Ownership interest		
	Country of incorporation	March 31, 2018	March 31, 2017
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
Polaris 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

\* 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.

**35. 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 March 31, 2018	Year ended March 31, 2017
India	23,286.21	13,986.12
Americas	149,081.51	113,216.23
Europe	60,452.28	39,216.62
Rest of the World	29,967.17	43,079.69
<b>Total</b>	<b>262,787.17</b>	<b>209,498.66</b>

**Notes to the consolidated financial statements**

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

**35. Operating segments (Contd...)**

**ii. Non-current assets\***

	March 31, 2018	March 31, 2017
India	22,251.47	19,605.85
Americas	552.88	1,932.12
Europe	937.47	29.66
Rest of the World	245.92	289.54
<b>Total</b>	<b>23,987.74</b>	<b>21,857.17</b>

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

**C. Major customer**

Revenue from one customer of the Group is INR 99,695 lakhs (2016-2017: INR 77,530.93 lakhs) which is approx 38 percent of the Group's total revenue.

**36. Business combinations under common control**

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)
<b>Capital reserve</b>	<b>379.26</b>

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

The Group has restated the financial information in the financial statements with respect to the prior year, as if the business combination had happened from the beginning of the prior year. Accordingly, the figures as at and for the year ended March 31, 2017 have been restated to give effect to the same.

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

The impact of the above acquisition on the previously reported Consolidated Balance sheet as at March 31, 2017 is as follows:

Particulars	As previously reported	Business combination of Virtusa Malaysia, net of intercompany transactions	Total
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14,432.03	50.83	14,482.86
Investment property	5,309.09	-	5,309.09
Other intangible assets	203.85	-	203.85
Intangible assets under development	277.41	-	277.41
Equity accounted investees	1,470.69	-	1,470.69
<b>Financial assets</b>			
Investments	1,229.26	-	1,229.26
Other bank balances	59.89	-	59.89
Loans	103.08	(0.01)	103.07
Other financial assets	1,176.95	14.07	1,191.02
Income tax assets, net	7,846.97	(0.01)	7,846.96
Deferred tax assets, net	136.70	-	136.70
Other non-current assets	113.27	-	113.27
<b>Total non-current assets</b>	<b>32,359.19</b>	<b>64.88</b>	<b>32,424.07</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	12,871.98	-	12,871.98
Trade receivables	31,554.93	450.36	32,005.29
Unbilled revenue	21,501.47	177.89	21,679.36
Cash and cash equivalents	32,124.24	281.27	32,405.51
Other bank balances	7,530.45	-	7,530.45
Derivative financial instruments	3,923.01	-	3,923.01
Loans	527.58	0.95	528.53
Other financial assets	319.71	-	319.71
Other current assets	1,970.26	6.84	1,977.10
<b>Total current assets</b>	<b>112,323.63</b>	<b>917.31</b>	<b>113,240.94</b>
<b>Total assets</b>	<b>144,682.82</b>	<b>982.19</b>	<b>145,665.01</b>

## Notes to the consolidated financial statements

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

### 36. Business combinations under common control (Contd...)

Particulars	As previously reported	Business combination of Virtusa Malaysia, net of intercompany transactions	Total
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5,106.04	-	5,106.04
Other equity	104,024.23	318.41	104,342.64
<b>Total equity</b>	<b>109,130.27</b>	<b>318.41</b>	<b>109,448.68</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	134.98	-	134.98
<b>Total non-current liabilities</b>	<b>134.98</b>	<b>-</b>	<b>134.98</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade payables	16,820.30	532.74	17,353.04
Other financial liabilities	2,377.25	80.14	2,457.39
Current tax liabilities	606.06	16.32	622.38
Provision for employee benefits	3,947.56	-	3,947.56
Other current liabilities	11,666.40	34.58	11,700.98
<b>Total current liabilities</b>	<b>35,417.57</b>	<b>663.78</b>	<b>36,081.35</b>
<b>Total equity and liabilities</b>	<b>144,682.82</b>	<b>982.19</b>	<b>145,665.01</b>

The impact of the above acquisition on the previously reported Consolidated Statement of Profit and Loss for the year ended March 31, 2017 is as follows:

Particulars	As previously reported	Business combination of Virtusa Malaysia, net of intercompany transactions	Total
Revenue from operations	207,974.23	1,524.43	209,498.66
Other income	2,086.34	0.27	2,086.61
<b>Total income</b>	<b>210,060.57</b>	<b>1,524.70</b>	<b>211,585.27</b>
<b>Expenses</b>			
Employee benefits expense	138,443.91	1,038.81	139,482.72
Depreciation and amortisation expense	2,333.00	50.67	2,383.67
Other expenses	45,695.49	334.91	46,030.40
<b>Total expenses</b>	<b>186,472.40</b>	<b>1,424.39</b>	<b>187,896.79</b>
<b>Profit before share of loss of equity accounted investees and income tax expense</b>	<b>23,588.17</b>	<b>100.31</b>	<b>23,688.48</b>
Share of loss from joint venture	(62.60)	-	(62.60)
<b>Profit before income tax expense</b>	<b>23,525.57</b>	<b>100.31</b>	<b>23,625.88</b>
Current tax	6,690.17	-	6,690.17
Deferred tax	691.06	-	691.06
Income tax expense	7,381.23	-	7,381.23
<b>Profit after tax</b>	<b>16,144.34</b>	<b>100.31</b>	<b>16,244.65</b>

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

**36. Business combinations under common control (Contd...)**

Particulars	As previously reported	Business combination of Virtusa Malaysia, net of intercompany transactions	Total
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit liability / (asset)	5.97	-	5.97
Equity investments through other comprehensive income - net change in fair value	(121.31)	0.00	(121.31)
Gain on disposal of equity shares	3.12	0.00	3.12
Income tax relating to items that will not be reclassified to profit or loss	(2.06)	(0.00)	(2.06)
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>	<b>(114.28)</b>	<b>0.00</b>	<b>(114.28)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences in translating financial statements of foreign operations	(2,910.88)	(7.63)	(2,918.51)
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	2,854.41	-	2,854.41
Reclassification of gains / (losses) on securities classified as fair value through other comprehensive income	37.88	-	37.88
Income-tax relating to items that will be reclassified to profit or loss	(996.59)	-	(996.59)
<b>Net other comprehensive income that will be reclassified subsequently to profit or loss</b>	<b>(1,015.18)</b>	<b>(7.63)</b>	<b>(1,022.81)</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>(1,129.46)</b>	<b>(7.63)</b>	<b>(1,137.09)</b>
<b>Total comprehensive income</b>	<b>15,014.88</b>	<b>92.68</b>	<b>15,107.56</b>

**Notes to the consolidated financial statements**

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

**37. 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, 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
<b>Parent</b>								
Polaris Consulting & Services Limited	69.00%	91,889.69	79.89%	18,082.08	100%	427.49	80.26%	18,509.57
<b>Subsidiaries</b>								
<i>Indian</i>								
Optimus Global Services Limited	-0.07%	(91.12)	-0.02%	(4.43)	-	-	-0.02%	(4.43)
<i>Foreign</i>								
Polaris Consulting and 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 Limited	1.75%	2,324.67	0.17%	38.33	-	-	0.17%	38.33
Polaris Consulting and Services Japan K.K	1.80%	2,393.21	0.63%	142.72	-	-	0.62%	142.72
Polaris Consulting & Services Inc, Canada	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 Lab (Shanghai) 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 ,UK	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
<b>Joint venture</b>								
<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)
<b>Total</b>		<b>133,167.61</b>		<b>22,635.05</b>		<b>427.49</b>		<b>23,062.54</b>

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

**March 31, 2017**

	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
<b>Parent</b>								
Polaris Consulting & Services Limited	68.03%	74,455.63	61.15%	9,933.77	100%	(1,137.09)	58.23%	8,796.68
<b>Subsidiaries</b>								
<i>Indian</i>								
Optimus Global Services Limited	-0.08%	(86.69)	-0.04%	(6.31)	-	-	-0.04%	(6.31)
<i>Foreign</i>								
Polaris Consulting and Services GmbH, Germany	0.88%	968.12	0.03%	4.98	-	-	0.03%	4.98
Polaris Consulting & Services Pty Ltd, Australia	3.71%	4,065.00	3.60%	585.43	-	-	3.88%	585.43
Polaris Consulting & Services Ireland Limited	1.81%	1,980.49	0.10%	17.00	-	-	0.11%	17.00
Polaris Consulting and Services Japan K.K	1.95%	2,129.26	0.98%	158.81	-	-	1.05%	158.81
Polaris Consulting & Services Inc, Canada	4.79%	5,246.35	12.08%	1,962.63	-	-	12.99%	1,962.63
Polaris Consulting & Services Pte Ltd, Singapore	8.48%	9,278.17	2.80%	455.22	-	-	3.01%	455.22
Polaris Software Lab (Shanghai) Limited, China	0.07%	81.80	0.02%	3.66	-	-	0.02%	3.66
Polaris Software Consulting & Services Sdn Bhd, Malaysia	0.53%	579.89	1.77%	288.17	-	-	1.91%	288.17
Virtusa Malaysia Sdn Bhd	0.29%	318.41	0.62%	100.31	-	-	0.66%	100.31
Polaris Consulting & Services Limited ,UK	7.93%	8,677.81	12.96%	2,105.75	-	-	13.94%	2,105.75
Polaris Consulting & Services B.V, Netherlands	0.17%	191.25	0.33%	53.45	-	-	0.35%	53.45
Polaris Consulting & Services kft, Hungary	0.06%	66.98	0.06%	10.51	-	-	0.07%	10.51
Polaris Consulting and Services FZ- LLC, Dubai	0.97%	1,064.71	2.94%	477.17	-	-	3.16%	477.17
Polaris Consulting & Services SA, Switzerland	0.73%	799.17	0.96%	156.70	-	-	1.04%	156.70
<b>Joint venture</b>								
<i>Foreign</i>								
Intellect Polaris Design LLC, USA	1.34%	1,470.69	-0.39%	(62.60)	-	-	-0.41%	(62.60)
Eliminations	-1.68%	(1,838.36)	-	-	-	-	-	-
<b>Total</b>		<b>109,448.68</b>		<b>16,244.65</b>		<b>(1,137.09)</b>		<b>15,107.56</b>

