14th ANNUAL REPORT
2019 - 2020

Aricent Technologies (Holdings) Limited

BOARD OF DIRECTORS

Mr. Ashwani Lal	:	Whole Time Director
Mr. Krishna Chandra Reddy	:	Whole Time Director
Ms. Lydia Gayle Brown	:	Director

Company Secretary

Mr. Parveen Jain

Chief Financial Officer

Mr. Jitendra Grover

Statutory Auditors

T R Chadha & Co. LLP

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Board's Report

Dear Members,

The Board of Directors hereby submits the 14th Annual Report of Aricent Technologies (Holdings) Limited (referred to herein as the "Company") along with the audited financial statements of the Company for the financial year ended March 31, 2020.

Financial Highlights

The highlights of the Company's standalone financial results for the financial year ended March 31, 2020 alongwith the corresponding figures for the previous financial year are as follows:

(in INR million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	**24,544**	22,764
Other Income	**865**	609
Total Income	**25,409**	23,373
Operating expenditure	**20,332**	19,191
Profit before Interest, Depreciation and Taxes	**5,077**	4,182
Interest	**193**	10
Depreciation and Amortization	**1,397**	702
Profit before Tax	**3,487**	3,470
Provision for Income Tax	**(2,937)**	1,425
Prior year Tax adjustment	**(603)**	(1)
Profit after Tax	**7,027**	2,046

During the FY 2019-20, your Company clocked a revenue of Rs. 24,544 million on standalone basis, thereby witnessing an increase of around 7.82% over the previous years' revenue. The Profit before Interest, Depreciation & Taxes for FY 2019-20 was Rs. 5,077 million registering an increase of 21.40% over Rs. 4,182 million recorded during the previous year.

Dividend

No Dividend has been recommended by the Directors for the financial year ended March 31, 2020.

Deposits

Your Company has never accepted any deposits from the Public in terms of Section 73 and 76 of the Companies Act, 2013 (the "Act"), read with the relevant applicable Rules and as such, no amount on account of principal or interest on deposits was outstanding as on March 31, 2020.

Share Capital

During the year under review, there was no change in the Share Capital of the Company.

Business Review

Capgemini SE acquired Altran Technologies SAS (formerly known as Altran Technologies SA) (the former Ultimate Parent company of your Company) at a global level in the first half of the calendar year 2020. Pursuant to the said acquisition, all the Altran group companies, including your Company are now a part of the Capgemini group. Your Company is now a step-down subsidiary of Capgemini SE, a listed entity formed and registered under the laws of France.

Following the acquisition of Altran group, Capgemini now ranks as the undisputed world leader in Engineering and R&D services ("ER&D"), with a portfolio of high-profile clients, extensive sector expertise and in-depth understanding of industrial business processes and operational technologies.

Capgemini offers its clients an unmatched and unique value proposition to address their transformation and innovation needs and works alongside its clients, from initial concept stage through industrialization, to invent the products and services of tomorrow and boost the value of clients' organization. Capgemini has been working with major players in many sectors like Automotive, Aeronautics, Space, Defence & Naval, Communications, Semiconductor & Electronics, Software & Internet, etc. and utilizes its global network of world-class experts, a cost-cutting industrial supply chain, and its customized tools to deliver clients business goals in an ever more challenging environment.

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

The Company provides outsourced product development, product support services and licensable software frameworks and solutions. The Company's service offerings provide a comprehensive product life-cycle services for communications networks, as well as connected devices, applications and mobile services. In addition, the Company has an unrivalled portfolio of unique software frameworks that accelerates the product development process thereby creating significant time to market advantage for its clients. Industrialized GlobalShore® model of Altran, is strengthened by the acquisition of the Company by Altran. Industrialized GlobalShore® relies on the Company's ER&D teams located in Global Engineering Centers located in India. The Company offers competitive ER&D services, providing businesses with diversified and global expertise while meeting the highest quality standards. This solution offers great flexibility and is adaptable to the specific needs, level of maturity and geographical footprint of each client.

Change in the nature of business

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

Quality

During the year under review, the Company has upgraded TL9000 certification to R6.1/R 5.5 at the corporate level and plans to complete AS 9100 Certification for Aerospace BU in the coming year. The Company also has the distinction of being one among Top 5 companies globally to get assessed to CMMI 2.0 Dev/Services multimodal assessment in December 2019.

The Company is committed to ensure highest levels of quality by investing in tools, ensuring timely reviews and Institutionalised robust early warning mechanism. To strengthen Project Management practices and measurement system, the Company had rolled out tools like QTrack & Spirateam and continued to have continuously focused on enhancing these tools to meet changing business demands. The Company also strengthened the client interaction/ feedback mechanism by Participating in Client reviews for all its critical customers which has helped it to reflect holistic view to management. To enhance project performance and save effort, Lean/ Kanban methodologies were rolled out and have been successfully deployed across various business units.

To meet the time to market demands of the customer, Agile practices have been deployed and coverage under Agile methodology has been improved. We implemented a new DevAgility Initiative to ensure standardisation and mandatory usage of core tools across the organisation resulting in excellent results. All these initiatives have helped the Company exceed its Customer Satisfaction Index and Net Promoter Scores (NPS) ratings of last fiscal.

Directors and Key Managerial Personnel

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

During the year under review, there was no change in the constitution of the Board of the Company. However, after the closure of financial year, the terms of Mr. Vinay Mittal and Ms. Nipun Gupta Jain, Independent Directors of the Company came to an end w.e.f. April 10, 2020 and June 22, 2020 respectively and the Board underwent certain changes consequently. The Board placed on record, its appreciation for the valuable contributions made by them during their long association with the Company towards its growth.The Company is in the process of appointing new Directors on its Board which shall be subject to the approval of the shareholders in the immediate next Annual General Meeting ("AGM") of the Company after their appointment.

In accordance with Section 152 of the Act, Ms. Lydia Gayle Brown, Non-Executive Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, has offered her candidature for re-appointment.The proposal of her re-appointment is included in the Notice of the AGM.

There are many functional and business heads who are key managerial personnel, however, for the purpose of the Companies Act, 2013 Mr. Ashwani Lal, Mr. Krishna Chandra Reddy, Mr. Parveen Jain and Mr. Jitendra Grover are presently designated as Key Managerial Personnel under the Act.

Subsidiaries, Joint Ventures and Associates

During the year under review, Aricent Technologies Private Limited ("ATPL") was the only subsidiary of your Company. The entire paid-up share capital of ATPL is held by your Company. ATPL is in the process of being merged with your Company.

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

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

Further, as on date, the Company has no Associate Company or Joint Venture in terms of the definition as per the Act.

Consolidated Financial Statements

The audited consolidated financial statements for the year ended March 31, 2020 have been included in the annual report of the Company.

Particulars of Loans, Guarantees and Investments

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

Transfer to General Reserve

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

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

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

Particulars of Employees

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

Extract of Annual Return

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

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

(e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Statement on Risk Management

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

Related Party Transactions

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

In terms of the provisions of Section 134(3)(h) read with Section 188(1), Rule 15 of the Companies (Meeting of Board and its Powers)

Rules, 2014 and Rule 8(2) of Companies (Accounts) Rules, 2014, information on material transactions with Related Parties are set out in the prescribed Form AOC-2 and attached as **'Annexure E'** to this Report.

Declaration by Independent Directors

During the year under review, the Company received the Declaration of Independence from its erstwhile Independent Directors as stipulated under Section 149(7) of the Act, confirming that they met the criteria of independence and that there had been no change in the circumstances which may affect their status as Independent Directors during the year.

After the completion of the year under review, the terms of both the Independent Directors i.e. Mr. Vinay Mittal and Ms. Nipun Gupta Jain, came to an end w.e.f. April 10, 2020 and June 22, 2020 respectively.

Performance Evaluation

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

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

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

The Directors expressed their satisfaction with the overall evaluation process.

Board Meetings

During the year under review, the Board met four times on June 26, 2019, August 20, 2019, September 27, 2019 and January 23, 2020. Details of the meetings of the Board and its Committees held during the financial year ended March 31, 2020 and Directors' attendance thereat are given in **'Annexure D1'** to this Report.

Audit Committee

For the financial year under review, the Audit Committee comprised of Mr. Vinay Mittal (Chairman), Ms. Nipun Gupta Jain and Mr. Ashwani Lal as the members. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board. After the end of the financial year under review and as mentioned above, both the independent Directors have retired, and the Company is in the process of appointing new Independent Directors. As soon as the new Directors have been appointed, the Company will re-constitute its Audit Committee.

Nomination and Remuneration Committee & Policy

For the financial year under review, the Nomination and Remuneration Committee (NRC) comprised of Ms. Nipun Gupta Jain (Chairperson), Mr. Vinay Mittal and Ms. Lydia Gayle Brown as the members.

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

After the end of the financial year under review and as mentioned above, both the independent Directors have retired, and the Company is in the process of appointing new Independent Directors. As soon as the new Directors have been appointed, the Company will re-constitute NRC.

Corporate Social Responsibility Committee & Policy

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

After the end of the financial year under review and as mentioned above, both the independent Directors have retired, and the Company is in the process of appointing new Independent Directors. As soon as the new Directors have been appointed, the Company will re-constitute its CSR Committee.

Stakeholders' Relationship Committee

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

After the end of the financial year under review and as mentioned above, both the independent Directors have retired, and the Company is in the process of appointing new Independent Directors. As soon as the new Director has been appointed, the Company will re-constitute its SRC.

Vigil Mechanism

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

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

Internal Financial Control

Pursuant to Section 134 of the Act read with Rule 8(5) of the Companies (Accounts) Rules, 2014, in relation to the financial statements for the financial year 2019-20, the Directors, to the best of their knowledge and belief, confirm that the Company has laid down requisite internal financial controls with reference to the financial statements and that such internal financial controls are adequate to its size and were operating effectively during the year.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and rules made thereunder, the Board of Directors of the Company appointed M/s Jayant Gupta & Associates, a firm of practicing company secretaries to conduct the secretarial audit for the financial year 2019-20. The Secretarial Audit Report is attached as **'Annexure H'** to this Report. There are no qualifications, reservations,adverse remarks or disclaimers made in the report.

Auditors and Auditors' Report

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

The Auditors' Report for the financial year 2019-20 does not contain any qualifications, reservations, adverse remarks or disclaimers. Further, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act.

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

No material and significant orders were passed during the year by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

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

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

Postal Ballot

On July 24, 2020 your Company has sent a Postal Ballot notice to all the eligible shareholders who have registered their e-mail addresses with the Depositories, the Depositories Participants or the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited as on the cut-off date i.e. July 24, 2020. The notice was sent in accordance with the provisions of the Companies Act, 2013 read with the General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020 and the General Circular No. 22/2020 dated June 15, 2020, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" issued by the Ministry of Corporate Affairs, Government of India and any other applicable provisions of the Act, Secretarial Standard – 2 on General Meetings issued by the Institute of the Company Secretaries of India and other applicable laws. The notice was sent seeking your approval on two matters viz. (i) approval for amalgamation of Aricent Technologies Private Limited with Aricent Technologies (Holdings) Limited and (ii) approval to provide loan/financing assistance to employees to subscribe to Capgemini SE Employee Stock Ownership Plan, 2020 ("CAPGEMINI ESOP 2020"). As on the date of this Report, the voting is still open, and the Company will declare the results after the end of the voting period as mentioned in the notice.

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

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

During the year under review, the Company received three (3) complaints. The Internal Complaints Committee conducted enquiries in these matters and all the three complaints were disposed off as per the findings of the enquiry.

Compliance with Secretarial Standards

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

Acknowledgement

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

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Ashwani Lal	**Krishna Chandra Reddy**
Whole-Time Director	**Whole-Time Director**
DIN: 06985241	**DIN: 07573071**

Place : Gurugram
Date : August 31, 2020

Annexure A to the Board's Report

Form AOC-1

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

Statement containing salient features of the financial statements of subsidiaries as on March 31, 2020

(Amount in INR million)

Sl. No.	Particulars	Details of the Subsidiary Company
1.	Name of the Subsidiary	Aricent Technologies Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2020
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR
4.	Share capital	0.10
5.	Reserves & Surplus	972
6.	Total assets	1,229
7.	Total liabilities	257
8.	Investments	-
9.	Turnover	1,089
10.	Profit/(loss) before taxation	127
11.	Provision for taxation	(34)
12.	Profit/(loss) after taxation	161
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

Annexure B to the Board's Report

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

A. Conservation of Energy

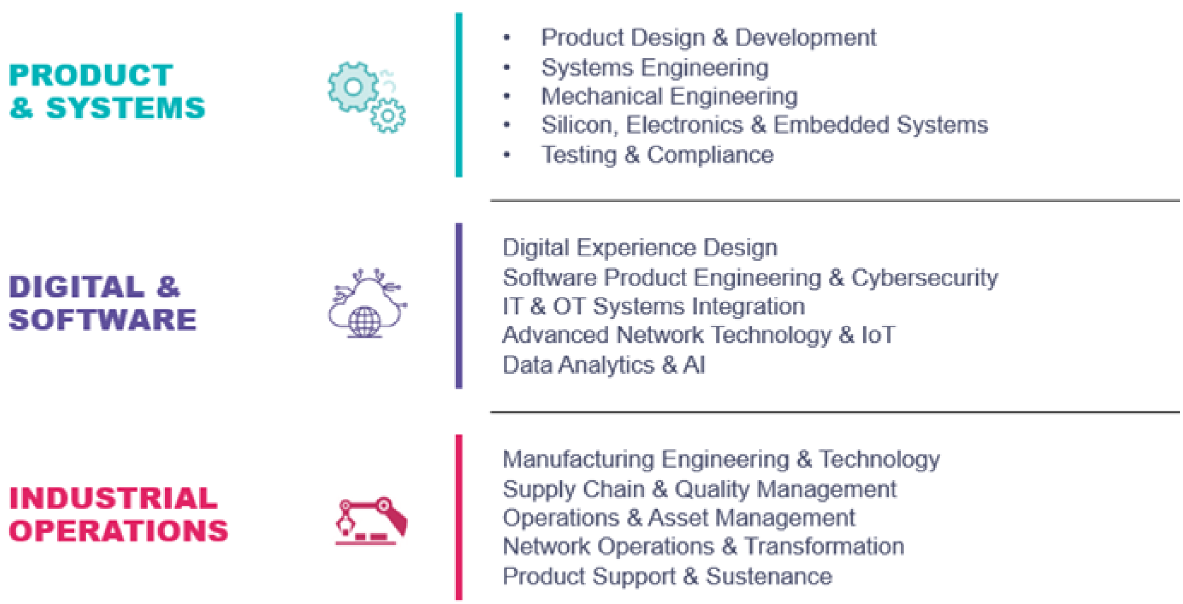
S.No	Activity Type	Description of activity	Annual Monetary Savings (INR)
1	Green Power Purchase	In the financial year 2019-20, the Company procured 5696 MWh of Green Power as per the power purchase agreements resulting to less Co2 emission by 5183 tonne.	62,38,999
2	Behavioral change	(i) To ensure sustained deployment of Initiatives, various training and sensitization initiatives were undertaken across the organizations' locations to ensure improved housekeeping and discipline in energy conservation. (ii) Spread Energy awareness among the floor employees through campaigns (iii) Switching off lights during non-working hours (iv) Increasing the set temperature of the HVAC systems (v) Effective load distribution on power units (UPS) (vi) Change of CFL with LED fittings (vii) Lab Space optimization	2,49,81,053
3	Other Initiatives	Multiple energy efficiency initiatives were undertaken during the year (i) Better toiletries management (Go Green Day per week) (ii) Reduction in consumption of Paper Beakers & Napkins	7,32,700

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

B. Technology Absorption

(i) The efforts made towards technology absorption were:

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



Emphasis has been on areas like

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

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

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

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

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

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

Not Applicable

(iv) The expenditure incurred on Research & Development

(in INR million)

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
R&D Expenditure	**1,277**	949
Total R&D Expenditure as % of Total Income	**5.0%**	4.1%

(v) Foreign Exchange Earnings & Outgo

(in INR million)

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
Foreign Exchange Earnings	**19,304**	18,038
Foreign Exchange Outgo	**3,472**	4,876

Annexure C to the Boards' Report

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

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

S. No.	Name	Designation	Remuneration Received (INR)	Qualification(s)	Exp. (Yrs.)	Date of Commencement of Employment	Age (yrs)	Previous employment and Designation
1	Sudatta Kar	Vice President - Engineering	10,341,339	MCA, MBA	25	01-Apr-2007	51	Flextronics Software Systems Limited, Director - Engineering
2	Manish Ramchandra Raje	Vice President - Engineering	10,122,967	M.Tech	27	01-Apr-2007	51	Flextronics Software Systems Limited, Director - Engineering
3	Anurag Khanna	Vice President - Finance	12,774,889	ICWA, B.Com	25	01-Apr-2007	46	Flextronics Software Systems Limited, Manager-Finance
4	Ashwani Lal	Chief Operations & Quality Officer	12,912,441	MCA	31	01-Apr-2007	54	Flextronics Software Systems Limited, Assistant Vice President
5	Vipin Goel	Vice President - Engineering	11,895,920	MCA	27	01-Apr-2007	50	Flextronics Software Systems Limited, Director - Engineering
6	Daniel Anil Kumar	Vice President	10,767,011	B. E	29	19-Mar-2012	50	Logica, Group Procurement Operation Director
7	Jitendra Grover	Vice President - Finance	12,926,861	CA	23	11-Sep-2012	46	Nokia India Pvt. Ltd., Head of Tax- IMEA Region
8	Krishna Chandra Reddy	CEO India	62,082,226	Master's of Engineering	24	22-Jul-2013	50	Wipro Technologies, General Manager
9	Sumithra Ranganathan	Vice President - Engineering	10,209,394	B. Tech	24	22-Aug-2014	46	Ericsson India Global Services Pvt. Ltd., Senior Program Manager
10	Arpana Sikka Mehra	Vice President - HR	20,087,817	Master of Human Resource Management and Industrial Relation	22	16-Feb-2017	47	Xerox Business Services India LLP, Vice President -HR

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

S. No.	Name	Designation	Remuneration Received (INR)	Qualification (s)	Exp. (Yrs.)	Date of Commencement of Employment	Age (yrs)	Previous employment and Designation
1	Pratyush Dasgupta	Vice President - Engineering	17,472,655	M. Sc. (Tech.)	32	01-Apr-2007	58	Flextronics Software Systems Limited, Assistant Vice President
2	Mahesh Chandra Baluni	Director - Engineering	8,063,314	M.Tech.	29	01-Apr-2007	51	Flextronics Software Systems Limited, Director Engineering
3	Atul Ramchandra Daf	Principal Systems Engineer	5,420,772	B.E.	26	01-Apr-2007	48	Flextronics Software Systems Limited, Principal Systems Engineer
4	Nidhi Agrawal	Assistant Vice President - Engineering	7,586,207	Ph. D.	26	01-Apr-2007	54	Flextronics Software Systems Limited, Director Engineering
5	Hema Rani	Assistant Vice President - Engineering	6,829,225	M.Tech.	27	01-Apr-2007	51	Flextronics Software Systems Limited, Senior Engineering Project Manager
6	Rakhi Verma	Director - Engineering	5,935,915	M.C.A.	20	01-Apr-2007	44	Flextronics Software Systems Limited, Technical Leader
7	Sandeep Srivastava	Director - Engineering	5,258,795	B. Tech.	25	01-Apr-2007	59	Flextronics Software Systems Limited, Engineering Project Manager
8	Dipak Bash	Director - Engineering	5,441,482	M.C.A.	20	01-Apr-2007	45	Flextronics Software Systems Limited, Technical Leader
9	Sanjeev Kumar Rajput	Senior Engineering Project Manager	3,120,299	B. Tech.	16	01-Apr-2007	37	Flextronics Software Systems Limited, Senior Software Engineer
10	Amit Chauhan	Senior Engineering Project Manager	5,526,048	B. Tech.	23	01-Apr-2007	44	Flextronics Software Systems Limited, Engineering Project Manager
11	Thinnium Ramamoorthy Jaiganesh	Senior Engineering Project Manager	4,010,108	B.E.	21	01-Apr-2007	42	Flextronics Software Systems Limited, Technical Leader
12	Lakshmi Sridharan	Principal Systems Engineer	4,975,717	M.S.	22	01-Apr-2007	42	Flextronics Software Systems Limited, Technical Leader