The notes from 1 to 37 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  
ICAI Firm Registration Number: 101248W/W-100022

**K Raghuram**  
Partner  
Membership No.: 211171  
Chennai  
May 14, 2018

for and on behalf of the Board of Directors of  
**Polaris Consulting & Services Limited**  
(CIN: L65993TN1993PLC024142)

**Hari Raju Mahadevu**  
Director  
DIN: 03262516

**Arvind Sharma**  
Director  
DIN: 00012177

**Vaidyanathan N M**  
Chief Financial Officer

**Christina Pauline Beulah**  
Company Secretary

## MANAGEMENT DISCUSSION AND ANALYSIS

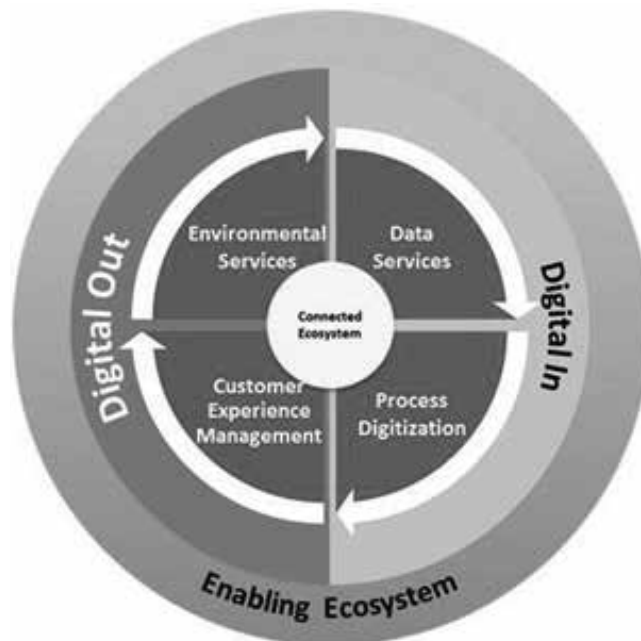
### OVERVIEW

Polaris Consulting & Services Ltd. is a leader in solutions and services that enable operational productivity for the global financial services industry. Polaris' services include process engineering, solution consulting, system integration, application development and maintenance, production support, testing, and infrastructure management. To deliver these services, Polaris has invested heavily in building deep functional and domain-specific models, tools and accelerators, which enable it to deliver higher productivity and better quality to its BFSI clientele.

During the year 2016, Virtusa acquired 74.50% stake in Polaris. Subsequently, the shareholders of the company approved delisting of its securities in December 2017 after which Virtusa increased its shareholding in the company to 92.6%.

Polaris' Digital Enterprise 360 approach along with synergy gained from Virtusa, enabled the company to achieve competitive advantage in the banking solutions space thereby enabling a revenue growth 25.40% during FY 2017-18. The company would continue to remain focused on leading digital transformation capabilities and delivering service excellence to strengthen our position with our global banking clients.

The Company successfully delivered on the financial and non-financial business priorities during FY18 despite multiple challenges around volatile regulatory environment, ever-evolving competitive landscape and continued pricing pressure across the globe. The Company recognises the need to stay ahead of the curve by focusing on key markets to drive superior revenue growth and driving a culture of cost consciousness. Strategic initiatives across the Company's businesses are targeted towards strengthening the global footprint and improving overall margin profile.