13	Srinivasa Rao Valluru	Sr Engineering Project Manager - Testing	5,024,817	M.C.A.	20	01-Apr-2007	43	Flextronics Software Systems Limited, Technical Leader
14	Sachin Ramchandra Saraf	Director - Technology	4,974,960	B.E.	25	01-Apr-2007	49	Flextronics Software Systems Limited, Principal Systems Engineer
15	Arumugam Babu	Sr Engineering Project Manager - Testing	4,181,594	B.E.	19	01-Apr-2007	42	Flextronics Software Systems Limited, Senior Software Engineer
16	Somasekhar Rao Kothamasu	Director - Engineering	6,923,948	B.E.	25	01-Apr-2007	48	Flextronics Software Systems Limited, Senior Project Manager
17	Govardhanan Ramachandran	Director - Engineering	5,871,824	Diploma - Electronics and Communication Engineering	31	01-Apr-2007	53	Flextronics Software Systems Limited, Engineering Project Manager
18	Brajesh Poovakkad	Principal Systems Engineer	4,643,290	M.C.A.	29	01-Apr-2007	47	Flextronics Software Systems Limited, Technical Leader
19	Armstrong Mathiyalagan	Assistant Vice President - Technology	7,688,969	B.E.	27	01-Apr-2007	48	Flextronics Software Systems Limited, Principal Systems Engineer
20	Arumugam Vembu	Director - Engineering	7,185,981	B.E.	25	01-Apr-2007	47	Flextronics Software Systems Limited, Sr Engineering Project Manager
21	Krishnakumar M J	Senior Engineering Project Manager	5,062,675	B.E.	24	01-Apr-2007	46	Flextronics Software Systems Limited, Engineering Project Manager
22	Subramanian KalyaniSundaram	Engineering Project Manager	3,037,993	B.E.	17	01-Apr-2007	39	Flextronics Software Systems Limited, Senior Software Engineer
23	Ramesh A	Principal Systems Engineer	4,674,152	M.S.	21	01-Apr-2007	44	Flextronics Software Systems Limited, Technical Lead
24	Mathew Joseph	Senior Project Manager	5,076,207	B.E.	20	10-Jan-2008	42	Wipro Technologies, Project Manager
25	Ramakrishnan M V	Director - Engineering	5,796,681	M.C.A.	27	14-Jan-2008	49	Extreme Networks, Software Manager
26	Yogesh Kaushal	Engineering Project Manager	2,779,236	B. Tech.	16	18-Feb-2008	37	Ericsson, Engineer - Network consulting
27	Bhaskar Reddy Yeddula	Senior Technical Leader	2,607,609	M.C.A.	15	18-Sep-2008	43	Mascon Global, Senior Software Engineer
28	Manish Panchmatia	Principal Systems Engineer	3,278,353	M.B.A.	20	21-Aug-2009	44	IBM, Senior Systems Analyst
29	Paresh Pattanaik	Senior Engineering Project Manager	3,199,698	M.C.A.	24	21-Dec-2009	47	Comverse, Senior Consultant
30	Nagasaravana Perumal K I	Engineering Project Manager - Testing	2,093,029	B.E.	15	19-May-2011	36	Force10 Networks India (P) Ltd, Senior Engineer
31	Pramod Narayanrao Diwakar	Engineering Project Manager - Testing	5,420,115	M.S.	26	01-Apr-2007	47	Flextronics Software Systems Limited, Technical Architect
32	Deepa Ravindran	Senior Technical Lead	6,046,734	B.E.	18	04-Sep-2008	42	Motorola Solutions India Pvt Ltd., Technical Lead
33	Sreenivas Voruganti	Director - Engineering	4,205,347	B.E.	21	01-Jul-2014	47	Juniper Networks India Pvt Ltd., Senior Manager
34	Moheed Ahmad	Principal Systems Engineer	1,963,945	B. Tech.	14	12-Mar-2015	40	Broadcom, Engineer
35	Sridhar Babu	Director - Engineering	1,958,585	B.E.	23	22-Jun-2015	45	Sopra, General Manager

Notes:

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

Annexure D to the Board's Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
(as on the Financial Year ended on March 31, 2020)

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

I REGISTRATION & OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

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

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

A. PROMOTERS									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	128,906,043	13	128,906,056	98.25	128,906,043	13	128,906,056	98.25	-
d) Bank/ FI	-	-	-	-	-	-	-	-	-
e) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
f) Others	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**128,906,043**	**13**	**128,906,056**	**98.25**	**128,906,043**	**13**	**128,906,056**	**98.25**	**-**
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"	**128,906,043**	**13**	**128,906,056**	**98.25**	**128,906,043**	**13**	**128,906,056**	**98.25**	**-**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	453	-	453	0.00	453	-	453	0.00	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
j) Others	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**453**	**-**	**453**	**0.00**	**453**	**-**	**453**	**0.00**	**0.00**
(2) Non Institutions									
a) Bodies Corporates	188,423	4,050	192,473	0.15	181,422	4,050	185,472	0.14	-0.01
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,568,141	265,241	1,833,382	1.40	1,540,653	257,890	1,798,543	1.37	-0.03
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	227,321	-	227,321	0.17	270,700	-	270,700	0.21	0.03
c) Others									
Clearing Members	162	-	162	0.00	162	-	162	0.00	0.00
Non Resident Indians (NRI)	9,182	-	9,182	0.01	7,473	-	7,473	0.01	0.00
NRI Non- Repatriation	26,001	-	26,001	0.02	25,118	-	25,118	0.02	0.00
NBFC	972	-	972	0.00	972	-	972	0.00	0.00
Trusts	102	-	102	0.00	1,155	-	1,155	0.00	0.00
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	**2,020,304**	**269,291**	**2,289,595**	**1.75**	**2,027,655**	**261,940**	**2,289,595**	**1.75**	**0.00**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**2,020,757**	**269,291**	**2,290,048**	**1.75**	**2,028,108**	**261,940**	**2,290,048**	**1.75**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**130,926,800**	**269,304**	**131,196,104**	**100**	**130,934,151**	**261,953**	**131,196,104**	**100**	**0.00**

(ii) **SHARE HOLDING OF PROMOTERS**

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

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE): No change in Promoters' Shareholdings between 01.04.2019 to 31.03.2020**

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

Sl. No	Name of the Share Holder	Shareholding at the beginning of the Year		Date of Change	Increase/ Decrease in Shareholding	Reason for Increase or Decrease	Cumulative Shareholding during the year 2019-2020	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Kredere Wealth Partner Private Limited	32,400	0.02	There is no change in the shareholding during FY 2019-20			32,400	0.02
2	Dushyant Natwarlal Dalal & Puloma Dushyant Dalal	25,920	0.02	There is no change in the shareholding during FY 2019-20			25,920	0.02
3	Bhaichand Amoluk Consultancy Services LLP	20,250	0.02	10.01.2020	(20,250)	Transfer	-	0.00
4	Punit Kumar	20,000	0.02	There is no change in the shareholding during FY 2019-20			20,000	0.02
5	Arun Jain	19,440	0.01	There is no change in the shareholding during FY 2019-20			19,440	0.01
6	K S Mohan Ramnathen	19,035	0.01	27.09.2019	19,035	Transfer	38,070	0.03
				27.09.2019	(19,035)	Transfer	19,035	0.01
7	Dushyant Natwarlal Dalal	18,630	0.01	There is no change in the shareholding during FY 2019-20			18,630	0.01
8	Suprapti Finvest Pvt Ltd	17,500	0.01	There is no change in the shareholding during FY 2019-20			17,500	0.01
9	Shah Darshana	16,896	0.01	26.07.2019	16896	Transfer	33,792	0.03
				26.07.2019	(16,896)	Transfer	16,896	0.01
10	Azim Hasham Premji	16,200	0.01	There is no change in the shareholding during FY 2019-20			16,200	0.01
11	Ajay and Sons HUF	-	0.00	11.10.2019	29,405	Transfer	29,405	0.02
				01.11.2019	4,481	Transfer	33,886	0.03

(v) Shareholding of Directors & KMP

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

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

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

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole -Time Directors and/or Manager: **(Amount in INR)**

Sl.No	Particulars of Remuneration	Name of the Whole-Time Directors		
1	**Gross salary**	**Mr. Ashwani Lal**	**Mr. Krishna Chandra Reddy**	**Total Amount**
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961	11,187,137	61,033,086	72,220,223
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	28,800	-	28,800
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (as % of profit or others, specify)	-	-	-
5	Others (please specify)	-	-	-
	Total (A)	**11,215,937**	**61,033,086**	**72,249,023**
	Ceiling as per the Act	INR 331 million (being 10% of the net profits of the company calculated as per section 198 of the Companies Act, 2013)		

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

Sl. No	Particulars of Remuneration	Name of the Directors		
1	**Independent Directors**	**Mr. Vinay Mittal**	**Ms. Nipun Gupta Jain**	**Total Amount**
	(a) Fee for attending board & committee meetings	170,000	120,000	290,000
	(b) Commission (for FY 2018-19)	1,250,000	1,250,000	2,500,000
	(c) Others, please specify			
	Total (1)	**1,420,000**	**1,370,000**	**2,790,000**
2	**Other Non Executive Directors**	**Ms. Lydia Gayle Brown**		
	(a) Fee for attending board & committee meetings	-		
	(b) Commission	-		
	(c) Others, please specify.	-		
	Total (2)	-		
	Total (B)=(1+2)	**1,420,000**		
	Total Managerial Remuneration			**75,039,023**
	Overall Ceiling as per the Act	INR 331 million (being 10% of the net profits of the company calculated as per section 198 of the Companies Act, 2013)		

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
1	**Gross Salary**	**Company Secretary**	**Chief Financial Officer**	**Total Amount**
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	8,346,376	11,612,413	19,958,788
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	39,600	79,200
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (as % of profit or other, specify)	-	-	-
5	Others, please specify	-	-	-
	Total	**8,385,976**	**11,652,013**	**20,037,988**

(VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Annexure D1 to the Board's Report

Details of Meetings of the Board and its Committees held during the financial year ended March 31, 2020 and Directors' attendance at each meeting

Sl. No.	Type of Meeting	Number of meetings held	Date of Meetings	Number of meetings attended				
				Vinay Mittal*	Nipun Gupta Jain**	Ashwani Lal	Krishna Chandra Reddy	Lydia Gayle Brown
1	Board Meetings	4	27.06.2019 20.08.2019 27.09.2019 23.01.2020	4	3	4	4	1
2	Audit Committee Meetings	3	28.05.2019 20.08.2019 23.01.2020	3	2	3	N.A.	N.A.
3	Nomination & Remuneration Committee Meetings	2	27.09.2019 12.03.2020	2	2	N.A.	N.A.	0
4	Corporate Social Responsibility Committee Meetings	2	28.05.2019 20.08.2019	2	1	2	1	N.A.
5	Share Transfer Committee Meetings	1	08.11.2019	N.A.	N.A.	1	1	N.A.
6.	Operations Committee Meetings	3	22.08.2019 08.11.2019 24.01.2020	N.A.	N.A.	3	3	N.A.

*: Retired from Directorship of the Company w.e.f. April 10, 2020
**: Retired from Directorship of the Company w.e.f. June 22, 2020

Annexure E to the Board's Report

Form AOC- 2

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

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

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

   - The Company (ATHL) has not entered into any contract or transactions with its related parties which is not at arm's length during financial year 2019-20

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

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

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

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

4	Altran Technologies India Private Limited ("Altran")	Fellow Subsidiary	General Service Agreement effective from 1 April 2018 whereby the Company will provide to Altran engineering research and development services, infrastructure and general administrative and support services General Service Agreement effective from 1 April 2018 whereby Altran will provide to the Company engineering research and development services	Perpetual	i) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard. ii) All costs and expenses reported by the Company and Altran pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under the agreements. iii) Invoices to be submitted on regular basis for the services provided by the provider and the recipient of services shall pay the same within the agreed timelines.	Not Applicable as contracts were entered under the ordinary course of business and on arm's length basis	Nil
5.	Altran ACT	Fellow Subsidiary	General Services Agreement dated 1st July 2019 whereby the Company will provided software develpment and support services	Perpetual	i) Both the parties agree to periodically review the service fee to ensure that they reflect arm's length standard. ii) All costs and expenses reported by the Company pursuant to the agreements shall be reasonable and necessary costs and expenses incurred in the performance of the services under the agreements. iii) Invoices to be submitted on regular basis for the services provided by the provider and the recipient of services shall pay the same within the agreed timelines.	Not Applicable as contracts were entered under the ordinary course of business and on arm length's basis	Nil

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole-Time Director
DIN 06985241

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

Place : Gurugram
Date : August 31, 2020

Annexure F to the Board's Report

Brief highlights of Nomination and Remuneration Policy

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

a. Responsibilities of Nomination and Remuneration Committee:

  o To recommend to the Board, a policy relating to remuneration for Whole-Time Directors, KMP and Senior Management

  o To recommend to the Board, the appointment and removal of Directors and KMP

  o To formulate a process for evaluation of Directors.

b. Appointment criteria and qualifications:

  o A person should possess adequate qualifications, expertise and experience for the position of Senior Management for which he / she is considered for appointment. The Human Resource (HR) function of the Company has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned Senior Management position.

c. Evaluation:

  o The Committee shall carry out evaluation of performance of every Director at regular intervals (yearly).

d. Remuneration of KMP:

  o The remuneration / compensation / commission etc. to Whole-Time Director(s) will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

  o The remuneration and commission to be paid to Whole-Time Director(s) shall be as per the statutory provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force.

  o Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Whole-Time Director(s). In case remuneration increase is higher than the slab approved by the shareholders, then, it shall be subject to shareholder's approval.

  o Based upon Annual Appraisal Policy of each year, HR shall prepare a Compensation Review Process and Guidelines for Whole-Time Director(s) and present the same before the Nomination and Remuneration Committee and the Board each year at the time of annual appraisal review of Whole-Time Director(s).

Annexure G to the Board's Report

Annual Report on Aricent Corporate Social Responsibility (CSR) projects and activities undertaken for the financial year 2019-20 (pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014) is mentioned here as under:

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

The CSR Policy of the Company approved by the Board and CSR Committee remained a guiding force for Aricent CSR Programmatic strategies in the financial year 2019-20 too. In this financial year, the Company continued working on the ongoing projects aligned with "Promoting education, including special education and employment enhancing vocational skills" one of the areas mentioned in schedule VII of the Companies Act. Recognising catalyst role of educationin empowering marginalised communities, all education/skilling/upskilling CSR projects of the Company got further enriched in pedagogy and programmatic reach.

In the financial year 2019-20, the flagship CSR program "ARISE" continued working actively across the country to reduce the education and skill deficit by facilitating high-quality ***Engineering*** and ***Digital Life Education*** for underprivileged engineering students, teachers and Management of Tier-2 and Tier-3 Engineering colleges and focus on leveraging technology as an enabler to maximise programmatic reach to the members of lesser served communities such as LGBTQ and Persons with Disability – PwDs.Hence, along with ongoing Arise On-campus and Arise ToT, the CSR program continued focusing to enrichits footprintsthrough few more programmatic threads; ***She-Arise Women Empowerment Project, Arise Trans(forming) Lives for LGBTQAI+*** community and ***Arise PwD Employability Enhancement Project***. These value additions helped the CSR team to strengthen the Diversity & Inclusion agenda of the Company in a more sustainable manner.

Enriching programmatic governance mechanisms, building capacity of the project team members and strengthening networks with other like-hearted people of the ecosystem is paving way forward for extending programmatic portfolio.A research paper ***'Transforming Lives: Learnings from a Unique Livelihood Initiative'*** was presented at 'SOCIAL WORK, LAW AND HUMAN RIGHTS' an international summit organised by Gujarat National Law University as well as a thematic paper entitled "Transforming Engineering Education Ecosystem" was developed as base for Arise ToT for publishing it to inform Engineering education related CSR practices. With ARISE, the Company touched lives of more than 3000+ direct beneficiaries across the country in this financial year.

Overview of the CSR Programs:

Arise On-campus Program, intense quality Engineering education program for enhancing employability in IT&ITeS sector,continued working with a target of 2000 imparting 320-350 hours upskilling in core technical, behavioural thematic areas coupled with hands-on learning experiences on advance computing/ latest technologies etc. Some major milestones of this year long program are – cumulative enhancement in third party assessment,certification, and placement in core engineering domain with higher pay package. This program is very powerful wholesome educational and skilling design which is continuously informing and enriching not only marginalised engineering students of tier II and tier III engineering colleges but also generated collaborative understanding on aspects of quality education experiences amongst all key stakeholders. However, the program is completing more than 5 years implementation and has been reason for the organical development of Arise ToT and She Arise, hence team is contemplating to use its programmatic experience for more strategic step towards Engineering upskilling.

Arise ToT – Master Coach Development Program organised comprehensive 5 months' face to face and online capacity building program for the 200 educators / faculty members of Engineering colleges, equipped more than 200 students with 21st century skills in their final year to create self-learning pathways and take informed decisions and be future ready for effective placement. The program also comprised a ***Leadership Development*** component for the management of engineering colleges to facilitate and nurture a conducive learning environment in the classrooms. Under the project, a ***thematic paper*** has been developed which represent an array of concerns in the Engineering Ecosystem, both global and local trends, it is being envisaged that this paper will serve as a base to strengthen quality Engineering education program of the Company. It also present solutions and recommendations to transform the Engineering Ecosystem.

Arise Women Empowerment Program initiated to empower freshly pass out women engineering graduates belonging to lower socio-economic background continued upskilling200 women Engineering students through ashort duration fulltime course in advanced computing. The program not only focused on core engineering cognitive threads but also worked on hands on learning experiences, soft skills development and preparing for 100 percent placement inthe core IT/ITeSrelated jobs. Post lockdown announcement, all candidates were sent back to their home/towns and continued their learning through LMS, online portals and WhatsApp. Placement through online interviews are in progress with expected completion by the mid of 2020.

Arise Trans(forming) Lives Program continued interface with LGBTQAI+ community, mobilising and counseling, ensuring documentation completion of more than 1500 members of the community, training200 plus participants through a thought through foundation course that focuses on financial literacy, digital literacy, mental health along with basic communication and professional skills. The program also worked on mapping LGBTQAI+ populations inherent skills /aptitude/interest areas and enrolling them in need base trainings/courses to enhance their professional skills. The program is now concentrating on placing minimum 50 participants in various dignified jobs and providing post placement support through ***Buddy System*** and ***Championship*** to ensure their retention in jobs.

Arise Digital Accessibility now christened as PwD Employment Enhancement program facilitated upskilling and employability of Person with Disabilities - PwDs. The program started working with 200disabled candidates, skilling them in basic mobility, communication and professional skills on long term basis, as well as trained them in digital life education and individual instruction designs/ life skilling requirements needed to enter into existing current job market.These two D&I programs concertedly focus on sensitisation of recipient companies/organisations and creation of support services for beneficiaries such as ***Guide by my side, Buddy System*** and ***CSR Mentorship*** to facilitate candidate's entry into the formal job and prepare employers to create a conducive environment for effective retention of the candidates into the jobs.

Besides the above-said long-term CSR programs, this year employees' volunteering was reorganized for building capacity of the targeted beneficiaries on newer and emerging technologies with a view to build bridge and connect in the academic and industry worlds. Social commitment to education and upskilling process was reaffirmed through this active, robust and sustainable ***Employee Engagement Program*** wherein more than 100 plus senior leaders/ seasoned engineers of the Company volunteered for orienting more than 2000 students and educators.

Details on all comprehensive CSR programs which were implemented in project mode is provided in the subsequent sections and it also deals with the manner in which the amount was spent during the financial year 2019-20.

2. **The composition of CSR Committee:** The composition of CSR Committee as at March 31, 2020 was as follows:

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

After the end of the financial year under review, both the independent Directors have retired, and the Company is in the process of appointing new Independent Directors. As soon as the new Directors have been appointed, the Company will re-constitute its CSR Committee.

3. **Average net profit of the Company** for last three financial years (for the purpose of computation of CSR): **INR 3,074.98 million**

4. **Prescribed CSR expenditure** (2% of the amount as in item 3 above): **INR 61.50 million**

5. **Details of CSR spent during the FY: INR 61.50 million** (including Rs. 2.77 million which was earmarked as administrative expenses)

   a. Amount to be spent for the FY 2019-20: **INR 61.50 million**
   b. Amount Unspent, if any: **Nil**
   c. Total amount spent in FY 2019-20: **INR 61.50 million**

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**Detail of CSR project/activity**	**Sector(s) covered within schedule VII**	**Projects / Programs (1) local area or other (2) specify the state and district of projects/ programs**	**Amount outlay (Budget) project or programs wise (INR In Million)**	**Amount spent on the projects or program** **Subheads (1) Direct expenditure on projects or programs (2) Overheads (INR In Million)**	**Cumulative expenditure up to the reporting period (INR In Million)**	**Amount spent: Direct or through Implementing agency**
1	**Project– 1, She Arise Off-campus Women Empowerment Program** was initiated to empower freshly pass out 200 women engineers belonging to poor socio-economic background and upskill them in advance computing and soft skills for 100 percent placement in core IT/ITes companies. The program has completed its full target except partial placement which is still going on with low pace due to effect of Covid-19 pandemic.	Promoting education, including special education and employment enhancing	Bengaluru	7.15	Direct: 7.15 Indirect: 0.34	7.49	**Implementation through Agencies** NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. One of the primary reasons for the formation of the Foundation was the commitment of NASSCOM and its member companies to promote social development through the application of ICT. NASSCOM has engaged Ethnus as training partner to work on the programs in Bengaluru region.

2	**Project– 2, Arise Trans(forming) Lives Program** is an ongoing program which this year focused on empowering LGBTQAI+ community and placing higher number of beneficiary as well as integrate a robust mental health support program. The program worked extensively on networking, mobilisation and sensitisation of Trans community for identification of potential candidates who could be upskilled for their entry in the formal job sector and thereby ensuring a significant positive difference in their life. The program worked with more than 1500 members of trans community, sensitising them, facilitating their identity documentation as well as training 150 participants building capacity in financial literacy, digital literacy, mental health along with basic communication and so on. The program also focussed on the sensitization of companies, possible employers, organization leaders and HR practitioners to support already placed LGBTQAI+ candidate for ensuring their retention in the job.	Promoting education, diversity and inclusion and special education leading to employment	Bengaluru	4.70	Direct: 4.70 Indirect: 0.22	4.92	**Implementation through Agencies:** Best Practices Foundation (BPF) as implementation partner and Solidarity Foundation (SF) as a training partner, BPF has experience of over 15 years in entrepreneurship development and in documenting a range of best practices. Solidarity Foundation is a Bengaluru based non-profit organization formed with the long-term goal of supporting sex workers and sexual/gender minorities (LGBTQIA+) to live a dignified life. SF also bridges resources, ideas and knowledge gaps believing people on both sides.
3	**Project- 3 Arise PwD Employability Enhancement Program** worked to skill / upskill 200 Person with Disability - PwDs in full time 3 months course teaching a basic foundation and need based course to prepared disabled beneficiaries ready for various jobs in sectors like retail, hospitality, customer care and tele services, project aims to place at least 140 candidates. The program has competed set targets except placement which got impacted due to sudden impacts of lockdown post Covid-19 effect, however, the team has reinstated work in this area using various technology platforms.	Promoting education, diversity and inclusion and special education leading to employment	Delhi-NCR	4.87	Direct: 4.87 Indirect: 0.23	5.10	**Implementation through Agencies:** Sarthak Educational Trust was started in year 2008, through its Early Intervention and Inclusive Education initiative Sarthak has rehabilitated children with disability. With Sarthak Skill Development Centres, the organisation has trained PwD's candidates in the sectors of Tourism & Hospitality, Organized Retail, and IT-ITes. Furthermore, Sarthak organise various job fairs to provide employment opportunity to PwD's candidates who are already skilled.
4	**Project – 4, ARISE Training of Trainers Program** worked on Master Coach Development for 200 faculty members, enrolled 200 students of one college for the 21st century skills development course to enhance their employability in core engineering job. The program also builds capacity of leadership team members of the same colleges to bring about systemic change in enrolled 5 engineering colleges of Bengaluru and Delhi-NCR. The program was running in face to face, online learning mode with lots of experiential learning inputs, assessment and on boarding of trained faculties and leaders on Trainers' Tribe; an online social platform was a significant value addition to this program which helped them to exchange knowledge with educators from other regions.	Promoting education, including special education and employment enhancing	Bengaluru and Delhi – NCR	11.24	Direct: 11.24 Indirect: 0.53	11.77	**Implementation through Agencies:** Quest Alliance is a registered public charitable trust and has earned Give India Tier 1 Certification. It is administered by a board responsible for strategy, policy, budgets and results, who ensure that the organization complies with rules and regulations. Quest works towards building a teacher's capacity makes classrooms engaging. By involving educators, civil society, industry and the government, Quest focuses to create environments conducive to self-learning, so that today's youth can find and create purpose for themselves.

5	**Project-5, ARISE On-campus Program** was designed for the comprehensive skill enhancement in the Engineering sector. Under the current year, more than 2000 students enrolled for the course, out of which 1700 plus students studying in 21 engineering colleges successfully completed 350 hours on-campus training/ wrote third party assessment for successful certification. 900 plus students already got placed in the core engineering domain on higher pay packages under the program. Efforts to place remaining students are underway amidst the lockdown period too. The program is completing 5 years' implementation, the Company along with NASSCOM Foundation decided to close this program and repurpose the unspent budget for the organic off shoot; She Arise program and invest into diversity and inclusion-based projects. A Third party impact assessment of the program is being worked out with NASSCOM Foundation.	Promoting education, including special education and employment enhancing	Karnataka, Tamil Nadu Telangana and Delhi-NCR regions	26.59	Direct: 12.59 Indirect: 0.59	13.18	**Implementation through Agencies:** NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. One of the primary reasons for the formation of the Foundation was the commitment of NASSCOM and its member companies to promote social development through the application of ICT. NASSCOM has engaged Centum foundation, EduBridge and TMI to work on the programs spread in 4 locations
6	**Project- 6, Enhancing foot prints of She Arise Off-campus Women Empowerment Program** out of the unspent budget lying with the company to empower another set of 500 freshly pass out women candidates and women Engineers who have been on sabbaticals due to various life circumstances. The program is being envisaged to continue working in upskilling through advance technical skills like Cloud Computing, Data Sciences, Clinical Investigator, E-commerce technicians, ethical hackers etc. It is again targeting 100 percent placement in the core engineering sector. Starting in this financial year, the program will be completing its target in the next academic and financial year.	Promoting education, including special education and employment enhancing	Bengaluru, Delhi-NCR and Hyderabad	0.00	Direct: 7.48 Indirect: 0.35	7.83	**Implementation through Agencies:** NASSCOM Foundation is a trust registered under the Indian Trust Act 1882. One of the primary reasons for the formation of the Foundation was the commitment of NASSCOM and its member companies to promote social development through the application of ICT. NASSCOM is engaged with Ethnus and few other training partners to work on the program in Bengaluru, Hyderabad and Delhi NCR region.
7	**Project– 7, Extension of Arise Trans(forming) Lives Program** out of the unspent budget lying with the company with a purpose to initiate this year's program with enhanced number of beneficiaries, reaching out to large geographies, enhanced number of placement and supporting LGBTQAI+ people to start their own Start-Ups. The program also integrated a dedicated mental health support program through Face to face and tele helpline number to enhance mental well-being of LGBTQAI+ people and providing in-depth counselling to their family. The program is being extended to Hyderabad, Chennai and 10 districts of Karnataka.	Promoting education, diversity and inclusion and special education leading to employment	Bengaluru, Hyderabad and Chennai	0.00	Direct: 5.94 Indirect: 0.28	6.21	**Implementation through Agencies** Best Practices Foundation as an implementation partner and Solidarity Foundation as a training partner, BPF has an experience of over 15 years in entrepreneurship development and in documenting a range of best practices. SF is a Bengaluru based non-profit organization formed with the long-term goal of supporting sex workers and sexual/gender minorities (LGBTQIA+) to live a dignified life. SF also bridges resources, ideas and knowledge gaps believing people on both sides.

8	**Project- 8 Continued supporting Arise PwD Employment Enhancement Program** out of the unspent budget lying with the company with a target of enhanced geographical and beneficiary reach and including sensitization and capacity building of IIT professionals and PwDs studying in IITs on disability to enhance employability of the students passing out from these premier institutes.	Promoting education, diversity and inclusion and special education leading to employment	Delhi-NCR, Hyderabad and all IITs	0.00	Direct: 4.45 Indirect: 0.21	4.66	**Implementation through Agencies** Sarthak Educational Trust was started in year 2008, through its Early Intervention and Inclusive Education initiative Sarthak has rehabilitated children with disability. And, with Sarthak Skill Development Centres trained PwD's candidates in the sectors of Tourism & Hospitality, Organized Retail, and IT-ITes. Furthermore, Sarthak organise various job fairs to provide employment opportunity to PwD's candidates who are already skilled.
9	Balance available if any reserved to be used as Interim support to Disaster relief related requests from the NGOs/CBOs/ others	Donation	PAN India	5.00	Direct: 0.31 Indirect: 0.02	0.33	The Prime Minister's Citizen Assistance and Relief in Emergency Situations PM CARE Fund was created on 28 March 2020, following the COVID-19 pandemic in India. The fund will be used for combating, and containment and relief efforts against the coronavirus outbreak and similar pandemic like situations in the future. This humble support was deposited to PM Care Fund for the Covid-19 Pandemic which has impacted hundreds and thousands Indian and left many lives in danger.

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

Not Applicable

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

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

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

Annexure H to the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

(For the Financial Year ended 31st March, 2020)

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

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

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

Based on my verification of Aricent Technologies (Holdings) Limited's (hereinafter called "the Company"/ "ATHL") books, papers, minute books, forms and returns filed and other records maintained by the Company to the extent possible due to lockdown announced by Government of India on account of COVID-19 pandemic and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by ATHL for the period ended on 31st March, 2020 according to the provisions of:

   I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

   II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (Not Applicable to the Company as the equity shares of the Company are not listed on any stock exchange);

   III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Not Applicable to the Company, except point (f) listed herein below, as the shares of the Company are not listed on any stock exchange)

      (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 read with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

      (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

      (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

      (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable;

      (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

      (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

      (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

   (a) Special Economic Zones Act, 2005 and the rules made thereunder;

   (b) Software Technology Parks of India Policy and Scheme and compliances thereunder.

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

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

2. I further report that:

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

b. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

d. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

I further report that during the period under review, as explained and represented by the management, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having major bearing on the Company's affairs.

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

For **Jayant Gupta and Associates**

(Jayant Gupta)
Practicing Company Secretary
FCS : 7288
CP : 9738
PR : 759/2020
UDIN : F007288B000560313

Place : Ghaziabad, UP
Date : 7th August, 2020

Annexure to Secretarial Audit Report of ATHL for financial year ended March 31, 2020

To,

The Members
Aricent Technologies (Holdings) Limited

Management Responsibility for Compliances

1. The maintenance and compliance of the provisions of Corporate and other applicable laws, rules, regulations, secretarial standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices that were followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have tried to verify the physical records, to the extent possible, for the period under review in order to verify the compliances, however, reliance was also placed on electronic records for verification due to lockdown announced by Government of India on account of COVID-19 pandemic.

For **Jayant Gupta and Associates**

(Jayant Gupta)
Practicing Company Secretary
FCS : 7288
CP : 9738
PR : 759/2020

Place : Ghaziabad, UP
Date : 7th August, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements ("the financial statements") of **ARICENT TECHNOLOGIES (HOLDINGS) LIMITED** ("the Company"), which comprise of the Standalone Balance Sheet as at 31st March, 2020, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Germany.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the Germany branch auditor on financial information of Germany branch referred to below in Other Matters paragraph below, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obatined by branch auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone INDAS Financial Statements.

Emphasis of Matter

We draw attention to Note 29 to the standalone Ind AS financial statement, which describes the extent to which the Covid-19 pandemic will impact the Company's standalone financial statement will depend on the future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

We did not audit the financial information of one branch located in Germany included in the standalone financial statements of the company whose financial information reflect total assets of Rs. 1,283 million as at 31st March 2020 and the total revenue of Rs. 2,721 million for the year ended on that date, as considered in the standalone financial statements. The financial information of this branch has been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion on the standalone IND AS financial statement and our report on Other Legal and Regulatory requirements below is not modified in respect of above matter with respect to our reliance on the work done and the reports of the branch auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept and proper returns adequate for the purposes of our audit and have been received from the branch not visited by us, so far as it appears from our examination of those books.
   (c) The report on the accounts of Germany branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
   (d) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the rule 7 of the Companies (Accounts) Rules, 2014.
   (f) On the basis of the written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the company has paid remuneration to its directors during the year 2019-20 as per the limit specified in section 197(16) of the Act.

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

i. The Company did not have any pending litigation other than those reported in note no. 30 to the financial statements, which would have impact on its financial position.;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

For T R Chadha & Co LLP
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-
Aashish Gupta
(Partner)
(Membership No. 097343)

Place : Gurugram
Date : 31 August, 2020

ANNEXURE "A"

Aricent Technologies (Holdings) Limited

Annexure to Independent Auditors' Report for the year ended 31 March 2020

(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

(i) Fixed Assets

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

(b) Company has regular programme for physical verification of all fixed assets within a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, accordingly management physically verified all its fixed assets during the previous year. No material discrepancies were noted on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on examination of the records provided to us, we report that, no immovable properties, are held in the name of the company as at balance sheet date.

(ii) Inventories

According to information and explanations given to us, the company does not have inventory hence physical verification of inventory and comment on same are not applicable to the company.

(iii) Loans given

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

(iv) Compliance of Sec. 185 & 186

According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not entered into any transaction in resect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013, therefore, paragraph 3 (iv) of the order is not applicable to the company.

(v) Public Deposit

In our opinion, according to the information and explanations given to us and on the basis of our examination of the books of accounts, During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable, hense reporting under clause (v) of the order is not applicable.

(vi) Cost Records

Having regards to the nature of Company's business/ activities, reporting under clause (vi) of the order is not applicable.

(vii) Statutory Dues

(a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employee State Insurance, Income-Tax, Goods and Services Tax and cess etc. And there are no undisputed dues payable, outstanding as on 31st March, 2020 for a period of more than six months from the date they became payable.

(b) There are no dues of Excise Duty and Value Added Taxes which have not been deposited as on March 31, 2020 on account of disputes. Details of dues of Income-Tax, Service Tax and Sales Tax which have not been deposited as on March 31, 2020 on account of dispute are given as follows:

Nature of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount Relates	Amount Involved* (Rs in Million)	Amount Unpaid* (Rs in Million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (CIT)	FY 2005-06	445.42	445.14
			FY 2008-09		
			FY 2015-16		
			FY 2016-17		
Income Tax Act, 1961	Income Tax	Income Tax Appellate tribunal	FY 2004-05	65.82	60.82
			FY 2006-07		
Income Tax Act, 1961	Income Tax	Refer Note below**	FY 2006-07	2471.33	2396.33
			FY 2008-09		
			FY 2009-10		
			FY 2010-11		
			FY 2013-14		
			FY 2014-15		

Finance Act 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	FY 2006-07 to FY 2013-14	4,348.78*** (including penalty of 2,174.39)	4,299.42****
Sales Tax Act	Sales Tax	Karnataka Appellate Tribunal	FY 2009-10	7.44	3.72

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

** Hon'ble ITAT has issued order majorily in favour of the company for the FY2006-07 to FY2014-15. The Assessing Officer is yet to give the appeal effect of the same.

***Rs. 3,032.46 Million (including penalty of Rs. 1516.23 Million) has been stayed by the Custom, Excise & Service Tax Appellate Tribunal, Bangalore.

****Demand of Rs. 1266.97 Million (including penalty of Rs. 658.16 Million) is stayed in accordance with circular no. 984/08/2014-CX as the Company has made pre deposit of 49.36 Million for FY13 and FY14.

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

Nature of Statute	Nature of Dues	From where dispute is pending	Period to which the amount Relates	Amount Involved* (Rs in Million)	Amount Unpaid* (Rs in Million)
Income Tax Act, 1961	Income Tax	Income Tax Appellate tribunal	2002-03 2003-04	36.66	34.73
		High Court	2005-06	10.13	10.13

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

(viii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans or borrowings from any financial institutions & banks therefore paragraph 3 (viii) of the order is not applicable to the company.

(ix) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) or any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the companies Act, 2013.

(xii) The company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.

(xiii) In our opinion and according to information and explanations given by the management, the company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicabe all the transactions with the related parties and details of related party transactions have been disclosed in the financial statements etc, as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable on the company.

(xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or directors of its holding or subsidiary company or persons connected with them. Therefore paragraph 3 (xv) of the order is not applicable to the company.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

For T R Chadha & Co LLP
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-
Aashish Gupta
(Partner)
(Membership No. 097343)

Place : Gurugram
Date : 31 August, 2020

ANNEXURE "B"

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED.

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 Aricent Technologies (Holdings) Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the 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 financial controls with reference to financial statements" criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obatined by branch auditor in terms of their report referred to in Other Matters paragraph below, 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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, 2020, 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 issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operative effectiveness of the internal financial controls system with reference to Financial Statements in so far as it relates to Germany Branch, is solely on the corresponding report of the auditor of such branch.

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

For T R Chadha & Co LLP
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-
Aashish Gupta
(Partner)
(Membership No. 097343)

Place : Gurugram
Date : 31 August, 2020

Standalone Balance Sheet as at 31 March 2020

(All amounts in INR million, unless otherwise stated)

		Notes	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	910	1,325
	Right of use assets	4	1,917	-
	Capital work-in-progress	3	4	11
	Goodwill		4,874	4,874
	Other intangible assets	5	130	124
	Financial assets			
	(i) Investment in subsidiaries	6	5,609	5,609
	(ii) Loans	7	321	291
	(iii) Other financial assets	8	46	41
	Deferred tax asset (net)	18	1,967	-
	Income tax asset (net)	18	199	-
	Other non-current assets	9	763	593
	Total non-current assets		**16,740**	**12,868**
	Current assets			
	Financial assets			
	(i) Investments in mutual funds	6	-	204
	(ii) Trade receivables	10	12,105	9,735
	(iii) Cash and cash equivalents	11	1,787	1,113
	(iv) Bank balances other than (iii) above	12	22	26
	(v) Loans	7	3	38
	(vi) Other financial assets	8	2,058	683
	Other current assets	9	548	724
	Total current assets		**16,523**	**12,523**
	Total assets		**33,263**	**25,391**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	13	1,312	1,312
	Other equity	14	23,635	17,209
	Total equity		**24,947**	**18,521**
	LIABILITIES			
	Non-current liabilities			
	Financial liabilities			
	(i) Borrowings	15	-	45
	(ii) Other financial liabilities	16	-	15
	Lease liabilities	4	1,348	-
	Provisions	17	2,780	1,674
	Income tax liabilities (net)	18	-	271
	Deferred tax liabilities (net)	18	-	2,047
	Other non-current liabilities	19	42	89
	Total non-current liabilities		**4,170**	**4,141**
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	15	-	15
	(ii) Trade payables	20	1,690	1,185
	(iii) Other financial liabilities	16	977	962
	Lease liabilities	4	618	-
	Provisions	17	240	178
	Other current liabilities	19	621	389
	Total current liabilities		**4,146**	**2,729**
	Total equity and liabilities		**33,263**	**25,391**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August 2020

For and on behalf of the Board of Directors

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

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

	Notes	For the year ended	
		31 March 2020	**31 March 2019**
INCOME			
Revenue from operations	21	24,544	22,764
Other income	22	865	609
Total income		**25,409**	**23,373**
EXPENSES			
Employee benefit expenses	23	15,567	14,869
Finance costs	24	193	10
Depreciation and amortisation expense	25	1,397	702
Other expenses	26	4,765	4,322
Total expenses		**21,922**	**19,903**
Profit before tax		**3,487**	**3,470**
Tax expense			
Current tax	18	114	1,250
Deferred tax	18	(3,654)	174
Income tax expense		**(3,540)**	**1,424**
Profit for the year (A)		**7,027**	**2,046**
Other comprehensive income			
Items that will be reclassified to profit or loss in subsequent years			
(Loss) / Gain on effective portion of cash flow hedges	34	(338)	108
Reclassed to income statement	34	(108)	-
Income tax effect	18	156	(38)
Items that will be reclassified to profit or loss in subsequent years (B)		**(290)**	**70**
Items that will not be reclassified to profit or loss in subsequent years			
Re-measurement (losses)/gains on defined benefit plans	27	(564)	(63)
Income tax effect	18	205	17
Net other comprehensive income that will not be reclassified to profit or loss in subsequent years (C)		**(359)**	**(46)**
Total comprehensive income for the year (A+B+C)		**6,378**	**2,070**
Earnings per equity share (of INR 10 each):			
(1) Basic (absolute value in INR)	28	54	16
(2) Diluted (absolute value in INR)	28	54	16

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August 2020

For and on behalf of the Board of Directors

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

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

	Number of shares	INR in million
Equity shares of INR 10 each issued, subscribed and fully paid		
At 31 March 2018	**13,11,96,104**	**1,312**
Change during the year	-	-
At 31 March 2019	**13,11,96,104**	**1,312**
Change during the year	-	-
At 31 March 2020	**13,11,96,104**	**1,312**

(b) Other equity

For the year ended 31 March 2020:

	Other equity					Total
	Securities premium reserve	Retained earnings	Capital redemption reserve	Cash flow hedging reserve	Deemed contribution from the parent company	
	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	
At 31 March 2019	**500**	**13,062**	**3,544**	**70**	**33**	**17,209**
Add: Transition impact of IndAS 116 Leases		48				48
Restated balance as at 1 April 2019	**500**	**13,110**	**3,544**	**70**	**33**	**17,257**
Profit for the year	-	7,027	-	-	-	7,027
Other comprehensive income	-	(359)	-	(290)	-	(649)
Total comprehensive income	**-**	**6,668**	**-**	**(290)**	**-**	**6,378**
At 31 March 2020	**500**	**19,778**	**3,544**	**(220)**	**33**	**23,635**

For the year ended 31 March 2019:

	Other equity					Total
	Securities premium reserve	Retained earnings	Capital redemption reserve	Cash flow hedging reserve	Deemed contribution from the parent company	
	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	
At 31 March 2018	**500**	**11,062**	**3,544**	**-**	**33**	**15,139**
Profit for the year	-	2,046	-	-	-	2,046
Other comprehensive income	-	(46)	-	70	-	24
Total comprehensive income	**-**	**2,000**	**-**	**70**	**-**	**2,070**
At 31 March 2019	**500**	**13,062**	**3,544**	**70**	**33**	**17,209**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August 2020

For and on behalf of the Board of Directors

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

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Standalone Statement of Cash Flow for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

		For the year ended	
		31 March 2020	31 March 2019
A	**Cash flow from operating activities**		
	Profit before tax	3,487	3,470
	Adjustments for:		
	Depreciation and amortisation expense	1,397	702
	Loss/(Gain) on sale / write-off of property, plant and equipment (net)	2	(298)
	Provision for doubtful receivables (net)	52	91
	Provision for doubtful deposits and advances	35	3
	Gain on sale of current investment (net)	(24)	(6)
	Unrealised gain on current investments (net)	-	(4)
	Liabilities/provisions no longer required written back	(118)	(48)
	Interest income	(31)	(46)
	Finance costs	193	9
	Operating cash flows before working capital changes	**4,993**	**3,873**
	Movements in working capital :		
	Increase in trade receivables	(2,304)	(264)
	(Increase)/Decrease in other assets and financial assets	(3,514)	(126)
	(Decrease)/Increase in trade payables and financial liabilities	213	(675)
	(Decrease)/Increase in other liabilities and provisions	2,695	(100)
		(2,910)	**(1,165)**
	Cash generated from operations	2,083	2,708
	Income taxes paid	(584)	(1,565)
	Net cash flow from operating activities (A)	**1,499**	**1,143**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment, including intangible assets and CWIP	(308)	(546)
	Proceeds from sale of property, plant and equipment, including intangible assets and CWIP	8	406
	Investment in subsidiary company	-	(160)
	Purchase of mutual funds	(1,700)	(1,310)
	Redemption of mutual funds	1,928	1,116
	Net cash flow used in investing activities (B)	**(72)**	**(494)**
C	**Net cash flow from financing activities:**		
	Payments of lease liabilities	(612)	-
	Payments towards finance lease obligation	-	(18)
	Interest paid	(141)	-
	Net cash flow used in in financing activities (C)	**(753)**	**(18)**
D	**Net increase in cash and cash equivalents (A + B + C)**	**674**	**631**
	Cash and cash equivalents at the beginning of the year	**1,113**	**482**
	Cash and cash equivalents at the end of the year	**1,787**	**1,113**

Standalone Statement of Cash Flow for the Year ended March 31, 2020 (Continued)

(All amounts in INR million, unless otherwise stated)

Notes to the Statement of cash flows:

		Year ended	
		31 March 2020	**31 March 2019**
(a)	**Cash and cash equivalents**		
	Components of cash and cash equivalents		
	- Bank balances	1,387	1,113
	- Deposits with original maturity of less than three months	400	-
	Balances per statement of cash flows	**1,787**	**1,113**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August 2020

For and on behalf of the Board of Directors

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

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Notes forming part of financial statements for the year ended March 31, 2020

1 CORPORATE INFORMATION

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

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is 5, Jain Mandir Marg (Annexe.), Connaught place, New Delhi – 110001. As at 31 March 2020 Aricent Holdings Mauritius Limited, the holding company owned 80.36% of the equity share capital of the Company.

These standalone financial statements (or "the financial statements") for year ended 31 March 2020 were approved by the Board of Directors on 31 August 2020.

2 BASIS OF PREPARATION OF STANDALONE FINANCIAL STATEMENTS

2.1 Basis of preparation and measurment

a) Statement of compliance

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

b) Basis of preparation and presentation

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

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

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

c) Basis of measurement

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

2.2 Use of estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.The application of accounting policies that require critical accounting estimates involving complex and subjective judgement and the use of assumptions in these financial statements have been disclosed in note number 29.