### Industry outlook, structure and developments

The global economy is estimated to have grown at 3.8% in 2017 and is estimated to grow at 3.9% in 2018 and 2019. This is based on mixed trends in advanced markets and considerable growth in emerging and developing economies. This has led to industry analysts predicting a cut-down in IT spending globally during the year 2018.

In FY 2018, the global market for software and services is estimated to have grown to USD 1.3 Trillion. Out of the above, outsourced IT-BPM services grew by 2.6% over the prior year with the Indian share of revenue touching USD 167 billion at a growth rate of 8.4% (up from USD 154 billion in FY2017). Indian exports grew at 7.7% with the domestic market seeing a steady growth at 7.9%. Digital business, Blockchain, Internet of Things (IoT), AI/ML projects will be main drivers of growth going forward

Digital technologies will continue to define the sector and revenue from these is likely to have a 23% share by 2020 and more than 38% by 2025. Blockchain is another exciting technology with banks in the process of initiating DLT projects and could play a significant role in cross border money transfers.

### Business Performance Review 2017-18

#### Revenue, EBIDTA and PAT

Consolidated revenue grew by 25.4% in Fiscal Year 2017-18 with an EBIDTA of 13.2% an increase from 11.4% in FY 17. EBIDTA margin expanded by 180 bps driven by top line growth fuelled by higher contribution from existing clients, cost optimisation and focus on manpower utilisation. PAT margin for the year was 8.6% compared to 7.8% in FY 2017. On a constant currency basis, revenue increased by 31.2% y-o-y.

## Business Operations

Manpower Utilisation has been seeing a steady increase with lower attrition rates compared to FY 2017. DSO levels have been brought down to 75 days (as against 81 in the previous year). The liquidity levels continue to grow with Cash, Cash Equivalents and Investments at INR 723 crores.

## Segment – Wise Performance Analysis

Your company has identified Segment Reporting in the Consolidated Financials based on the “Management Approach” as defined Ind AS Operating Segments. The Group Decision Maker evaluates the Group performance as a single business segment, viz., Software and Consultancy Services.

## Employee Costs and engagement

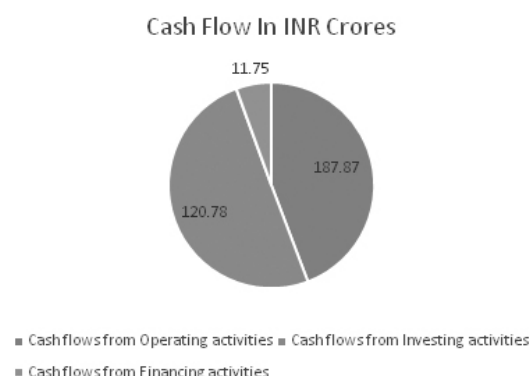
Employee Cost increased by 22.31% during the Fiscal Year 2017-18. Your Company believes that its human resource function is of strategic significance and works towards building a strong employee value proposition for its employees. It provides channels for exceptional career growth, superior leadership development, modern day HR practices, transparent communication, opportunities for continual learning, enhanced well-being and safety and engagement.

## Other Expenses

Other Expenses grew by 9.91% during the Fiscal Year 2017-18. This increase is primarily on account of increase in onsite subcontracting expenses.

## Cash Flow Analysis

Cash flows are reported by adjusting net profit after tax for effect of non-cash transactions, changes in working capital, income taxes paid, cash transactions of capital nature and cash transactions relating to investing and financing activities. Cash flows from operating, investing and financing activities of the Company are identified and reported separately.



### Cash Flow from Operating Activities:

Net Cash of INR 187.87 Crores was generated by the company in FY 18. Net cash provided by operating activities was after utilisation of cash for tax and working capital requirements, driven by business needs in the current year.

### Cash Flow from Investing Activities:

In FY 18, the Company generated INR 120.78 Crores from investing activities. The net cash generated from sale and acquisition of current and non-current investments was INR 119.95 Crores. INR 41.87 Crores was applied towards acquisition of property, plant and equipment.

### Cash Flow from Financing Activities:

The Company generated net cash flow of INR 11.75 Crores from Financing activities. Proceeds from exercise of share options contributed INR 8.93 Crores.

## Dividend

The Company has not declared any dividend during the Financial Year 2017-18. The other details pertaining to the dividend policy are provided elsewhere in the Annual report.

## Earnings per Share

Basic Earnings per Share increased by 38.27% from Rs.15.90 per share to Rs.22.11 per share for the Year ended March 31, 2018 as compared to the previous fiscal year.