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

2.3 Current versus non-current classification

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

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

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

b) It is held primarily for the purpose of trading

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

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

All other assets are classified as non-current.

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

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

b) It is held primarily for the purpose of trading

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

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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

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

2.4 Foreign currency

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

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

Notes forming part of financial statements for the year ended March 31, 2020

the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss. When an entitiy has received or paid advance consideration in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recoginition of the related asset, expense or income, is the date when such advance consideration was received or paid.

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

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

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

2.6 Cash flow statement

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

2.7 Revenue recognition

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

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

(5) recognize revenues when a performance obligation is satisfied.

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

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

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

a. Time and materials contracts

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

b. Fixed-price development contracts

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

c. Products

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

d. Maintenance contracts

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

Notes forming part of financial statements for the year ended March 31, 2020

e. **Others**

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

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

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

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

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

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

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

2.8 Property, plant and equipment

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

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

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

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

2.9 Intangible assets

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

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

2.10 Depreciation and amortisation

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

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

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

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

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

Notes forming part of financial statements for the year ended March 31, 2020

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

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

2.11 Leases

On April 1, 2019, the Company adopted IFRS 16, Leases. Accordingly, the policy for Leases as presented in the Company's Annual Report is amended as under:

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics."

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right- of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.12 Financial instruments

Initial recognition

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

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

Subsequent measurement

a) Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

b) Derivative financial instruments

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

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

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

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

(ii) Cash flow Hedge

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

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

c) Share capital

(i) Ordinary shares

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

De-recognition of financial instruments

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

2.13 Fair value measurement

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

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

2.14 Impairment

a) Financial assets

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

Notes forming part of financial statements for the year ended March 31, 2020

b) Non-financial assets

(i) Goodwill

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

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

(ii) Intangible assets and property, plant and equipment

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

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

2.15 Employee benefits

Until the previous year ended 31 Match 2019, employee benefits in respect of provident fund, except as stated below, were a defined contribution plan. The provident fund plan is a post-employment benefit plan under which the Company pays specified monthly contributions to a separate Trust. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Additionally, under the plan described above, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the interest rate prescribed by the Government every year to be paid on the accumulated contributions. The Company measures this liability for any interest rate shortfall through actuarial valuation as a defined benefit obligation.

During the period ended 31 March 2020 and developments subsequently, certain of the private sector investment securities held by the Trust are considered to be potentially doubtful of recovery. Since the matter as to whether the Company is obligated to make good the loss is a matter of legal interpretation, the Company obtained a legal opinion from an independent legal counsel. Based on the legal opinion, the Company considers the provident fund plan as a defined benefit plan. The liability, accordingly, is now being determined actuarially.

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

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

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

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

2.16 Provisions

General

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

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

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

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

Warranty provisions

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

Site restoration obligation

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

2.17 Contingent liabilities

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

2.18 Taxes

a) Current tax

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

b) Deferred tax

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

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

c) Minimum Alternate Tax (MAT)

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

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

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

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

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

Notes forming part of financial statements for the year ended March 31, 2020

2.19 Earnings per share

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

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

2.20 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

2.21 Segment reporting

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

2.22 Material events

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

2.23 Recent accounting developments

Standards issued but not yet effective:

The Ministry of Corporate Affairs has notified the following amendments to Ind AS. The amendments are applicable from 1 April 2020 for the Company.

a. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error

Refined definition of term ‘material’. The amendment is effective for annual periods beginning on or after 1 April 2020. The Company does not expect the adoption of this amendment to have a material impact on its standalone financial statements.

b. Ind AS 103, Business Combinations

The amendment to Ind AS 103 has revised definition of a ‘business’ and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendment is effective for annual periods beginning on or after 1 April 2020. The Company does not expect the adoption of this amendment to have a material impact on its standalone financial statements.

c. Ind AS 109, Financial Instruments

Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform. The amendment is effective for annual periods beginning on or after 1 April 2020. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d. Ind AS 116, Leases

Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. The amendments are effective from annual reporting periods beginning on or after 1 April 2020. However, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019. There is no impact of this amendment on the standalone financial statments.

2.24 Reclassification

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

Notes forming part of standalone financial statements for the year ended 31 March 2020

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

(All amounts in INR million, unless otherwise stated)

	Freehold land	Building	Leasehold improvement - Owned	Leasehold improvement - Under finance lease*	Plant and equipments	Computer equipments - Owned	Computer equipments - Under finance lease**	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work-in-progress
Cost or deemed cost												
As at 1 April 2018	**9**	**74**	**969**	**152**	**333**	**2,316**	**97**	**231**	**236**	**4**	**4,421**	**14**
Additions	-	-	76	19	24	223	45	25	35	4	**451**	537
Disposals	9	74	22	122	42	68	-	17	24	-	**378**	-
Assets capitalised											-	540
As at 31 March 2019	**-**	**-**	**1,023**	**49**	**315**	**2,471**	**142**	**239**	**247**	**8**	**4,494**	**11**
Additions	-	-	27	-	7	187	-	10	30	-	**261**	282
Disposals	-	-	-	-	8	55	-	-	10	-	**73**	-
Transition impact of IndAS 116	-	-	-	49	-	-	142	-	-	-	**191**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	-	289
As at 31 March 2020	**-**	**-**	**1,050**	**-**	**314**	**2,603**	**-**	**249**	**267**	**8**	**4,491**	**4**
Accumulated depreciation												
As at 1 April 2018	**-**	**18**	**378**	**77**	**209**	**1,728**	**84**	**139**	**175**	**3**	**2,811**	**-**
Charge for the year	-	4	109	40	24	368	16	42	23	2	**628**	-
On disposals	-	22	16	87	37	68	-	17	23	-	**270**	-
As at 31 March 2019	**-**	**-**	**471**	**30**	**196**	**2,028**	**100**	**164**	**175**	**5**	**3,169**	**-**
Charge for the year	-	-	144	-	53	326	-	48	38	1	**610**	-
On disposals	-	-	-	-	7	52	-	-	9	-	**68**	-
Transition impact of IndAS 116	-	-	-	30	-	-	100	-	-	-	**130**	-
As at 31 March 2020	**-**	**-**	**615**	**-**	**242**	**2,302**	**-**	**212**	**204**	**6**	**3,581**	**-**
Carrying amount												
As at 31 March 2020	**-**	**-**	**435**	**-**	**72**	**301**	**-**	**37**	**63**	**2**	**910**	**4**
As at 31 March 2019	**-**	**-**	**552**	**19**	**119**	**443**	**42**	**75**	**72**	**3**	**1,325**	**11**

*On transition to IndAS 116, the Company has reclassified carrying values as on 1 April 2019 to Right of Use assets (refer note 4)

**On transition to IndAS 116, the Company has opted to avail the exemption for low value assets and account the payments as operating expenses in the Statement of Profit and Loss.

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR million, unless otherwise stated)

4. Leases

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of INR 2,650 million and a lease liability of INR 2,530 million. The cumulative effect of applying the standard, amounting to INR 48 million was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and low value leases involving laptops and personal computers.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Right of use asset

	Buildings	Lease hold improvements	Total
Cost			
As at 01 April 2019	**2,601**	**49**	**2,650**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2020	**2,601**	**49**	**2,650**
Amortisation			
As at 01 April 2019	**-**	**30**	**30**
Charge for the year	701	2	703
On disposals	-	-	-
As at 31 March 2020	**701**	**32**	**733**
Carrying amounts			
As at 31 March 2020	**1,900**	**17**	**1,917**

The following is the break-up of current and non-current lease liabilities as at:

	31 March 2020
Current lease liabilities	618
Non-current lease liabilities	1,348
Total	**1,966**

4. **Leases (continued)** (All amounts in INR million, unless otherwise stated)

The following is the movement in lease liabilities during the year ended:

	31 March 2020
Balance at the beginning	2,530
Additions	-
Finance cost accrued during the period	189
Payment of lease liabilities	(753)
Balance at the end	**1,966**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as at:

	31 March 2020
Less than one year	772
One to five years	1,451
More than five years	124
Balance at the end	**2,347**

Rental expense recorded for short-term and low value leases was INR 24 million during the year ended 31 March 2020.

5. Other intangible assets

	Software
Cost or deemed cost	
As at 1 April 2018	**382**
Additions	89
Disposals	33
As at 31 March 2019	**438**
Additions	88
Disposals	1
As at 31 March 2020	**525**
Amortisation	
As at 1 April 2018	**273**
Charge for the year	74
On disposals	33
As at 31 March 2019	**314**
Charge for the year	84
On disposals	3
As at 31 March 2020	**395**
Carrying amounts	
As at 31 March 2020	130
As at 31 March 2019	124

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR million, unless otherwise stated)

6. Investments

	As at	
	31 March 2020	31 March 2019
Non-current Investments		
Investment in subsidiaries-unquoted carried at cost		
Aricent Technologies Private Limited		
9,999 Equity shares (31 March 2019: 9,999 Equity shares), Par Value: INR 10 each, fully paid up	5,609	5,609
Carrying value	**5,609**	**5,609**
Current Investments		
Investments in mutual funds -quoted carried at fair value through profit and loss		
Nil (31 March 2019: 34,894.162 units) in SBI Liquid Fund Regular - Growth	-	102
Nil (31 March 2019: 369,432.968 units) in ICICI Prudential Liquid Fund Regular - Growth	-	102
Carrying value	-	204
Total	**5,609**	**5,813**
Aggregate book value of quoted investments	**-**	**200**
Aggregate market value of quoted investments (Refer note 31)	**-**	**204**
Aggregate value of unquoted investments	**5,609**	**5,609**

7. Loans

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Security deposits				
Unsecured, considered good	321	291	3	38
Unsecured, considered doubtful	15	15	66	37
Less: Provision for doubtful deposits	(15)	(15)	(66)	(37)
Total	**321**	**291**	**3**	**38**

(All amounts in INR million, unless otherwise stated)

8. Other financial assets

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Other financial assets (at amortised cost)				
Unbilled revenue	-	-	2,014	451
Earmarked balances with banks*	-	41	-	-
Deposits with banks with original maturity for more 12 months	46	-	-	-
Interest accrued on bank deposits but not due	-	-	5	2
Others	-	-	17	12
Total other financial assets (at amortised cost)	**46**	**41**	**2,036**	**465**
Derivative instruments at fair value through profit or loss				
Foreign exchange forward and option contracts	-	-	18	108
Total derivative instruments at fair value through profit or loss	**-**	**-**	**18**	**108**
Derivative instruments designated as hedging instruments at fair value through other comprehensive income				
Foreign exchange forward contracts	-	-	4	110
Total derivative instruments designated as hedging instruments at fair value through other comprehensive income	**-**	**-**	**4**	**110**
Total	**46**	**41**	**2,058**	**683**

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

Break up of financial assets carried at amortised cost

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Loans (Refer note 7)	321	291	3	38
Trade receivable (Refer note 10)	-	-	12,105	9,735
Cash and cash equivalents (Refer note 11)	-	-	1,787	1,113
Other bank balances (Refer note 12)	-	-	22	26
Other financial assets (Refer note 8)	46	41	2,036	465
Total	**367**	**332**	**15,953**	**11,377**

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

	Current as at	
	31 March 2020	31 March 2019
Foreign exchange forward and option contracts (Refer note 8)	18	108
Investments in mutual funds (Refer note 6)	-	204
Total	**18**	**312**

Break up of financial assets carried at fair value through other comprehensive income

	Current as at	
	31 March 2020	31 March 2019
Foreign exchange forward contracts (Refer note 8)	4	110
Total	**4**	**110**

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR million, unless otherwise stated)

9. Other assets

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Capital advances:				
Others	411	394	-	-
Advances (other than capital advances):				
Advance to suppliers	-	-	43	-
Advances to employee	-	-	56	62
	411	**394**	**99**	**62**
Balances with government authority	324	111	61	16
Deferred lease expense on security deposits paid*	-	60	-	27
Prepaid expenses	-	-	254	289
Unbilled revenue#	-	-	132	258
Security deposits	28	28	-	-
Others	-	-	2	72
Total	**763**	**593**	**548**	**724**

*On transition to IndAS 116 Leases, balance of deferred lease expense has been transferred to carrying value of RoU asset - Buildings (Refer note 4).

#Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestone.

10. Trade receivables

	As at	
	31 March 2020	31 March 2019
Unsecured, considered good		
Trade receivables - related parties (Refer note 33)	10,014	8,743
Trade receivables - others	2,091	992
Unsecured, considered doubtful		
Trade receivables - others	175	233
Less: Provision for doubtful debts	(175)	(233)
Total	**12,105**	**9,735**

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

Of the total trade receivables balance, 83% as at 31 March 2020 (90% as at 31 March 2019) is due from group companies. There are no external customers who represents more than 10% of the total balance of the trade receivables.

11. Cash and cash equivalents

	As at	
	31 March 2020	31 March 2019
Balances with banks:		
- Bank balances	1,387	1,113
- Deposits with original maturity of less than three months	400	-
Total	**1,787**	**1,113**

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR million, unless otherwise stated)

12. Other bank balances

	Current as at	
	31 March 2020	**31 March 2019**
Deposits with original maturity for more than 3 months but less than 12 months	22	-
Restricted deposit held as security against guarantees*	-	26
Total	**22**	**26**

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

13. Share capital

	As at	
	31 March 2020	**31 March 2019**
Authorised		
140,000,000 (31 March 2019: 140,000,000) equity shares of INR 10 each	1,400	1,400
1,500,000,000 (31 March 2019: 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	15,000	15,000
	16,400	**16,400**
Issued, subscribed and fully paid-up		
131,196,104 (31 March 2019: 131,196,104) equity shares of INR 10 each	1,312	1,312
Total	**1,312**	**1,312**

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

	As at 31 March 2020		As at 31 March 2019	
	Number	**INR in million**	**Number**	**INR in million**
Equity shares				
At the commencement of the year	13,11,96,104	1,312	13,11,96,104	1,312
At the end of the year	**13,11,96,104**	**1,312**	**13,11,96,104**	**1,312**

Rights, preferences and restrictions attached to equity shares

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

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number	**INR in million**	**Number**	**INR in million**
Equity shares of INR 10 each fully paid up held by:				
(a) Aricent Holdings Mauritius Limited, Mauritius, the holding company	10,54,29,478	1,054	10,54,29,478	1,054
(b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company	2,34,76,578	235	2,34,76,578	235

Notes forming part of financial statements for the year ended March 31, 2020

13. Share capital (continued) (All amounts in INR million, unless otherwise stated)

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

	As at 31 March 2020		As at 31 March 2019	
	Number	**% of total shares in the class**	**Number**	**% of total shares in the class**
Equity shares of INR 10 each fully paid up held by:				
(a) Aricent Holdings Mauritius Limited, Mauritius, the holding company	10,54,29,478	80.36%	10,54,29,478	80.36%
(b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company	2,34,76,578	17.89%	2,34,76,578	17.89%

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

14. Other equity

	As at	
	31 March 2020	**31 March 2019**
Capital redemption reserve		
At the commencement of the year	3,544	3,544
At the end of the year	**3,544**	**3,544**
Securities premium reserve		
At the commencement of the year	500	500
At the end of the year	**500**	**500**
Retained earnings		
At the commencement of the year	13,062	11,062
Add: Transition impact of IndAS 116 Leases	48	-
Adjusted balance at the commencement of the year	13,110	11,062
Add: Profit for the year	7,027	2,046
Less: Other comprehensive income for the year that will not be reclassified to income statement	(359)	(46)
At the end of the year	**19,778**	**13,062**
Cash flow hedge reserve		
At the commencement of the year	70	-
Changes during the year (net)	(290)	70
At the end of the year	**(220)**	**70**
Deemed contribution from the parent company		
At the commencement of the year	33	33
At the end of the year	**33**	**33**
Total	**23,635**	**17,209**

Nature of reserves:

a. **Capital redemption reserve**

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

b. **Securities premium reserve**

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

c. **Retained earnings**

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

d. **Cash flow hedge reserve**

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

Notes forming part of financial statements for the year ended March 31, 2020

14. Other equity (Continued) (All amounts in INR million, unless otherwise stated)

e. Deemed contribution from the parent company

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

15. Borrowings

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Unsecured				
Finance lease obligations	-	45	-	15
Total	**-**	**45**	**-**	**15**

16. Other financial liabilities

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Other financial liabilities at amortised cost				
Employee related liabilities	-	-	524	903
Payable towards purchase of property, plant and equipment	-	-	58	42
Security deposits	-	15	17	-
Total other financial liabilities at amortised cost	**-**	**15**	**599**	**945**
Derivative instruments at fair value through profit or loss				
Foreign exchange forward and option contracts	-	-	36	15
Total derivative instruments at fair value through profit or loss	**-**	**-**	**36**	**15**
Derivative instruments designated as hedging instruments at fair value through other comprehensive income				
Foreign exchange forward contracts	-	-	342	2
Total derivative instruments designated as hedging instruments at fair value through other comprehensive income	**-**	**-**	**342**	**2**
Total	**-**	**15**	**977**	**962**

Break up of financial liabilities carried at amortised cost

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Borrowings (Refer note 15)	-	45	-	15
Trade payables (Refer note 19)	-	-	1,690	1,185
Other financial liabilities (refer above)	-	15	599	945
Total	**-**	**60**	**2,289**	**2,145**

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

	Current as at	
	31 March 2020	**31 March 2019**
Foreign exchange forward and option contracts	15	34

Break up of financial liabilities carried at fair value through other comprehensive income

	Current as at	
	31 March 2020	**31 March 2019**
Foreign exchange forward contracts (refer above)	342	2

Notes forming part of financial statements for the year ended March 31, 2020

17. Provisions

(All amounts in INR million, unless otherwise stated)

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Provision for employee benefits				
Gratuity (Refer note 27)	1,278	1,205	91	96
Pension plan (Refer note 27)	221	215	15	15
Provident Fund Trust - defined benefit obligation (refer note 27 and 38)	577	-	-	-
Compensated absences (Refer note 27)	654	207	102	35
	2,730	**1,627**	**208**	**146**
Other provisions				
Provision for warranty	-	-	27	27
Provision for site restoration	50	47	5	5
	50	**47**	**32**	**32**
Total	**2,780**	**1,674**	**240**	**178**

Movement in provision for warranty and site restoration

	Provision for warranty	Provision for site restoration
Opening balance 1 April 2018	**23**	**60**
Provision made during the year	4	3
Provisions utilized / written back	-	(11)
Balance as at 31 March 2019	**27**	**52**
Provision made during the year	-	3
Provisions utilized / written back	-	-
Balance as at 31 March 2020	**27**	**55**

18. Income tax

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

Profit and Loss section

	Year ended	
	31 March 2020	31 March 2019
Current tax:		
Current tax charge	717	1,251
Prior year tax charge	(603)	(1)
	114	**1,250**
Deferred tax:		
Relating to reversal and origination of temporary differences	(3,654)	174
Income tax expense reported in the Statement of Profit and Loss	**(3,540)**	**1,424**

Other Comprehensive Income (OCI) section
Deferred tax related to items recognised in OCI during the year:

	Year ended	
	31 March 2020	31 March 2019
Income on net loss/(gain) on remeasurements of defined benefit plans	205	17
Income/(expense) on effective portion of cash flow hedges	156	(38)
Income tax charged to OCI	**361**	**(21)**

Notes forming part of financial statements for the year ended March 31, 2020

18. Income Tax (continued) (All amounts in INR million, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2020 and 31 March 2019:

	Year ended	
	31 March 2020	**31 March 2019**
Accounting profit before income tax	**3,487**	**3,470**
At statutory income tax rate of 34.944% (31 March 2019 : 34.944%)	1,218	1,213
Adjustments in respect of current income tax of previous years	(603)	(1)
Deferred tax adjustments as per tax return of prior years	(4,309)	18
Tax exemption u/s 10AA	(56)	(37)
Tax deduction u/s 80G	(10)	(18)
Other non-deductible expenses for tax purpose	220	249
Income tax reported in the Statement of Profit and Loss	**(3,540)**	**1,424**

Deferred tax

	As at	
	31 March 2020	**31 March 2019**
Deferred tax asset relates to the following:		
Provision for employee benefits	1,002	601
Receivables and financial assets carried at amortised cost	74	76
Property, plant and equipment	251	192
MAT credit entitlement	1,933	-
Cash flow hedge	119	-
Other non-current liabilities	29	27
Others	683	2
Total deferred tax asset (A)	**4,091**	**898**
Deferred tax liability relates to the following:		
Goodwill	1,481	2,873
Cash flow hedge	-	72
Others	643	-
Total deferred tax liabilities (B)	**2,124**	**2,945**
Deferred tax (assets)/liabilities recognised (net) (C = (B-A))	**(1,967)**	**2,047**

Income tax liabilities (net)

	Non-current as at	
	31 March 2020	**31 March 2019**
Provision for income tax [31 March 2019 net of advance tax INR 8,149 million]	-	271
Total	**-**	**271**

Income tax assets (net)

	Non-current as at	
	31 March 2020	**31 March 2019**
Current tax asset [net of provision for tax INR 8,727 million]	199	-
Total	**199**	**-**

Notes forming part of financial statements for the year ended March 31, 2020

18. Income tax (continued) (All amounts in INR million, unless otherwise stated)

The movement in deferred tax asset/(liability) has been recorded through Profit and Loss Account, except deferred tax asset related to defined benefit plans, amounting to INR 205 million created through OCI (previous year: INR 17 million) and INR 156 million deferred tax asset related to cash flow hedge reserve (previous year: deferred tax liability INR 38 million) created through OCI.

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

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

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

19. Other liabilities

	Non current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Statutory liabilities	-	-	394	302
Unearned revenue	-	-	74	12
Advances received from customers	-	-	8	-
Lease equalization reserve	-	47	-	-
Deferred rent	1	1	-	2
Other liabilities	41	41	145	73
Total	**42**	**89**	**621**	**389**

20. Trade payables

	As at	
	31 March 2020	**31 March 2019**
Trade payables		
- Due to micro and small enterprises*	-	2
- Due to related parties (Refer note 33)	1,072	547
- Others	618	636
Total	**1,690**	**1,185**

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

21. Revenue from operations

	Year ended	
	31 March 2020	**31 March 2019**
Sale of services (revenue recognized over time)	24,456	22,611
Product sale (revenue recognized point in time)	88	153
Total	**24,544**	**22,764**

21. Revenue from operations (continued) (All amounts in INR million, unless otherwise stated)

Disaggregated Revenue Information

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

Type of Contracts	Year ended	
	31 March 2020	**31 March 2019**
Fixed Price	3,162	2,808
Time and material	21,294	19,803
Product license	59	112
Maintenance	29	41
Total	**24,544**	**22,764**

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year, the Company recognized revenue of INR 6 million arising from opening unearned revenue as of beginning of the financial year (31 March 2019: INR 63 million).

During the year, INR 201 million of unbilled revenue pertaining to fixed price development contracts as of beginning of the financial year (31 March 2019: INR 188 million) has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations:

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

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2020, other than those meeting the exclusion criteria mentioned above, is INR 858 million (31 March 2019: INR 746 million). Out of this, the Company expects to recognize revenue of around 96% (31 March 2019: 96%) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Notes forming part of financial statements for the year ended March 31, 2020

22. Other income

(All amounts in INR million, unless otherwise stated)

	Year ended	
	31 March 2020	31 March 2019
Liabilities/provisions no longer required written back	118	48
SEIS benefit	144	-
Interest income (Refer note (i) below)	49	61
Reimbursements	81	22
Rent income	49	46
Gain on sale of current investment	24	6
Fair value gain on current investment	-	4
Gain on sale of property, plant and equipment (net)	3	298
Exchange gain (net)	396	111
Miscellaneous income	1	13
Total	**865**	**609**

Notes:

(i) Interest income comprises of:

	Year ended	
	31 March 2020	31 March 2019
Unwinding of discount on security deposit	31	46
Interest income on bank deposits	17	15
Interest income on income tax	1	-
Total	**49**	**61**

23. Employee benefits expense

	Year ended	
	31 March 2020	31 March 2019
Salaries and wages	14,610	13,914
Contributions to provident and other funds*	741	726
Staff welfare expenses	216	229
Total	**15,567**	**14,869**

*Contributions amounting to INR 465 million (31 March 2019: INR 468 million) made by the Company towards various defined contribution plans.

24. Finance costs

	Year ended	
	31 March 2020	31 March 2019
Interest on finance lease arrangements	-	4
Interest on lease liabilities	189	-
Interest on income tax	-	1
Unwinding of discount		
-on asset restoration obligation	2	3
Interest accretion on security deposit received	2	2
Total	**193**	**10**

Notes forming part of financial statements for the year ended March 31, 2020

25. Depreciation and amortisation expense (All amounts in INR million, unless otherwise stated)

	Year ended	
	31 March 2020	**31 March 2019**
Depreciation of property, plant and equipment (Refer note 3)	610	628
Right of use assets (Refer note 4)	703	-
Amortisation of intangible assets (Refer note 5)	84	74
Total	**1,397**	**702**

26. Other expenses

	Year ended	
	31 March 2020	**31 March 2019**
Consumption of stores and spares	7	12
Power and fuel	231	258
Rent	24	787
Repairs and maintenance		
- Building	235	239
- Plant and equipments	411	308
- Others	62	19
Insurance	13	17
Rates and taxes	46	8
Communication expenses	126	117
Travelling and conveyance	929	718
Training expenses	33	39
Recruitment expenses	63	41
Software development consultancy	1,860	953
Legal and professional charges	144	230
Housekeeping charges	173	158
Expenditure on corporate social responsibility (Refer note (i) below)	62	59
Bank charges	20	8
Auditors' remuneration (Refer note (ii) below)	6	4
Provision for doubtful receivables	52	91
Provision for doubtful deposits and advances	35	3
Provision for warranty	-	4
Miscellaneous expenses	233	249
Total	**4,765**	**4,322**

Notes forming part of financial statements for the year ended March 31, 2020

26. Other expenses (continued) (All amounts in INR million, unless otherwise stated)

(i) Details of corporate social responsibility expenditure

	Year ended	
	31 March 2020	**31 March 2019**
Amount required to be spent as per section 135 of the Companies Act, 2013	62	59
Promoting education including special education and employment enhancing vocational skills		
Project- 1, She Arise Off-campus Women Empowerment Program	15	3
Project- 2, Arise Trans(forming) Lives Program	11	3
Project- 3 Arise PwD Employability Enhancement Program	9	2
Project - 4, ARISE Training of Trainers Program	11	4
Project-5, ARISE On-campus Program	13	32
Project 6 - Aricent Employability Enhancement Programme - NPTEL, IIT Madras	-	11
Interim support to Disaster relief related requests from the NGOs/CBOs/others	-	-
Donation to - Kerala Relief fund - Prime Minister National Disaster Relief Fund	-	1
Other expenses	3	3
Total	**62**	**59**

The Company has spent budgeted amount in the respective year. There are no accruals or payable as on 31 March 2020 (31 March 2019: Nil).

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

	Year ended	
	31 March 2020	**31 March 2019**
Statutory audit fee	3	2
Tax audit fees	1	1
Other services	2	1
Total	**6**	**4**

Total payments to auditors in absolute numbers is INR 5,504,860 (March 31 2019: INR 3,467,590)

27. Employee benefits

Defined benefit obligation

(i) Provident fund

The Company makes contributions to the Aricent Employees Provident Fund Trust ("the Trust"), under the rules of this scheme, the Company is required to contribute a specified percentage of payroll costs to the fund. During the year, the Company's contribution under this scheme amounted to INR 297 million (31 March 2019: INR 272 million).

In respect of the defined benefit plan, as explained in accounting policy, the following tables set forth the movement in plan liabilities, assets, etc.

		Year ended 31 March 2020
Present value of defined benefit obligation		
Balance as at the beginning of the period		6,287
Current service cost		328
Employee Contribution		516
Interest cost on the DBO		504
Acquisitions (credit)/ cost		253
Actuarial (gain)/loss - experience		(27)
Actuarial (gain)/loss - financial assumptions		208
Benefits paid from plan assets		(811)
Balance as at the end of the period	**(A)**	**7,258**

27. Employee benefits (continued) (All amounts in INR million, unless otherwise stated)

		Year ended 31 March 2020
Fair value of plan assets		
Balance as at the beginning of the period		6,574
Acquisition adjustment		253
Interest income on plan assets		510
Contribution to Fund (Employer)		322
Employee Contribution		516
Return on plan assets greater/(lesser) than assumed		(683)
Benefits paid		(811)
Balance as at the end of the period	**(B)**	**6,681**
Amount recognized in balance sheet	**(A) - (B)**	**577**
Non-current		577
Current		-

Net cost recognized during the year ended 31 March 2020

	Year ended 31 March 2020
Amount recognized in statement of profit and loss	
Service cost	328
Net interest on net defined benefit liability / (asset)	(6)
Amount recognized in other comprehensive income	
Actuarial (gains)/ losses recognized in OCI	577
Defined Benefit Cost	**899**

The principal assumptions used in determining the defined benefit obligation are as follows:

	Year ended As at	
	31 March 2020	31 March 2019
Discount rate	6.25%	7.20%
Expected return on exempt provident fund	8.50%	8.55%
Expected return on EPFO	8.00%	8.65%

Plan Asset Category

	31 March 2020
Government of India Securities (Central and State)	59.52%
High quality corporate bonds (including Public Sector Bonds)	34.50%
Equity shares of listed companies	0.00%
Property	0.00%
Cash (including Special Deposits)	1.05%
Schemes of insurance - conventional products	0.00%
Schemes of insurance - ULIP products	0.00%
Mutual Funds	4.93%
Total	**100.00%**

Notes forming part of financial statements for the year ended March 31, 2020

27. Employee benefits (continued) (All amounts in INR million, unless otherwise stated)

(ii) Other defined benefit obligation

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

Present value of defined benefit obligation

	Gratuity plan year ended		Pension plan year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balance as at the beginning of the year	**1,360**	**1,234**	**230**	**225**
Current service cost	172	158	1	1
Interest cost	103	98	4	3
Benefits paid	(206)	(182)	(5)	(3)
Exchange loss/(gain)	-	-	16	(9)
Actuarial (gain)/loss	(5)	52	(10)	13
Balance as at the end of the year	**1,424**	**1,360**	**236**	**230**

Fair value of plan assets

	Gratuity plan year ended		Pension plan year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balance as at the beginning of the year	**59**	**28**	**-**	**-**
Expected return on plan assets	4	1	-	-
Contributions	200	210	-	-
Benefits paid	(206)	(182)	-	-
Actuarial gain/(loss)	(2)	2	-	-
Balance as at the end of the year	**55**	**59**	**-**	**-**

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

	Gratuity plan as at		Pension plan as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Fair value of plan assets as at the end of the year*	55	59	-	-
Present value of defined benefit obligations as at end of the year	1,424	1,360	236	230
Liability recognised in the Balance Sheet as at the end of the year	**1,369**	**1,301**	**236**	**230**
Non-current	**1,278**	**1,205**	**221**	**215**
Current	**91**	**96**	**15**	**15**

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

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

	Gratuity plan year ended		Pension plan year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current service cost	172	158	1	1
Interest cost	103	98	4	3
Expected return on plan assets	(4)	(1)	-	-
Net actuarial loss/(gain)	(3)	50	(10)	13
Total	**268**	**305**	**(5)**	**17**

Notes forming part of financial statements for the year ended March 31, 2020

27. Employee benefits (continued) (All amounts in INR million, unless otherwise stated)

Amount recognised in the Statement of Profit and Loss:

	Gratuity plan year ended		Pension plan year ended	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Current service cost	172	158	1	1
Net interest expense	99	97	4	3
Total	**271**	**255**	**5**	**4**

Amount recognised in Other Comprehensive Income:

	Gratuity plan year ended		Pension plan year ended	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Actuarial loss/(gain) on obligations	(5)	52	(10)	13
Return on plan assets (excluding amounts included in net interest expense)	2	(2)	-	-
Total	**(3)**	**50**	**(10)**	**13**

Actuarial assumptions

	Gratuity plan as at		Pension plan as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Discounting rate	6.25%	7.20%	1.30%	1.00%
Future salary increase	8.00%	8.00%	2.25%	2.50%

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

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

	Gratuity plan as at	
	31 March 2020	**31 March 2019**
Within the next 12 months (next annual reporting period)	158	169
Between 2 and 5 years	764	787
Between 6 and 10 years	1,143	1,102
Total	**2,065**	**2,058**

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

	Discount rate as at		Salary escalation rate as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Effect on DBO due to 0.25% increase	(27)	(24)	28	25
Effect on DBO due to 0.25% decrease	28	25	(27)	(24)

Notes forming part of financial statements for the year ended March 31, 2020

28. Earnings per share (EPS) (All amounts in INR million, unless otherwise stated)

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

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

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

	Year ended	
	31 March 2020	**31 March 2019**
Profit attributable to equity holders for basic earnings	7,027	2,046
Weighted average number of equity shares for basic EPS (in million)	131	131
Basic EPS (absolute value in INR)	54	16
Diluted EPS (absolute value in INR)	54	16

29. Significant accounting judgements, estimates and assumptions

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

Judgements

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

(a) Determination of functional currency

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

Estimates and assumptions

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

(a) Impairment of non-financial assets

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

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

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

(b) Fair value measurement of financial instruments

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

Notes forming part of financial statements for the year ended March 31, 2020

29. Significant accounting judgements, estimates and assumptions (continued) (All amounts in INR million, unless otherwise stated)

(c) Income taxes

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

(d) Deferred Taxes

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

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

The present value of the provident fund, gratuity, pension and leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Further details about gratuity and pension obligations are given in Note 27.

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

30. Commitments and contingencies

a. **Capital commitments:** The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to INR 23 million (31 March 2019 INR 24 million).

b. **Other commitments:** The Company has other commitments for purchase/sale orders which are issued after considering requirements in accordance with the operating cycle, for purchase/sale of goods and services and for employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts which might have a material impact on the financial statements.

c. **Claims disputed by the Company:**

	As at	
	31 March 2020	**31 March 2019**
Income tax matters [gross of INR 82 million (31 March 2019: INR 82 million) paid under protest]	3,698	3,753
Other claims		
Sales tax matters [gross of INR 4 million (31 March 2019: INR 4 million) paid under protest]	7	7

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

Notes forming part of financial statements for the year ended March 31, 2020

30. Commitments and contingencies (continued) (All amounts in INR million, unless otherwise stated)

d. Bangalore campus matters

The Company in 2003 had executed an Agreement with a landowner and a developer ("Developer"), for the development, lease and purchase of land facility ("Property") at Bangalore. Under said Agreement, the Company had an option to purchase the Property, after completion of two years of lease term. The Company took possession of the Property, but formal lease deed was not executed between the parties. In 2005, the Developer filed a suit to evict the Company and to recover arrears of rent and damages (2005 Suit). In 2007, the Company filed suit for specific performance for acquisition of property (2007 Suit) as per terms of the original Agreement. In 2010, the Developer filed another eviction suit and claimed damages (2010 Suit) related to portion of property acquired by it from landowner in 2010. All these suits were consolidated by the City Civil Court, Bangalore and underwent trial for many years of protracted litigation and were adjudicated against Company on each of the 2005, 2007 and 2010 suits vide Orders dated April 13, 2016. In these rulings, the City Civil Court held that the Company was not entitled to specific performance of the purchase option in the Agreement and also ordered to pay arrears of rent and damages and to vacate the Property.

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

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

e. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of India demanding service tax on reimbursements made by the Company to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for Company's employees traveling abroad from fiscal year 2007 through 2010. Additionally, in the above notices the service tax authorities have included all amounts incurred in the foreign currency by Company, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, the Company has received similar notices covering the period April 2010 to June 2017. The total tax for such years stands at INR 2,548 million. This amount does not include interest which is approximately INR 4,023 million upto 31st March 2020.

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

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

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

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

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR million, unless otherwise stated)

31. Fair values

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

	Carrying amount as at	
	31 March 2020	**31 March 2019**
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Loans	324	329
Trade receivables	12,105	9,735
Cash and cash equivalents	1,787	1,113
Other bank balances	22	26
Other financial assets	2,082	506
Financial assets measured at fair value through Profit and Loss		
Investments in mutual funds	-	204
Foreign exchange forward and option contracts	18	108
Financial assets - derivatives designated as hedging instruments		
Foreign exchange forward contracts	4	110
Total	**16,342**	**12,131**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Borrowings	-	60
Trade payables	1,690	1,185
Other financial liabilities	599	960
Financial liabilities measured at fair value through profit or loss		
Foreign exchange forward and option contracts	36	15
Financial liabilities - derivatives designated as hedging instruments		
Foreign exchange forward contracts	342	2
Total	**2,667**	**2,222**

Fair value hierarchy

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

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

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

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

Notes forming part of financial statements for the year ended March 31, 2020

31. Fair values (continued) (All amounts in INR million, unless otherwise stated)

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

	Level 1	Level 2	Level 3
As at 31 March 2020			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	22	-
Investments in mutual funds	-	-	-
Financial liabilities at fair value			
Foreign exchange forward and option contracts	-	378	
As at 31 March 2019			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	218	-
Investments in mutual funds	204	-	-
Financial liabilities at fair value			
Foreign exchange forward and option contracts	-	17	-

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

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

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

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

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

32. Segment information

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

As the Company also exports its products and services, the secondary segment for the Company is based on the location of its customers.

Information on the geographic segments is as follows:

Location	Year ended	
	31 March 2020	31 March 2019
Domestic	5,240	4,726
Americas	1,002	743
Europe	8,283	2,631
Mauritius	9,640	14,357
Rest of the world	379	307
Total	**24,544**	**22,764**

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

Notes forming part of financial statements for the year ended March 31, 2020

33. Related party transactions (All amounts in INR million, unless otherwise stated)

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

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

S.No.	Nature of relationship	Name of the party
a.	Holding company	Aricent Holdings Mauritius Limited
b.	Enterprise having substantial interest in the Company	Altran Technologies S.A.
		Aricent Technologies
c.	Subsidiary companies (Wholly owned)	Aricent Technologies Private Limited [w.e.f. 8 August 2018]
d.	Subsidiary companies (Direct holding)	Aricent Mauritius Engineering Services PCC [upto 7 August 2018]
e.	Subsidiary companies (Indirect holding)	Aricent Technologies Private Limited [upto 7 August 2018]
		Aricent N.A. Inc. [upto 7 August 2018]
		SmartPlay Technologies (Singapore) Pte Limited [upto 7 August 2018]
		SmartPlay Technologies (Canada) Limited [upto 7 August 2018]
f.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company (with whom the Company has transactions)	Aricent Holdings Mauritius India Limited
		Octavia Holdco
		Altran ACT, France
		Altran UK
		Altran Sverige
		Lohika Systems Inc
		Aricent Technologies Mauritius Ltd.
		Altran Technologies Australia Pvt Ltd (formerely known as Aricent Technologies Australia Pvt Ltd)
		Aricent US Inc.
		Aricent Mauritius Engineering Services PCC [w.e.f. 8 August 2018]
		Aricent N.A. Inc. [w.e.f. 8 August 2018]
		SmartPlay Technologies (Singapore) Pte Limited [w.e.f. 8 August 2018]
		SmartPlay Technologies (Canada) Limited [w.e.f. 8 August 2018]
		Altran Deutschland S.A.S & Co. KG
		Altran Technologies India Pvt. Ltd
		Altran US Corp
		Aricent Technologies Malaysia SDN BHD
		frog Design BV
		frog Design Group Uk Ltd
		frog Design Srl
		Aricent Technologies UK Limited
		Aricent Technologies US Inc.
		frog Design, Inc.
		Altran Software US Inc. (formerely known as Aricent Software US Inc.)
		Aricent Holdings Luxembourg S.a.r.l.
		Aricent Technologies Sweden AB
		Aricent Vietnam Company Ltd.
		Aricent Poland Sps Z.O.O
		frog Industrial Design (Shanghai) Company Limited

Notes forming part of financial statements for the year ended March 31, 2020

33. Related party transactions (continued) (All amounts in INR million, unless otherwise stated)

S.No.	Nature of relationship	Name of the party
		frog Design Europe GmbH
		Aricent Belgium SPRL
		Aricent Technology (Shenzhen) Co Limited
		Aricent Japan Limited
		Altran Israel Ltd. (Formerely known as Aricent Israel Ltd.)
		Aricent Ireland Private Ltd.
		Aricent Spain S.L.U., Spain
g.	Key management personnel of the Company	**Whole time directors:**
		Ashwani Lal
		Krishna Chandra Reddy (w.e.f. 14 August 2018)
		Gajendra Singh Chowhan
		(resigned from the board effectively from 6 July 2018)
		Independent directors:
		Vinay Mittal (retired w.e.f. April 10, 2020)
		Nipun Gupta (retired w.e.f. June 22, 2020)
		Directors:
		Lydia Gayle Brown (w.e.f. 14 August 2018)
		Others:
		Mr. Parveen Jain (Company Secretary)
		Jitendra Grover (Chief Financial Officer)
h.	Trusts set-up by the Company	Aricent Employees Provident Fund Trust
		Aricent Technologies Gratuity Trust
		Aricent Technologies Superannuation Trust

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

		For the year ended 31 March 2020	For the year ended 31 March 2019
a.	Subsidiary companies		
	Transactions during the year		
	Revenue from operations	313	336
	Expenses (software development consultancy)	210	245
	Expenses incurred by the Company on behalf of related parties	11	8
	Purchase of investments	-	160
	Balance outstanding at the year end		
	Trade payables	150	216
	Trade receivables	83	12
b.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company		
	Transactions during the year		
	Revenue from operations	17,432	16,710
	Expenses (software development consultancy)	1,443	333
	Expenses incurred by related parties on behalf of the Company	40	65

Notes forming part of financial statements for the year ended March 31, 2020

33. Related party transactions (continued) (All amounts in INR million, unless otherwise stated)

		For the year ended 31 March 2020	For the year ended 31 March 2019
	Expenses incurred by the Company on behalf of related parties	484	396
	Purchase of fixed assets by the Company on behalf of related parties	-	41
	Balance outstanding as at the year end		
	Trade payables	884	296
	Trade receivables	9,931	8,731
	Other financial assets (unbilled revenue)	1,605	-
c.	Enterprise having substantial interest in the Company		
	Transactions during the year		
	Revenue from operations	15	2
	Other income	41	
	Expense incurred by related parties on behalf of the Company	-	2
	Expenses incurred by the Company on behalf of related parties	-	5
	Balance outstanding as at the year end		
	Trade payables	38	35
d.	Trusts set-up by the Company		
	Transactions during the year		
	Contributions made during the year	971	690
	Balance outstanding as at the year end		
	Contributions payable at the year end	67	60
e.	Key management personnel		
	Compensation during the year		
	Short-term employee benefits	54	30
	Post-employment gratuity and medical benefits	5	2
	Other long-term benefits	38	11
	Commission	3	2
	Fee for attending board committee meetings	-	-
	Balance outstanding as at the year end		
	Commission payable	3	2
	Employee related liabilities	-	1

34. Derivatives

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

During the year ended 31 March 2019 the Company started designating certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecast sale transactions. The underlying hedged transactions for balance in cash flow hedge reserve as at 31 March 2020 are excpected to occur and reclassified to the statement of profit and loss within 12 months.

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

Notes forming part of financial statements for the year ended March 31, 2020

34. Derivatives (continued) (All amounts in INR million, unless otherwise stated)

The total gross notional amount by type of derivative financial instruments as at 31 March 2020 and 2019 are as follows:

		Forward Contracts Outstanding position			
		Notional Coverage		US Dollars	
Year	**Currency**	**2020**	**2019**	**2020**	**2019**
US Dollar ("USD") (contracts to sell USD/buy INR)					
- designated as hedge instruments	INR	7,535	6,045	103	83
- not designated as hedge instruments	INR	7,761	7,663	103	111
	Total	**15,296**	**13,708**	**206**	**194**

		Option Contracts Outstanding position			
		Notional Coverage		US Dollars	
Year	**Currency**	**2020**	**2019**	**2020**	**2019**
US Dollar ("USD") (Contract to sell USD/buy INR)					
- not designated as hedge instruments	INR	-	421	-	6
	Total	**-**	**421**	**-**	**6**

The movement in cash flow hedge reserve is as follows:

	31 March 2020	31 March 2019
Balance at the beginning of the year	**(70)**	**-**
Change in the fair value of effective portion of cash flow hedges - (loss)/gain	(338)	(92)
Deferred tax on fair value of effective portion of cash flow hedges	118	32
Gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions	108	(16)
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(38)	6
Balance at the end of the year	**(220)**	**(70)**

Net foreign exchange gains include gain of INR 108 million and loss of INR 16 transferred from cash flow hedging reserve for the years ended 31 March 2020 and 2019, respectively.