Diluted Earnings per Share increased by 38.69% from Rs.15.89 per share to Rs.22.03 per share for the year ended March 31, 2018 as compared to the previous fiscal year.

## Risk Analysis & Mitigation Measures

Your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs. Accordingly, management of risk has always been an integral part of the Company's Organisation Strategy and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

## Internal Control

Your Company has an adequate system of internal controls commensurate with the nature of our business and the size and complexity of our operations. The Company has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance over:

- Effectiveness and efficiency of operations
- Prevention and detection of frauds and errors
- Safeguarding assets from unauthorised use or losses
- Compliance with applicable laws and regulations
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls are routinely tested, and corrective and preventive actions are taken for any weakness. The Company has an independent internal audit function supported by dedicated outsourced teams. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and the actions taken on issues highlighted in the previous reports. The Company continues efforts to align all processes and controls with global best practices.

## NOTICE

Notice is hereby given that the 25th Annual General Meeting of members of the Company will be held on Thursday, September 27, 2018 at 10:00 A.M. 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, 2018 and the reports of the Auditors thereon
  - (ii) the audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Mr. Anuranjan Krishan Kalia, (DIN:07451682) who retires by rotation and being eligible, has offered himself for re-appointment as a Non-Executive Director, to the extent that he is required to retire by rotation.
3. To ratify the appointment of Auditors of the Company who were appointed at the 23rd Annual General Meeting to hold office for a period of 5 years (i.e) till the conclusion of Annual General Meeting of the company to be held in the calendar year 2021, and to authorize the Board of Directors to fix their remuneration and to pass the following thereof as an Ordinary Resolution

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions of the Companies Act, 2013, the appointment M/s. BSR & Co., LLP Chartered Accountants (Registration No.101248 W/W-100022) who were appointed as auditors of the Company at the 23rd Annual General Meeting, to hold office till the conclusion of the Annual General Meeting of the company to be held in the Calendar Year 2021, be and is hereby ratified, and that they shall be paid a remuneration as fixed by the Board of Directors of the Company.”

By Order of the Board  
For **Polaris Consulting & Services Limited**  
**Christina Pauline Beulah**  
Company Secretary & Compliance Officer

Place: Chennai

Date: August 6, 2018

### Notes:

1. 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.
2. 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.
3. 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.
4. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. 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.
6. 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.

7. The certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution passed by the Members in the General Meeting is 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 Computershare 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 2018 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 2018 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. Information in respect of such unclaimed dividend when due for transfer to IEPF of Government of India including the unclaimed amount since 2009, are given in Corporate Governance Report.
12. Members may note that the Notice of the 25th Annual General Meeting and the Annual Report 2018 will also be available on the Company's website [www.polarisft.com](http://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](mailto:shareholderquery@virtusa.com)/[companysecretary@virtusa.com](mailto: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 24th September 2018 to 26th September 2018. 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


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

**Christina Pauline Beulah**  
Company Secretary and Compliance Officer

Place: Chennai

Date: August 6, 2018

**Additional Information on directors recommended for appointment/reappointment required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2**

Name of the Director	Mr. Anuranjan Krishan Kalia 
Date of Birth	2/10/60
Age	57
Date of first appointment	4/03/2016
Experience in specific functional areas	He has 22 years of experience in the areas of finance and operations and was Chief Financial Officer for EMC Asia Pacific Region and has held management positions in Pepsi- Cola International and Price Waterhouse.
Number of shares held in the company	NIL
Qualification	Master of Business Administration, Nichols College and a Undergraduate from Delhi University
List of Companies in which directorship held (Indian Companies)	Nil
Chairman / Members of the Committee of the Board of Companies in which he is a director (excluding Polaris)	Nil
Remuneration sought to be paid	NA
No. of meetings of the Board attended during the financial year 2017-18	4
Relationship with other Directors Manager and other Key Managerial personnel of the Company	Nil

## ROUTE MAP





**POLARIS CONSULTING & SERVICES LIMITED**

CIN: L65993TN1993PLC024142

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

Email id: shareholder.query@virtusa.com, Website: www.polarisft.com;

Tel No.:91-44-3987 3000 Fax: 91-44-2743 5128

25th Annual General Meeting to be held on 27th September 2018 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: L65993TN1993PLC024142

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 **Thursday, the 27th September 2018 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 Mr.Anuranjan Krishan Kalia, (DIN:07451682) who retires by rotation and being eligible, has offered himself for re-appointment

3. Ratification of Appointment of Statutory Auditors

4. Adoption of new set of Articles of Association

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Affix Revenue Stamp

Signature of shareholder(s)

Re.1 Revenue stamp
--------------------------

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.