Net loss on derivative instruments of INR 338 million recognised in cash flow hedging reserve as at 31 March 2020, is expected to be transferred to the Statement of Profit and Loss by 31 March 2021. The maximum period over which the exposure to cash flow variability has been hedged is through 31 March 2021.

35. Financial risk management objectives and policies

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

The Company has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely. The Company has taken all necessary actions to mitigate the risks identified basis the information and situation present.

(a) Market risk

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

(i) Foreign currency exchange rate risk

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

Notes forming part of financial statements for the year ended March 31, 2020

35. Financial risk management objectives and policies (continued) (All amounts in INR million, unless otherwise stated)

The following table analyses foreign currency risk from financial instruments as of 31 March 2020:

	U.S. Dollars	Other currencies	Total
Total financial assets	12,736	766	13,503
Total financial liabilities	1,080	236	1,316

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

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

The Company is mainly exposed to changes in U.S. Dollars. 5% appreciation / depreciation of U.S. Dollars with respect to INR would result in decrease / increase in the Company's profit by approximately INR 583 million and INR 423 million for the year ended 31 March 2020 and 31 March 2019 respectively.

(ii) Price risk

There is no major price risk.

(iii) Interest rate risk

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

(b) Credit risk

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

Trade receivables

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

Additionally, considering the COVID 19 situation, the Company has also assessed the performance and recoverability of trade receivables.

Other financial assets

The Company maintains exposure in cash and cash equivalents and derivative instrument with financial institutions. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. The Company's maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is the carrying value of each class of financial assets.

(c) Liquidity risk

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

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2020 and 31 March 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

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

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

	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2020					
Finance lease obligations	-	-	-	-	-
Trade payables	1,690	1,690	1,690	-	-
Other financial liabilities	977	978	978	-	-
Total	**2,667**	**2,668**	**2,668**	**-**	**-**

Notes forming part of financial statements for the year ended March 31, 2020

35. Financial risk management objectives and policies (continued) (All amounts in INR million, unless otherwise stated)

	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2019					
Finance lease obligations	60	70	19	51	-
Trade payables	1,185	1,185	1,185	-	-
Other financial liabilities	977	980	962	18	-
Total	**2,222**	**2,235**	**2,166**	**69**	**-**

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

36. Capital management

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

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

As of 31 March 2020, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

37. Impairment

Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2020 (31 March 2019: Nil).

Investment in subsidiaries is tested for impairment and no impairment charges were identified for the year ended 31 March 2020 (31 March 2019: Nil).

38. The Company has established a separate Provident Fund Trust ("the Trust") to manage the provident fund of its employees. The Trust had made long term investments in secured and unsecured debentures of Infrastructure Leasing and Financial Services and its subsidiaries ("IL&FS") when the credit rating of these securities was "AAA". Total investment in these debentures, excluding interest thereon, outstanding in the books of Trust as of 31 March 2020 amounted to INR 643 million. Due to default in repayment of dues by IL&FS to its lenders, various credit rating agencies have subsequently downgraded the credit rating of these securities. The Government of India and the National Company Law Tribunal has taken cognizance of this matter. Based on a legal opinion, the liability on account of contribution to the provident fund has been determined actuarially amounting to INR 577 million and has been recognized in these financial statements. The Company along with the Trust, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.

39. Rounding off

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

Note	Description	31 March 2020	31 March 2019
24	**Corporate Social Responsibility**		
	Interim support to Disaster relief related requests from the NGOs/CBOs/others	0.31	*
33	**Related party transactions**		
	Fee for attending board committee meetings	0.29	0.12

*no impact of rounding in 31 March 2019.

40. Reclassification

Nature of re-classification	Amount as per Audited FS FY 2018-19	Amount of adjustment	Reclassified amount after adjustment	Reason for reclassification
Transfer of amount from Miscallanous expenses to Housekeeping charges	407	158	249	New expense head added during the year for better presentation of expenses

41. The financial statements were approved for issue by the Board of Directors on 31 August 2020.

For and on behalf of the Board of Directors

Sd/- **Krishna Chandra Reddy** *Whole Time Director* *DIN – 07573071*	Sd/- **Ashwani Lal** *Whole Time Director* *DIN – 06985241*
Sd/- **Parveen Jain** *Company Secretary*	Sd/- **Jitendra Grover** *Chief Financial Officer*

Place : Gurugram
Date : 31 August 2020

INDEPENDENT AUDITOR 'S REPORT

To the Members of ARICENT TECHNOLOGIES (HOLDINGS) LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements ("the financial statements") of **ARICENT TECHNOLOGIES (HOLDINGS) LIMITED ("the Company")** and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise of the Consolidated Balance Sheet as at 31st March, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Germany.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the Germany branch auditor on financial information of Germany branch referred to below in Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 30 to the consolidated Ind AS financial statements, which describes the extent to which the Covid-19 pandemic will impact the Company's consolidated financial statements will depend on the future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance, Consolidated Total Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India . The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Other Matters

We did not audit the financial information of one branch located in Germany included in the Standalone IND AS financial statements of the Parent Company included in the Group whose financial information reflect total assets of Rs. 1,283 million as at 31st March 2020 and the total revenue of Rs. 2,721 million for the year ended on that date, as considered in the standalone financial statements of the Parent included in the Group. The financial information of this branch has been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditors.

Our opinion on the consolidated IND AS financial statements above, and our report on Other Legal and Regulatory requirements below is not modified in respect of above matter with respect to our reliance on the work done and the reports of the branch auditor and the financial information/ financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on consideration of the report of the Germany branch auditor, referred to in the Other Matters paragraph above, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

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

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

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(e) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.

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

i. The Group did not have any pending litigation other than those reported in note no. 33 to the consolidated financial statements, which would impact its consolidated financial position;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

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

For T R Chadha & Co LLP
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-
Aashish Gupta
(Partner)
(Membership No. 097343)

Place : Gurugram
Date : 31 August 2020

ANNEXURE "A"

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED.

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 **Aricent Technologies (Holdings) Limited** ("the Company") and its subsidiary company, which is a company incorporated in India, as of 31 March, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary company, which is a company incorporated in India are responsible for establishing and maintaining internal financial controls based on, "the internal financial controls 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 issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company and its subsidiary company, which is a company incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 to the best of our information and according to the explanations given to us and based on the consideration of the report of branch auditor referred to in the Other Matters paragraph below, the Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at 31 March, 2020, 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 issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Germany branch, is based solely on the corresponding report of the auditor of such branch. Our opinion is not modified in respect of the above matter.

For T R Chadha & Co LLP
Chartered Accountants
(Firm's Registration No. 006711N/N500028)

Sd/-
Aashish Gupta
(Partner)
(Membership No. 097343)

Place : Gurugram
Date : 31 August, 2020

Consolidated Balance Sheet as at 31 March 2020

(All amounts in INR million, unless otherwise stated)

		Notes	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	915	1,333
	Right of use assets	4	1,917	-
	Capital work-in-progress	3	4	11
	Goodwill	5	7,803	7,803
	Other intangible assets	5	579	717
	Financial assets			
	(i) Loans	6	322	292
	(ii) Other financial assets	7	46	41
	Income tax assets (net)	18	321	129
	Deferred tax assets (net)	18	1,864	40
	Other non-current assets	8	763	593
	Total non-current assets		**14,534**	**10,959**
	Current assets			
	Financial assets			
	(i) Trade receivables	9	12,323	10,187
	(ii) Cash and cash equivalents	10	2,289	1,186
	(iii) Bank balances other than (ii) above	11	22	27
	(iv) Loans	6	4	39
	(v) Investments in mutual funds	12	-	204
	(vi) Other financial assets	7	2,136	714
	Other current assets	8	564	735
	Total current assets		**17,338**	**13,092**
	Total assets		**31,872**	**24,051**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	13	1,312	1,312
	Other equity	14	22,222	15,722
	Total equity attributable to equity holders of the Company		**23,534**	**17,034**
	Non-controlling interests		-	-
	Total equity		**23,534**	**17,034**
	LIABILITIES			
	Non-current liabilities			
	Financial liabilities			
	(i) Borrowings	15	-	45
	(ii) Other financial liabilities	16	-	15
	Lease Liabilities	4	1,348	-
	Provisions	17	2,887	1,764
	Income tax liabilities (net)	18	-	271
	Deferred tax liabilities (net)	18	-	2,255
	Other non-current liabilities	19	42	89
	Total non-current liabilities		**4,277**	**4,439**
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	15	-	15
	(ii) Trade payables	20	1,564	984
	(iii) Other financial liabilities	16	990	980
	Lease liabilities	4	618	
	Provisions	17	255	191
	Other current liabilities	19	634	408
	Total current liabilities		**4,061**	**2,578**
	Total equity and liabilities		**31,872**	**24,051**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August, 2020

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Krishna Chandra Reddy
Director
DIN – 07573071

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

	Notes	For the year ended	
		31 March 2020	31 March 2019
INCOME			
Revenue from operations	21	25,110	23,994
Other income	22	901	650
Total income		**26,011**	**24,644**
EXPENSES			
Employee benefit expenses	23	16,211	15,970
Finance costs	24	193	10
Depreciation and amortisation expense	25	1,544	896
Other expenses	26	4,593	4,190
Total expenses		**22,541**	**21,066**
Profit before tax		**3,470**	**3,578**
Current tax	18	96	1,337
Deferred tax	18	(3,722)	107
Income tax expense		**(3,626)**	**1,444**
Profit for the year		**7,096**	**2,134**
Other comprehensive income			
A. Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-	61
Effective portion of cash flow hedges	31	(338)	108
Reclassed to income statement	31	(108)	-
Income tax effect	18	156	(38)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		**(290)**	**131**
B. Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement (losses) on defined benefit plans	32	(556)	(68)
Income tax effect	18	202	19
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(354)**	**(49)**
Other comprehensive income for the year (A+B)		**(644)**	**82**
Total comprehensive income for the year		**6,452**	**2,216**
Profit for the year attributable to:		**7,096**	**2,134**
Equity shareholders of the Company		7,096	2,080
Non-controlling interest		-	54
Total comprehensive income for the year, net of tax attributable to:		**6,452**	**2,216**
Equity shareholders of the Company		6,452	2,132
Non-controlling interest		-	84
Earnings per equity share:			
(1) Basic (absolute value in INR)	27	54	16
(2) Diluted (absolute value in INR)	27	54	16

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August, 2020

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Krishna Chandra Reddy
Director
DIN – 07573071

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

	Number of shares	INR in million
Equity shares of INR 10 each issued, subscribed and fully paid		
At 1 April 2018	**13,11,96,104**	**1,312**
Change during the year	-	-
At 31 March 2019	**13,11,96,104**	**1,312**
Change during the year	-	-
At 31 March 2020	**13,11,96,104**	**1,312**

(b) Other equity

For the year ended 31 March 2020:

	Attributable to the equity holders							Total	Non-controlling interests
	Other equity				Items of OCI				
	Securities premium reserve	Retained earnings	Capital redemption reserve	Capital reserve	Deemed contribution from parent company	Cash flow hedging reserve	Foreign currency translation reserve		
	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)		
As at 1 April 2019	**500**	**13,313**	**3,544**	**(1,738)**	**33**	**70**	**-**	**15,722**	**-**
Add: Transition impact of IndAS 116 Leases		48						48	-
Restated balance as at 1 April 2019	**500**	**13,361**	**3,544**	**(1,738)**	**33**	**70**	**-**	**15,770**	**-**
Profit for the year	-	7,096	-	-	-	-	-	7,096	-
Other comprehensive income	-	(354)	-	-	-	(290)	-	(644)	-
Total	**-**	**6,742**	**-**	**-**	**-**	**(290)**	**-**	**6,452**	**-**
At 31 March 2020	500	20,103	3,544	(1,738)	33	(220)	-	22,222	-

For the year ended 31 March 2019:

	Attributable to the equity holders							Total	Non-controlling interests
	Other equity				Items of OCI				
	Securities premium reserve	Retained earnings	Capital redemption reserve	Capital reserve	Deemed contribution from parent company	Cash flow hedging reserve	Foreign currency translation reserve		
	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)		
As at 1 April 2018	**500**	**11,282**	**3,544**	**-**	**33**	**-**	**11**	**15,370**	**1,174**
Profit for the year	-	2,080	-	-	-	-	-	2,080	54
Other comprehensive income	-	(49)	-	-	-	70	-	21	-
Effects of exchange changes during the year	-	-	-	-	-	-	61	61	-
Total	**-**	**2,031**	**-**	**-**	**-**	**70**	**61**	**2,162**	**54**
Transferred to non-controlling interests	-	-	-	-	-	-	(30)	(30)	30
Swap transaction (refer note 28)	-	-	-	(3,038)	-	-	-	(3,038)	-
Transfer to capital reserve	-	-	-	1,300	-	-	(42)	1,258	(1,258)
At 31 March 2019	**500**	**13,313**	**3,544**	**(1,738)**	**33**	**70**	**-**	**15,722**	**-**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August, 2020

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Krishna Chandra Reddy
Director
DIN – 07573071

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

		For the year ended	
		31 March 2020	31 March 2019
A	**Cash flow from operating activities**		
	Profit before income tax	3,470	3,578
	Adjustment to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	1,544	896
	Loss/(gain) on sale of property, plant and equipment (net)	1	(299)
	Provision for doubtful receivables	52	91
	Provision for doubtful deposits and advances	35	3
	Gain on sale of current investment (net)	(24)	(6)
	Unrealised gain on current investments (net)	-	(4)
	Liabilities/provisions no longer required written back	(119)	(50)
	Effects of exchange changes on translation of assets and liabilities	-	61
	Interest income (including fair value change in financial instruments)	(31)	(68)
	Finance costs (including fair value change in financial instruments)	193	9
	Operating cash flows before working capital changes	**5,121**	**4,211**
	Movements in working capital :		
	Increase in trade receivables	**(2,070)**	**(608)**
	Increase in other assets and financial assets	(3,422)	(225)
	Increase/(Decrease) in trade payable and financial liabilities	355	(674)
	Increase/(Decrease) in other liabilities and provisions	2,502	(44)
		(2,635)	**(1,551)**
	Cash generated from operations	2,486	2,660
	Income taxes paid	(559)	(1,496)
	Net cash flow from operating activities (A)	**1,927**	**1,164**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including intangible assets and CWIP	(307)	(547)
	Proceeds from sale of property, plant and equipment including intangible assets	8	406
	Investment in subsidiary company, net of cash settled	**-**	(249)
	Purchase of mutual funds	(1,700)	(1,310)
	Redemption of mutual funds	1,928	1,116
	Interest received on loan to related parties	-	22
	Net cash flow used in investing activities (B)	**(71)**	**(562)**
C	**Net cash flow from financing activities:**		
	Payments of lease liabilities	(612)	-
	Payments towards finance lease obligation	-	(18)
	Interest paid	(141)	-
	Net cash flow used in financing activities (C)	**(753)**	**(18)**
D	**Net increase/(decrease) in cash and cash equivalents (A + B + C)**	**1,103**	**584**
	Cash and cash equivalents at the beginning of the year	1,186	602
	Cash and cash equivalents at the end of the year	2,289	1,186

(continued)

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
Notes to the Statement of cash flows:		
(a) Cash and cash equivalents		
Components of cash and cash equivalents		
- Bank balances	1,579	1,186
- Deposits with original maturity of less than three months	710	-
Balances with banks		
Balances per statement of cash flows	**2,289**	**1,186**

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

In terms of our report attached

For T R Chadha & Co LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Sd/-
Aashish Gupta
Partner
Membership No. 097343

Place : Gurugram
Date : 31 August, 2020

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Krishna Chandra Reddy
Director
DIN – 07573071

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

1 CORPORATE INFORMATION

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

The consolidated financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 31 August 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

a) Statement of compliance

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

b) Basis of preparation and presentation

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

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

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

c) Basis of measurement

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

d) Principles of consolidation

The consolidated financial statements have been prepared in accordance with the principles and procedures prescribed for the preparation and presentation of such financial statements.

The consolidated financial statements have been prepared on following basis:

(i) The financial statements of each company in the Group has been combined on a line-by-line basis by adding the book values of all items of assets, liabilities, incomes and expenses after eliminating inter-company balances/ transactions and unrealised profits in full.

(ii) The difference between the cost to the Company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill.

(iii) The consolidated financial statements are prepared by using uniform accounting policies for similar significant transactions and other events in similar circumstances. The financial statements of the subsidiaries are adjusted for the accounting principles and policies followed by the Group.

(iv) Non-controlling interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders. Non-controlling interest in the net assets of consolidated subsidiaries consist of:

- The amount of equity attributable to non-controlling interest holders at the date on which investment in a subsidiary is made; and
- The minority share of movements in equity since the date parent subsidiary relationship came into existence.

(v) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by each company in the Group for its separate financial statements.

2.2 Use of estimates

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

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

2.3 Current versus non-current classification

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

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

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

b) It is held primarily for the purpose of trading

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

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

All other assets are classified as non-current.

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

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

b) It is held primarily for the purpose of trading

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

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

The Group classifies all other liabilities as non-current.

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

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

2.4 Business combinations and goodwill

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

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

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

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

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

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

2.5 Foreign currency

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

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

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

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

2.7 Cash flow statement

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

2.8 Revenue recognition

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

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

(5) recognize revenues when a performance obligation is satisfied.

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

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

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

a. Time and materials contracts

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

b. Fixed-price development contracts

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

c. Products

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

d. Maintenance contracts

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

e. Others

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

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

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

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

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

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

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

2.9 Property, plant and equipment

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

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

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

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

2.10 Intangible assets

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

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

2.11 Depreciation and amortisation

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

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

Category of property, plant and equipment

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

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

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

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

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

2.12 Leases

On April 1, 2019, the Group adopted IND AS 116, Leases. Accordingly, the policy for Leases as presented in the Group's Annual Report is amended as under:

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right- of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.13 Financial instruments

Initial recognition

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

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

Subsequent measurement

a) Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

b) Derivative financial instruments

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

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

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

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

(ii) Cash flow Hedge

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

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

c) Share capital

(i) Ordinary shares

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

De-recognition of financial instruments

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

2.14 Fair value measurement

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

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

2.15 Impairment

a) Financial assets

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

b) Non-financial assets

(i) Goodwill

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

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

(ii) Intangible assets and property, plant and equipment

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

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

2.16 Employee benefits

Until the previous year ended 31 Match 2019, employee benefits in respect of provident fund, except as stated below, were a defined contribution plan. The provident fund plan is a post-employment benefit plan under which the Company pays specified monthly contributions to a separate Trust. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Additionally, under the plan described above, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the interest rate prescribed by the Government every year to be paid on the accumulated contributions. The Company measures this liability for any interest rate shortfall through actuarial valuation as a defined benefit obligation.

During the period ended 31 March 2020 and developments subsequently, certain of the private sector investment securities held by the Trust are considered to be potentially doubtful of recovery. Since the matter as to whether the Company is obligated to make good the loss is a matter of legal interpretation, the Company obtained a legal opinion from an independent legal counsel. Based on the legal opinion, the Company considers the provident fund plan as a defined benefit plan. The liability, accordingly, is now being determined actuarially.

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

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

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

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

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

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

2.17 Provisions

General

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

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

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

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

Warranty provisions

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

Site restoration obligation

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

2.18 Contingent liabilities

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

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

2.19 Taxes

a) Current tax

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

b) Deferred tax

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

c) Minimum Alternate Tax (MAT)

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

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

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

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

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

2.20 Earnings per share

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

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

2.21 Segment reporting

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

2.22 Material events

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

2.23 Recent accounting developments

Standards issued but not yet effective:

The Ministry of Corporate Affairs through Companies (Indian Accounting Standard) (Amendments) Rules, 2018 has notified the new and amendments to Ind AS.The amendments are applicable from 1 April 2020 for the Group.

a. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error

Refined definition of term ‘material’. The amendment is effective for annual periods beginning on or after 1 April 2020. The Group does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

b. Ind AS 103, Business Combinations

The amendment to Ind AS 103 has revised definition of a ‘business’ and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendment is effective for annual periods beginning on or after 1 April 2020. The Group does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

c. Ind AS 109, Financial Instruments

Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform. The amendment is effective for annual periods beginning on or after 1 April 2020. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

d. Ind AS 116, Leases

Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. The amendments are effective from annual reporting periods beginning on or after 1 April 2020. However, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019. There is no impact of this amendment on the consolidated financial statments.

2.24 Reclassification

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

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

(All amounts in INR million, unless otherwise stated)

Particulars	Freehold land	Building	Leasehold improvement - Owned	Leasehold improvement - Under finance lease*	Plant and equipments	Computer equipments - Owned	Computer equipments - Under finance lease**	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work-in-progress
Cost or deemed cost												
As at 1 April 2018	**9**	**74**	**973**	**152**	**337**	**2,348**	**97**	**241**	**241**	**4**	**4,476**	**14**
Additions	-	-	76	19	24	223	45	25	36	4	**452**	538
Disposals	9	74	22	122	46	69	-	17	25	-	**384**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	541
As at 31 March 2019	**-**	**-**	**1,027**	**49**	**315**	**2,502**	**142**	**249**	**252**	**8**	**4,544**	**11**
Additions	-	-	27	-	7	188	-	10	30	-	**262**	282
Disposals	-	-	-	-	8	58	-	-	10	-	**76**	-
Transition impact of IndAS 116	-	-	-	49	-	-	142	-	-	-	**191**	-
Assets capitalised	-	-	-	-	-	-	-	-	-	-	**-**	289
As at 31 March 2020	**-**	**-**	**1,054**	**-**	**314**	**2,632**	**-**	**259**	**272**	**8**	**4,539**	**4**
Accumulated depreciation												
As at 1 April 2018	**-**	**18**	**378**	**77**	**212**	**1,753**	**84**	**145**	**181**	**3**	**2,851**	**-**
Charge for the year	-	4	110	40	24	371	16	42	25	2	**634**	-
On disposals	-	22	16	87	39	69	-	17	24	-	**274**	-
As at 31 March 2019	**-**	**-**	**472**	**30**	**197**	**2,055**	**100**	**170**	**182**	**5**	**3,211**	**-**
Charge for the year	-	-	144	-	54	326	-	49	39	1	**613**	-
On disposals	-	-	-	-	7	54	-	-	9	-	**70**	-
Transition impact of IndAS 116	-	-	-	30	-	-	100	-	-	-	**130**	
As at 31 March 2020	**-**	**-**	**616**	**-**	**244**	**2,327**	**-**	**219**	**212**	**6**	**3,624**	**-**
Carrying value												
As at 31 March 2020	**-**	**-**	**438**	**-**	**70**	**305**	**-**	**40**	**60**	**2**	**915**	**4**
As at 31 March 2019	-	-	555	19	118	447	42	79	70	3	**1,333**	11

*On transition to IndAS 116, the Company has reclassified carrying values as on 1 April 2019 to Right of Use assets (refer note 4)

**On transition to IndAS 116, the Group has opted to avail the exemption for low value assets and account the payments as operating expenses in the Statement of Profit and Loss.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

4. Leases

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of INR 2,650 million and a lease liability of INR 2,530 million. The cumulative effect of applying the standard, amounting to INR 48 million was credited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and low value leases involving laptops and personal computers.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Right of use asset

	Buildings	Lease hold improvements	Total
Cost			
As at 01 April 2019	**2,601**	**49**	**2,650**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2020	**2,601**	**49**	**2,650**
Amortisation			
As at 01 April 2019	**-**	**30**	**30**
Charge for the year	701	2	703
On disposals	-	-	-
As at 31 March 2020	**701**	**32**	**733**
Carrying amounts			
As at 31 March 2020	**1,900**	**17**	**1,917**

The following is the break-up of current and non-current lease liabilities as at:

	31 March 2020
Current lease liabilities	618
Non-current lease liabilities	1,348
Total	**1,966**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

The following is the movement in lease liabilities during the year ended:

(All amounts in INR million, unless otherwise stated)

	31 March 2020
Balance at the beginning	2,530
Additions	-
Finance cost accrued during the period	189
Payment of lease liabilities	(753)
Balance at the end	**1,966**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as at:

	31 March 2020
Less than one year	772
One to five years	1,451
More than five years	124
Balance at the end	**2,347**

Rental expense recorded for short-term and low value leases was INR 24 million during the year ended 31 March 2020.

5. Intangible assets

Particulars	Goodwill	Software	Trade name	Customer relationships	Non-compete	Customer contract	Total
Cost or deemed cost							
As at 1 April 2018	**9,355**	**386**	**115**	**1,710**	**83**	**179**	**11,828**
Additions	-	89	-	-	-	-	89
Disposals/adjustments (Refer note 28)	1,552	33	-	644	31	67	2,327
As at 31 March 2019	**7,803**	**442**	**115**	**1,066**	**52**	**112**	**9,590**
Additions	-	88	-	-	-	-	88
Disposals/adjustments	-	1	-	-	-	-	1
As at 31 March 2020	**7,803**	**529**	**115**	**1,066**	**52**	**112**	**9,677**
Amortisation							
As at 1 April 2018	**-**	**277**	**101**	**567**	**45**	**179**	**1,169**
Charge for the year	-	74	13	162	13	-	262
On disposals (Refer note 28)	-	33	-	242	19	67	361
As at 31 March 2019	**-**	**318**	**114**	**487**	**39**	**112**	**1,070**
Charge for the year	-	84	1	134	9		228
On disposals	-	3	-	-	-	-	3
As at 31 March 2020	**-**	**399**	**115**	**621**	**48**	**112**	**1,295**
Carrying value							
As at 31 March 2020	**7,803**	**130**	**-**	**445**	**4**	**-**	**8,382**
As at 31 March 2019	7,803	124	1	579	13	-	8,520

Net Book Value

Particulars	As at 31 March 2020	As at 31 March 2019
Goodwill	7,803	7,803
Intangible assets	579	717
Total	**8,382**	**8,520**

Impairment:
Goodwill is tested for impairment and no impairment charges were identified for the year ended 31 March 2020 (31 March 2019: Nil).

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

6. Loans

(All amounts in INR million, unless otherwise stated)

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Security deposits				
Unsecured, considered good	322	292	4	39
Unsecured, considered doubtful	15	15	66	37
Less: Provision for doubtful deposits	(15)	(15)	(66)	(37)
Total	**322**	**292**	**4**	**39**

7. Other financial assets

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Other financial assets (at amortised cost)				
Unbilled revenue	-	-	2,091	482
Earmarked balances with banks*	-	41	-	-
Deposits with banks with original maturity for more 12 months	46	-		
Interest accrued on bank deposits but not due	-	-	6	2
Other	-	-	17	12
Total other financial assets (at amortised cost)	**46**	**41**	**2,114**	**496**
Derivative instruments at fair value through profit or loss				
Foreign exchange forward and option contracts	-	-	18	108
Total derivative instruments at fair value through profit or loss	**-**	**-**	**18**	**108**
Derivative instruments designated as hedging instruments at fair value through other comprehensive income				
Foreign exchange forward contracts	-	-	4	110
Total derivative instruments designated as hedging instruments fair value through other comprehensive income	**-**	**-**	**4**	**110**
Total	**46**	**41**	**2,136**	**714**

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

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

	Current as at	
	31 March 2020	31 March 2019
Foreign exchange forward and option contracts (Refer note 7)	18	108
Investments in mutual funds (refer note 12)	-	204
Total	**18**	**312**

Break up of financial assets carried at fair value through other comprehensive income

	Current as at	
	31 March 2020	31 March 2019
Foreign exchange forward contracts (Refer note 7)	4	110
Total	**4**	**110**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

Break up of financial assets carried at amortised cost

(All amounts in INR million, unless otherwise stated)

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Loans (Refer note 6)	322	292	4	39
Trade receivable (Refer note 9)	-	-	12,323	10,187
Cash and cash equivalents (Note 10)	-	-	2,289	1,186
Other bank balances (Refer note 11)	-	-	22	27
Other financial assets (Refer note 7)	46	41	2,114	496
Total	**368**	**333**	**16,752**	**11,935**

8. Other assets

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Capital advances:				
Others	411	394	-	-
Advances (other than capital advances):				
Advance to suppliers	-	-	47	-
Advances to employee	-	-	61	64
	411	**394**	**108**	**64**
Balances with government authority	324	111	62	17
Deferred lease expense on security deposits paid*	-	60	-	28
Prepaid expenses	-	-	255	295
Unbilled revenue#	-	-	137	259
Security deposits	28	28	-	-
Others	-	-	2	72
Total	**763**	**593**	**564**	**735**

*On transition to IndAS 116 Leases, balance of deferred lease expense has been transferred to carrying value of RoU asset - Buildings (Refer note 4).

#Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestone.

9. Trade receivables

	As at	
	31 March 2020	**31 March 2019**
Unsecured, considered good		
Trade receivables - related parties (Refer note 34)	10,130	9,100
Trade receivables - others	2,193	1,087
Unsecured, considered doubtful		
Trade receivables - others	178	235
Less: Provision for doubtful debts	(178)	(235)
Total	**12,323**	**10,187**

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

Of the total trade receivables balance 82% as at 31 March 2020 (89% as at 31 March 2019) is due from group companies. There are no external customers who represents more than 10% of the total balance of the trade receivables.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

10. Cash and cash equivalents (All amounts in INR million, unless otherwise stated)

	As at	
	31 March 2020	**31 March 2019**
Cash and cash equivalents		
Balances with banks:		
- Bank balances	1,579	1,186
- Deposits with original maturity of less than three months	710	-
Total	**2,289**	**1,186**

11. Other bank balances

	As at	
	31 March 2020	**31 March 2019**
Deposits with original maturity for more than 3 months but less than 12 months	22	-
Restricted deposit held as security against guarantees (to mature within 12 months from the reporting date)*	-	27
Total	**22**	**27**

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

12. Investments

	As at	
	31 March 2020	**31 March 2019**
Investments in mutual funds - quoted carried at fair value through profit and loss		
SBI Liquid Fund Regular - Growth (31 March 2019: 34,894.162 units)	-	102
ICICI Prudential Liquid Fund Regular - Growth (31 March 2019: 369,432.968 units)	-	102
Carrying value	-	204
Total	**-**	**204**
Aggregate book value of quoted investments	**-**	**200**
Aggregate market value of quoted investments	**-**	**204**

13. Share capital

	As at	
	31 March 2020	**31 March 2019**
Authorised		
140,000,000 (31 March 2019 – 140,000,000) equity shares of INR 10 each)	1,400	1,400
1,500,000,000 (31 March 2019 – 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each)	15,000	15,000
	16,400	**16,400**
Issued, subscribed and fully paid-up		
131,196,104 (31 March 2019 - 131,196,104) equity shares of INR 10 each	1,312	1,312
Total	**1,312**	**1,312**

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

	As at 31 March 2020		As at 31 March 2019	
	Number	**INR in million**	**Number**	**INR in million**
Equity shares				
At the commencement of the year	131,196,104	1,312	131,196,104	1,312
At the end of the year	**131,196,104**	**1,312**	**131,196,104**	**1,312**

13. Share Capital (continued) (All amounts in INR million, unless otherwise stated)

Rights, preferences and restrictions attached to equity shares

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

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number	INR in million	Number	INR in million
Equity shares of INR 10 each fully paid up held by				
(a) Aricent Holdings Mauritius Limited, Mauritius, the holding company	105,429,478	1,054	105,429,478	1,054
(b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company	23,476,578	235	23,476,578	235

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

	As at 31 March 2020		As at 31 March 2019	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of INR 10 each fully paid up held by				
(a) Aricent Holdings Mauritius Limited, Mauritius, the holding company	105,429,478	80.36%	105,429,478	80.36%
(b) Aricent Holdings Mauritius India Limited, Mauritius, subsidiary of the ultimate holding company	23,476,578	17.89%	23,476,578	17.89%

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

14. Other equity

	As at	
	31 March 2020	31 March 2019
Capital redemption reserve		
At the commencement of the year	3,544	3,544
At the end of the year	**3,544**	**3,544**
Securities premium reserve		
At the commencement of the year	500	500
At the end of the year	**500**	**500**
Retained earnings		
At the commencement of the year	13,313	11,282
Add: IndAS 116 Lease transition impact	48	-
Adjusted balance at the commencement of the year	**13,361**	**11,282**
Add: Profit for the year	7,096	2,080
Add: Other comprehensive income	(354)	(49)
At the end of the year	**20,103**	**13,313**
Cash flow hedge reserve		
At the commencement of the year	70	-
Changes during the year (net)	(290)	70
At the end of the year	**(220)**	**70**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

14. Other equity (continued)

(All amounts in INR million, unless otherwise stated)

	As at	
	31 March 2020	**31 March 2019**
Capital reserve		
At the commencement of the year	(1,738)	-
Changes during the year (net)	-	(1,738)
At the end of the year	**(1,738)**	**(1,738)**
Deemed contribution from parent company		
At the commencement of the year	33	33
At the end of the year	**33**	**33**
Foreign currency translation reserve		
At the commencement of the year	-	11
Add: Effects of exchange changes during the year	-	61
Less: Transferred to non controlling interest	-	(30)
Less: Transferred to capital reserve	-	(42)
At the end of the year	**-**	**-**
Total	**22,222**	**15,722**

Nature of reserves

a. Capital redemption reserve

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

b. Securities premium reserve

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

c. Retained earnings

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

d. Cash flow hedge reserve

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

e. Capital reserve

The Group has recorded excess of net assets over non-controlling interest and payment of differential value related to swap of investments under capital reserve (Refer Note 28).

f. Deemed contribution from the parent company

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

g. Foreign currency translation reserve

For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve.

15. Borrowings

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Finance lease obligations	-	45	-	15
Total	**-**	**45**	**-**	**15**

16. Other financial liabilities

(All amounts in INR million, unless otherwise stated)

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Other financial liabilities at amortised cost				
Employee related liabilities	-	-	536	921
Payable towards purchase of property, plant and equipment	-	-	58	42
Security deposits	-	15	17	-
Total other financial liabilities at amortized cost	**-**	**15**	**611**	**963**
Derivative instruments at fair value through profit or loss				
Foreign exchange forward and option contracts	-	-	37	15
Total derivative instruments at fair value through profit or loss	**-**	**-**	**37**	**15**
Derivative instruments designated as hedging instruments at fair value through other comprehensive income				
Foreign exchange forward contracts	-	-	342	2
Total derivative instruments designated as hedging instruments at fair value through other comprehensive income	**-**	**-**	**342**	**2**
Total	**-**	**15**	**990**	**980**

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

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Foreign exchange forward and option contracts	-	-	37	15
Total	**-**	**-**	**37**	**15**

Break up of financial liabilities carried at amortised cost

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Borrowings (Note 15)	-	45	-	15
Trade payables (Note 20)	-	-	1,564	984
Other financial liabilities (Note 16)	-	15	611	963
Total	**-**	**60**	**2,175**	**1,962**

Break up of financial liabilities carried at fair value through other comprehensive income

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Foreign exchange forward contracts	-	-	342	2
Total	**-**	**-**	**342**	**2**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

17. Provisions (All amounts in INR million, unless otherwise stated)

	Non-current as at		Current as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Provision for employee benefits				
Gratuity (Refer note 32)	1,344	1,275	99	104
PF Liability (Refer note 32 & 39)	577	-	-	-
Pension plan (Refer note 32)	221	215	15	15
Compensated absences	695	227	108	39
	2,837	**1,717**	**222**	**158**
Other provisions				
Provision for warranty	-	-	27	27
Provision for site restoration	50	47	6	6
	50	47	33	33
Total	**2,887**	**1,764**	**255**	**191**

Movement in provision for warranty and site restorations

	Provision for warranty	Provision for site restoration
As at 1 April 2018	**23**	**61**
Provision made during the year	4	3
Provisions utilized / written back	-	11
As at 31 March 2019	**27**	**53**
Provision made during the year	-	3
Provisions utilized / written back	-	-
As at 31 March 2020	**27**	**56**

18. Income tax

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:
Profit and Loss section

	Year ended	
	31 March 2020	31 March 2019
Current tax:		
Current tax charge	699	1,336
Prior year tax charge	(603)	1
	96	**1,337**
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,722)	107
Income tax expense reported in the Statement of Profit and Loss	**(3,626)**	**1,444**

Other Comprehensive Income (OCI) section

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

Particulars	Year ended	
	31 March 2020	31 March 2019
Net loss/(gain) on remeasurements of defined benefit plans	202	19
Effective portion of cash flow hedges	156	(38)
Income tax charged to OCI	**358**	**(19)**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

18. Income tax (continued) (All amounts in INR million, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2020 and 31 March 2019:

Particulars	Year ended	
	31 March 2020	**31 March 2019**
Accounting profit before income tax	**3,470**	**3,578**
At statutory income tax rate of 34.944% (31 March 2019: 34.944%)	1,213	1,250
Adjustments in respect of current income tax of previous years	(603)	(1)
Deferred tax adjustments as per tax return of prior years	(4,309)	18
Tax exemption u/s 10AA	(56)	(37)
Tax deduction u/s 80G	(10)	(18)
Differences in tax rates	(7)	(29)
Other non-deductible expenses for tax purpose	146	261
Income tax reported in the Consolidated Statement of Profit and Loss	**(3,626)**	**1,444**

Deferred tax (net)

	As at	
	31 March 2020	**31 March 2019**
Deferred tax asset relates to the following:		
Provision for employee benefits	1,044	631
Receivables and financial assets carried at amortised cost	75	77
Property, plant and equipment	261	201
MAT Credit entitlement	1,933	-
Other non-current liabilities	29	27
Cash flow hedge	119	-
Others	683	1
Total deferred tax asset (A)	**4,144**	**937**
Deferred tax liability relates to the following:		
Goodwill	1,481	2,873
Intangible assets	157	207
Cash flow hedge	-	72
Others	642	-
Total deferred tax liabilities (B)	**2,280**	**3,152**
Deferred tax (assets)/liabilities recognised (net) (C = (B-A))	**(1,864)**	**2,215**

Current tax liabilities (net)

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Provision for income tax [net of advance tax (31 March 2019: INR 8,149 million)]	-	271	-	-
	-	**271**	**-**	**-**

Current tax assets (net)

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Advance tax [net of provision INR 8,815 million (31 March 2019: INR 150 million)]	321	129	-	-
	321	**129**	**-**	**-**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

The movement in net deferred tax asset / (liability) has been recorded through the Statement of Profit and Loss, except deferred tax asset related to remeasurements of defined benefit plans, amounting to INR 202 million (31 March 2019: INR 19 million) created through OCI; and deferred tax asset related to cash flow hedge reserve, amounting to INR 156 million (31 March 2019: deferred tax liability INR 38 million) created through OCI.

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

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

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

19. Other liabilities

	Non-current as at		Current as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Lease equalization reserve	-	47	-	-
Statutory liabilities	-	-	409	321
Unearned revenue	-	-	74	12
Advances from customers	-	-	8	-
Deferred rent	1	1	-	2
Other liabilities	41	41	143	73
Total	**42**	**89**	**634**	**408**

20. Trade payables

	As at	
	31 March 2020	**31 March 2019**
Trade payables		
- Due to micro and small enterprises*	-	2
- Due to related parties (refer note 34)	934	337
- Others	630	645
Total	**1,564**	**984**

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

21. Revenue from operations

	Year ended	
	31 March 2020	**31 March 2019**
Sale of services (revenue recognized over time)	25,022	23,841
Product sale (revenue recognized point in time)	88	153
Total	**25,110**	**23,994**

(All amounts in INR million, unless otherwise stated)

Disaggregated Revenue Information

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

Type of Contracts	Year ended	
	31 March 2020	31 March 2019
Fixed Price	3,179	3,066
Time and Material	21,843	20,775
Product License	59	112
Maintenance	29	41
Total	**25,110**	**23,994**

Trade Receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year, the Group recognized revenue of INR 6 million arising from opening unearned revenue as of beginning of the financial year (31 March 2019: INR 66 million).

During the year, INR 201 million of unbilled revenue pertaining to fixed price development contracts as of beginning of the financial year (31 March 2019: INR 194 million) has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations:

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

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2020, other than those meeting the exclusion criteria mentioned above, is INR 858 million (31 March 2019: INR 746 million). Out of this, the Company expects to recognize revenue of around 96% (31 March 2019: 96%) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

22. Other income

	Year ended	
	31 March 2020	31 March 2019
Liabilities/provisions no longer required written back	119	50
SEIS Income	144	-
Interest income (Refer note (i) below)	66	96
Reimbursements	81	22
Rent income	49	46
Gain on sale of current investment (net)	24	6

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

22. Other income (continued)

(All amounts in INR million, unless otherwise stated)

	Year ended	
	31 March 2020	**31 March 2019**
Fair value gain on current investment	-	4
Gain on sale of property, plant and equipment (net)	4	299
Exchange gain (net)	410	113
Miscellaneous income	4	14
Total	**901**	**650**

Notes:

(i) Interest income comprises of:

	Year ended	
	31 March 2020	**31 March 2019**
Unwinding of discount on security deposits	31	46
Interest income on bank deposits	25	15
Interest on income tax refund	10	13
Interest income on loan to related party (Refer note 34)	-	22
Total	**66**	**96**

23. Employee benefits expense

	Year ended	
	31 March 2020	**31 March 2019**
Salaries and wages	15,214	14,966
Contributions to provident and other funds*	773	763
Staff welfare expenses	224	241
Total	**16,211**	**15,970**

*Contributions amounting to INR 476 million (31 March 2019: INR 485 million) made by the Group towards various defined contribution plans.

24. Finance costs

	Year ended	
	31 March 2020	**31 March 2019**
Interest on finance lease arrangements	189	4
Interest on income tax	-	1
Interest accretion on security deposit received	2	2
Unwinding of discount		
- on asset restoration obligation	2	3
Total	**193**	**10**

25. Depreciation and amortisation expense

	Year ended	
	31 March 2020	**31 March 2019**
Depreciation of property, plant and equipment (refer note 3)	613	634
Right of use assets (Refer note 4)	703	-
Amortisation of intangible assets (refer note 5)	228	262
Total	**1,544**	**896**

26. Other expenses (All amounts in INR million, unless otherwise stated)

	Year ended	
	31 March 2020	**31 March 2019**
Consumption of stores and spares	7	13
Power and fuel	232	260
Rent	28	792
Repairs and maintenance		
- Building	236	240
- Plant and equipments	411	308
- Others	62	19
Insurance	13	17
Rates and taxes	49	8
Communication expenses	126	120
Travelling and conveyance	940	747
Training expenses	33	39
Recruitment expenses	63	41
Software development consultancy	1,658	747
Legal and professional charges	148	257
Housekeeping charges	174	159
Expenditure on corporate social responsibility (Refer note (i) below)	62	59
Bank charges	20	8
Auditors' remuneration (Refer note (ii) below)	7	6
Provision for doubtful receivables (net)	52	91
Provision for doubtful deposits and advances	35	3
Provision for warranty	-	4
Miscellaneous expenses	237	252
Total	**4,593**	**4,190**

(i) Details of corporate social responsibility expenditure

	Year ended	
	31 March 2020	**31 March 2019**
Amount required to be spent as per section 135 of the Companies Act, 2013	62	59
Promoting education including special education and employment enhancing vocational skills		
Project- 1, She Arise Off-campus Women Empowerment Program	15	3
Project- 2, Arise Trans(forming) Lives Program	11	3
Project- 3 Arise PwD Employability Enhancement Program	9	2
Project - 4, ARISE Training of Trainers Program	11	4
Project-5, ARISE On-campus Program	13	32
Project 6 - Aricent Employability Enhancement Programme - NPTEL, IIT Madras	-	11
Interim support to Disaster relief related requests from the NGOs/CBOs/others	-	-
Donation to - Kerala Relief fund - Prime Minister National Disaster Relief Fund	-	1
Other expenses	3	3
Total	**62**	**59**

The Group has spent budgeted amount in the respective year. There are no accruals or payable as on 31 March 2020 (31 March 2019: Nil).

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

26. Other expenses (continued)

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

	Year ended	
	31 March 2020	**31 March 2019**
Statutory audit fee	3	3
Tax audit fee	1	1
Other services	3	2
Total	**7**	**6**

27. Earnings per share (EPS)

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

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

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

	Year ended	
	31 March 2020	**31 March 2019**
Profit attributable to equity holders for basic earnings	7,096	2,080
Weighted average number of equity shares for basic EPS (in million)	131	131
Basic EPS (absolute value in INR)	54	16
Diluted EPS (absolute value in INR)	54	16

28. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	**Principal activities**	**Country of incorporation**	**% of equity interest as at**	
			31 March 2020	**31 March 2019**
Aricent Technologies Private Limited	Chip design services	India	100.00	100.00

During the year ended 31 March 2019 the Group for the purpose of achieving operational efficiencies, synergies, management effectiveness and focus on strengthening Indian operations has disinvested its entire stake of 50.3% in Aricent Mauritius Engineering Services PCC ("AMES") by way of swap of shares wherein AMES bought its entire shares held by ATHL in accordance with prevailing laws of Mauritius; and that the consideration for the shares so bought back by AMES was discharged by way of transfer of shares held by AMES in its wholly owned subsidiary Aricent Technologies Private limited ("ATPL"). With respect to differential value arrived on the basis of valuation report, the Group remited USD 2,390,000 to AMES. This transaction was effected on August 8, 2018. Consequently, the Group has derecognized the net assets as on August 7, 2018 of consolidated AMES (excluding net assets of ATPL), and 100% of the carrying value of non-controlling interest as on August 7, 2018 in the Group's Consolidated Financial Statements. The excess of net assets over non-controlling interest and payment of differential value of USD 2.39 million is recorded directly in equity under capital reserve.

Holding company

The holding company of Aricent Technologies (Holdings) Limited is Aricent Holdings Mauritius Limited which is incorporated in the Republic of Mauritius. The ultimate holding company of Aricent Technologies (Holdings) Limited is Altran Technologies S.A. which is incorporated in France.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

29. Statutory group information

(All amounts in INR million, unless otherwise stated)

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/ (loss)		Share in total comprehensive income/ (loss)	
	As % of consolidated net assets	INR million	As % of consolidated profit/(loss)	INR million	As % of consolidated other comprehensive income/(loss)	INR million	As % of consolidated total comprehensive income/(loss)	INR million
Parent								
Aricent Technologies (Holdings) Limited								
Balance as at 31 March 2020	96%	24,947	98%	7,027	101%	(649)	97%	6,378
Balance as at 31 March 2019	96%	18,521	94%	2,046	116%	24	94%	2,070
Subsidiaries - Indian								
Aricent Technologies Private Limited								
Balance as at 31 March 2020	4%	972	2%	161	(1%)	5	3%	166
Balance as at 31 March 2019	4%	806	6%	131	(16%)	(3)	6%	128
Total - 31 March 2020	**100%**	**25,919**	**100%**	**7,188**	**100%**	**(644)**	**100%**	**6,544**
Total - 31 March 2019	**100%**	**19,327**	**100%**	**2,177**	**100%**	**21**	**100%**	**2,198**

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities	Share in profit and loss	Share in other comprehensive income and loss	Share in total comprehensive income and loss
	INR million	INR million	INR million	INR million
Adjustment arising out of consolidation (A)				
As at 31 March 2020	(2,385)	(92)	-	(92)
As at 31 March 2019	(2,293)	(43)	61	18
Minority interest (B)				
Indian subsidiary				
Aricent Technologies Private Limited				
Balance as at 31 March 2020	-	-	-	-
Balance as at 31 March 2019	-	-	-	-
Total (B) - 31 March 2020	**-**	**-**	**-**	**-**
Total (B) - 31 March 2019	**-**	**-**	**-**	**-**
Other consolidation adjustment attributable to Non controlling interest (C)				
Balance as at 31 March 2020	-	-	-	-
Balance as at 31 March 2019	-	(54)	(30)	(84)
Total - 31 March 2020 (D = B+C)	**-**	**-**	**-**	**-**
Total - 31 March 2019 (D = B+C)	**-**	**54**	**30**	**84**
Consolidated net assets/ profit				
As at 31 March 2020	**23,534**	**7,096**	**(644)**	**6,452**
As at 31 March 2019	17,034	2,080	52	2,132

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

30. Significant accounting judgements, estimates and assumptions

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

Judgements

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

(a) Determination of functional currency

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

(b) Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired, and liabilities and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

Estimates and assumptions

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

(a) Impairment of non-financial assets

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

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

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

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 36 for further disclosures.

(c) Income taxes

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

(d) Deferred taxes

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future

30. Significant accounting judgements, estimates and assumptions (continued) (All amounts in INR million, unless otherwise stated)

taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Group will be able to realise the benefits of those deductible differences in future.

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

The present value of the gratuity, pension, provident fund and leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Further details about gratuity and leave encashment obligations are given in Note 32.

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

31. Derivatives

Derivatives not designated as hedging instruments

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

During the year ended 31 March 2019 the Company started designating certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign currency exposure on highly probable forecast sale transactions. The underlying hedged transactions for balance in cash flow hedge reserve as at 31 March 2020 are excpected to occur and reclassified to the statement of profit and loss within 12 months.

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

The total gross notional amount by type of derivative financial instruments as of 31 March 2020 is as follows:

Forward Contracts Outstanding (Amounts in millions)

	Currency to Sell	Notional Coverage	US Dollars
US dollar (contracts to sell USD/buy INR)			
- designated as hedging instruments	USD	INR 7,535	103
- not designated for hedge instruments	USD	INR 7,935	105

Option/Range Forward Contracts Outstanding (Amounts in millions)

	Currency to Sell	Notional Coverage	US Dollars
US Dollars (contracts to sell USD/buy INR)			
- not designated for hedge instruments	USD	-	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

31. Derivatives (continued) (All amounts in INR million, unless otherwise stated)

The total gross notional amount by type of derivative financial instruments as of 31 March 2019 is as follows:

Forward Contracts Outstanding (Amounts in millions)

	Currency to Sell	Notional Coverage	US Dollars
US dollar (contracts to sell USD/buy INR)			
- designated as hedging instruments	USD	INR 6,045	83
- not designated for hedge instruments	USD	INR 7,851	113

Option/Range Forward Contracts Outstanding (Amounts in millions)

	Currency to Sell	Notional Coverage	US Dollars
US Dollars (contracts to sell USD/buy INR)			
- not designated for hedge instruments	USD	INR 421	6

The movement in cash flow hedging reserve for derivatives designated as hedging instruments is as follows:

	31 March 2020	31 March 2019
Balance at the beginning of the year	(70)	-
Change in the fair value of effective portion of cash flow hedges - (gain)/loss	(338)	(92)
Deferred tax on fair value of effective portion of cash flow hedges	118	32
Gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions	108	(16)
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(38)	6
Balance at the end of the year	**(220)**	**(70)**

Net foreign exchange gains include gain of INR 108 million and loss of INR 16 million transferred from cash flow hedging reserve for the years ended 31 March 2020 and 2019, respectively.

Net loss on derivative instruments of INR 338 million recognised in cash flow hedging reserve as at 31 March 2020, is expected to be transferred to the Statement of Profit and Loss by 31 March 2021. The maximum period over which the exposure to cash flow variability has been hedged is through 31 March 2021.

32. Employee benefits

Defined benefit obligation

(i) Provident fund

The Company makes contributions to the Aricent Employees Provident Fund Trust (“the Trust”), under the rules of this scheme, the Company is required to contribute a specified percentage of payroll costs to the fund. During the year, the Company’s contribution under this scheme amounted to INR 297 million (31 March 2019: INR 272 million).

In respect of the defined benefit plan, as explained in accounting policy, the following tables set forth the movement in plan liabilities, assets, etc.

		Year ended 31 March 2020
Present value of defined benefit obligation		
Balance as at the beginning of the period		6,287
Current service cost		328
Employee Contribution		516
Interest cost on the DBO		504
Acquisitions (credit)/ cost		253
Actuarial (gain)/loss - experience		(27)
Actuarial (gain)/loss - financial assumptions		208
Benefits paid from plan assets		(811)
Balance as at the end of the period	**(A)**	**7,258**

32. Employee benefits (continued) (All amounts in INR million, unless otherwise stated)

		Year ended 31 March 2020
Fair value of plan assets		
Balance as at the beginning of the period		6,574
Acquisition adjustment		253
Interest income on plan assets		510
Contribution to Fund (Employer)		322
Employee Contribution		516
Return on plan assets greater/(lesser) than assumed		(683)
Benefits paid		(811)
Balance as at the end of the period	**(B)**	**6,681**
Amount recognized in balance sheet	**(A) - (B)**	**577**

Net cost recognized during the year ended 31 March 2020

	Year ended 31 March 2020
Amount recognized in Consolidated Statement of Profit and Loss	
Service cost	328
Net interest on net defined benefit liability / (asset)	(6)
Amount recognized in other comprehensive income	
Actuarial (gains)/ losses recognized in OCI	577
Defined Benefit Cost	**899**

The principal assumptions used in determining the defined benefit obligation are as follows:

	As at	
	March 31 2020	**31 March 2019**
Discount rate	6.25%	7.20%
Expected return on exempt provident fund	8.50%	8.55%
Expected return on EPFO	8.00%	8.65%

Plan Asset Category

	March 31 2020
Government of India Securities (Central and State)	59.52%
High quality corporate bonds (including Public Sector Bonds)	34.50%
Equity shares of listed companies	0.00%
Property	0.00%
Cash (including Special Deposits)	1.05%
Schemes of insurance - conventional products	0.00%
Schemes of insurance - ULIP products	0.00%
Mutual Funds	4.93%
Total	**100.00%**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

32. Employee benefits (continued) (All amounts in INR million, unless otherwise stated)

(ii) Other defined benefit obligation

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

Present value of defined benefit obligation

	Gratuity plan		Pension plan	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Balance as at the beginning of the year	1,438	1,304	230	225
Current service cost	186	172	1	1
Interest cost	108	104	4	3
Benefits paid	(221)	(199)	(5)	(3)
Exchange gain	-	-	16	(9)
Actuarial (gain)/loss	(13)	57	(10)	13
Balance as at the end of the year	**1,498**	**1,438**	**236**	**230**

Fair value of plan assets

	Gratuity plan		Pension plan	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Balance as at the beginning of the year	59	28	-	-
Expected return on plan assets	4	1	-	-
Contributions	200	210	-	-
Benefits paid	(206)	(182)	-	-
Actuarial gain/(loss)	(2)	2	-	-
Balance as at the end of the year	55	59	-	-

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

	Gratuity plan		Pension plan	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets as at the end of the year*	55	59	-	-
Present value of defined benefit obligations as at end of the year	1,498	1,438	236	230
Liability recognised in the Balance Sheet as at the end of the year	**1,443**	**1,379**	**236**	**230**
Non-current	1,344	1,275	221	215
Current	99	104	15	15

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

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

	Gratuity plan		Pension plan	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	186	172	1	1
Interest cost	108	104	4	3
Expected return on plan assets	(4)	(1)	-	-
Net actuarial (gain)/loss	(11)	55	(10)	13
Total	**279**	**330**	**(5)**	**17**

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

32. Employee benefits (continued)

(All amounts in INR million, unless otherwise stated)

Amount recognised in consolidated statement of profit and loss:

	Gratuity plan		Pension plan	
	Year ended 31 March 2020	**Year ended 31 March 2019**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Current service cost	186	172	1	1
Net interest expense	104	103	4	3
Total	**290**	**275**	**5**	**4**

Amount recognised in other comprehensive income:

	Gratuity plan		Pension plan	
	Year ended 31 March 2020	**Year ended 31 March 2019**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Actuarial (gain)/ loss on obligations	(13)	57	(10)	13
Return on plan assets (excluding amounts included in net interest expense)	(2)	(2)	-	-
Total	**(15)**	**55**	**(10)**	**13**

Actuarial assumptions

	Gratuity plan		Pension plan	
	As at 31 March 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Discounting rate	6.25%	7.20%	1.30%	1.00%
Future salary increase	8.00%	8.00%	2.25%	2.50%

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

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

	Gratuity	
	As at 31 March 2020	**As at 31 March 2019**
Within the next 12 months (next annual reporting period)	169	178
Between 2 and 5 years	808	843
Between 5 and 10 years	1,197	1,174
Total	**2,174**	**2,195**

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

Gratuity

	Discount rate		Salary escalation rate	
	As at 31 March 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Effect on DBO due to 0.25% increase	(29)	(25)	29	26
Effect on DBO due to 0.25% decrease	30	26	(28)	(25)

33. Commitments and contingencies

a. **Capital commitments:** The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to INR 23 million (31 March 2019 INR 24 million).

b. **Other commitments:** The Company has other commitments for purchase/sale orders which are issued after considering requirements in accordance with the operating cycle, for purchase/sale of goods and services and for employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts which might have a material impact on the financial statements.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

33. Commitments and contingencies (continued)

(All amounts in INR million, unless otherwise stated)

c. Claims disputed by the Group:

	As at	
	31 March 2020	**31 March 2019**
Income tax matters [gross of INR 82 million (31 March 2019: INR 82 million) paid under protest]	3,698	3,753
Other claims		
Sales tax matters [gross of INR 4 million (31 March 2019: INR 4 million) paid under protest]	7	7

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

d. Bangalore campus matters

The Company in 2003 had executed an Agreement with a landowner and a developer ("Developer"), for the development, lease and purchase of land facility ("Property") at Bangalore. Under said Agreement, the Company had an option to purchase the Property, after completion of two years of lease term. The Company took possession of the Property, but formal lease deed was not executed between the parties. In 2005, the Developer filed a suit to evict the Company and to recover arrears of rent and damages (2005 Suit). In 2007, the Company filed suit for specific performance for acquisition of property (2007 Suit) as per terms of the original Agreement. In 2010, the Developer filed another eviction suit and claimed damages (2010 Suit) related to portion of property acquired by it from landowner in 2010. All these suits were consolidated by the City Civil Court, Bangalore and underwent trial for many years of protracted litigation and were adjudicated against Company on each of the 2005, 2007 and 2010 suits vide Orders dated April 13, 2016. In these rulings, the City Civil Court held that the Company was not entitled to specific performance of the purchase option in the Agreement and also ordered to pay arrears of rent and damages and to vacate the Property.

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

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

e. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of India demanding service tax on reimbursements made by the Company to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for Company's employees traveling abroad from fiscal year 2007 through 2010. Additionally, in the above notices the service tax authorities have included all amounts incurred in the foreign currency by Company, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, the Company has received similar notices covering the period April 2010 to June 2017. The total tax for such years stands at INR 2,548 million. This amount does not include interest which is approximately INR 4,023 million upto 31st March 2020.

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

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

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

33. Commitments and contingencies (continued) (All amounts in INR million, unless otherwise stated)

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

34. Related party transactions

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

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

S.No.	Nature of relationship	Name of the party
a.	Holding company	Aricent Holdings Mauritius Limited
b.	Enterprise having substantial interest in the Group	Altran Technologies S.A. (Holding company)
		Aricent Technologies
c.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Group	Aricent Holdings Mauritius India Limited
		Aricent Technologies Mauritius Ltd.
		Altran Technologies Australia Pvt Ltd (formally known as Aricent Technologies Australia Pvt Ltd)
		Octavia Holdco
		Altran ACT, France
		Altran UK
		Altran Sverige
		Lohika Systems Inc
		Altran US Corp
		Aricent US Inc.
		Aricent Mauritius Engineering Services PCC [w.e.f. 8 August 2018]
		Aricent N.A. Inc. [w.e.f. 8 August 2018]
		SmartPlay Technologies (Singapore) Pte Limited [w.e.f. 8 August 2018]
		SmartPlay Technologies (Canada) Limited [w.e.f. 8 August 2018]
		Altran Deutschland S.A.S & Co. KG
		Altran Technologies India Pvt. Ltd
		Aricent Technologies Malaysia SDN BHD
		frog Design BV
		frog Design Group Uk Ltd
		Frog Design Srl
		Aricent Technologies UK Limited
		Aricent Technologies US Inc.
		Frog Design, Inc.
		Altran Software US Inc. (formally known as Aricent Software US Inc.)
		Aricent Holdings Luxembourg S.a.r.l.
		Aricent Technologies Sweden AB
		Aricent Vietnam Company Ltd.
		Aricent Poland Sps Z.O.O
		Frog Industrial Design (Shanghai) Company Limited
		Frog Design Europe GmbH
		Aricent Belgium SPRL
		Aricent Technology (Shenzhen) Co Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

34. Related party transactions (continued) (All amounts in INR million, unless otherwise stated)

S.No.	Nature of relationship	Name of the party
		Aricent Japan Limited
		Altran Israel Ltd. (Formally known as Aricent Israel Ltd.)
		Aricent Ireland Private Ltd.
		Aricent Spain S.L.U., Spain
d.	Key managerial personnel	**Whole time directors**
		Ashwani Lal
		Krishna Chandra Reddy (with effect from 14 August 2018)
		Gajendra Singh Chowhan
		(resigned from the board effectively from 6 July 2018)
		Independent directors
		Vinay Mittal (retired w.e.f. April 10, 2020)
		Nipun Gupta (retired w.e.f. June 22, 2020)
		Directors:
		Lydia Gayle Brown (w.e.f. 14 August 2018)
		Others:
		Mr. Parveen Jain (Company Secretary)
		Jitendra Grover (CFO effectively from 10 August 2017)
e.	Trusts set-up by the Company	Aricent Employees Provident Fund Trust
		Aricent Technologies Gratuity Trust
		Aricent Technologies Superannuation Trust

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

		For the year ended 31 March 2020	For the year ended 31 March 2019
a.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Group		
	Transactions during the year		
	Revenue from operations	17,780	17,256
	Expenses (Software development consultancy)	1,451	333
	Expenses incurred by related parties on behalf of the Group	40	65
	Expenses incurred by the Group on behalf of related parties	488	401
	Purchase of property, plant and equipment by the Group on behalf of related parties	-	41
	Interest income on loan to related parties	-	22
	Balance outstanding as at the year end		
	Trade payables	896	301
	Trade receivables	10,129	9,100
	Other financial assets (unbilled revenue)	1,670	-
b.	Enterprise having substantial interest in the Group		
	Transactions during the year		
	Revenue from operations	15	2
	Other income	41	-
	Expense incurred by related parties on behalf of the Group	-	2
	Expenses incurred by the Group on behalf of related parties	-	5
	Balance outstanding as at the year end		
	Trade payables	38	35
c.	Trusts set-up by the Company		
	Transactions during the year		
	Contributions made during the year	971	690
	Balance outstanding as at the year end		
	Contributions payable at the year end	67	60

34. Related party transactions (continued) (All amounts in INR million, unless otherwise stated)

		For the year ended 31 March 2020	For the year ended 31 March 2019
d.	Key managerial personnel		
	Compensation during the year		
	Short-term employee benefits	54	30
	Post-employment gratuity and medical benefits	5	2
	Other long-term benefits	38	11
	Commission	3	2
	Fee for attending board committee meetings	-	-
	Balance outstanding as at the year end		
	Commission payable	3	2
	Employee related liabilities	-	1

35. Segment information

The Group develops software products and provides software consulting services for use in the telecommunications industry. Out of the total revenue of the Group, 71% (31 March 2019: 72%) of the revenue is generated from inter-company transactions. For the purpose of making decisions about resource allocation and performance assessment, the Chief Operating Decision Maker monitors the operating results in totality on group-level basis. Hence, the Group constitutes a single segment.

As the Group also exports its products and services, the secondary segment for the Group is based on the location of its customers.

Information on the geographic segments is as follows:

	Revenue	
Location	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Domestic	5,371	4,924
Americas	1,165	1,258
Europe	8,333	2,631
Mauritius	9,861	14,875
Rest of the world	380	306
Total	**25,110**	**23,994**

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

36. Fair values

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

	Carrying amount as at	
	31 March 2020	**31 March 2019**
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Loans	326	331
Trade receivables	12,323	10,187
Cash and cash equivalents	2,289	1,186
Other bank balances	22	27
Other financial assets	2,160	537
Financial assets measured at fair value through the Statement of Profit and Loss		
Investments in mutual funds	-	204
Foreign exchange forward and option contracts	18	108
Financial assets - derivatives designated as hedging instruments		
Foreign exchange forward contracts	4	110
Total	**17,142**	**12,690**

36. Fair values (continued)

(All amounts in INR million, unless otherwise stated)

	Carrying amount as at	
	31 March 2020	**31 March 2019**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Borrowings	-	60
Trade payables	1,564	984
Other financial liabilities	611	978
Financial liabilities measured at fair value through the Statement of Profit and Loss		
Foreign exchange forward and option contracts	37	15
Financial liabilities - derivatives designated as hedging instruments		
Foreign exchange forward contracts	342	2
Total	**2,554**	**2,039**

Fair values

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

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

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

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

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

	Level 1	Level 2	Level 3
As of 31 March 2020			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	22	-
Investments in mutual funds	-	-	-
Financial liabilities at fair value			
Foreign exchange forward and option contracts	-	379	-
As of 31 March 2019			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	218	-
Investments in mutual funds	204	-	-
Financial liabilities at fair value			
Foreign exchange forward and option contracts	-	17	-

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

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

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

(All amounts in INR million, unless otherwise stated)

37. Financial risk management objectives and policies

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

The Group has been monitoring the risks that the Group is exposed to due to outbreak of COVID 19 closely. The Group has taken all necessary actions to mitigate the risks identified basis the information and situation present.

(a) Market risk

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

(i) Foreign currency exchange rate risk

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

The following table analyses foreign currency risk from financial instruments as of 31 March 2020:

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	13,050	767	13,817
Total financial liabilities	1,097	237	1,334

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

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	10,144	622	10,766
Total financial liabilities	1,272	190	1,462

The Group is mainly exposed to changes in U.S. Dollars. 5% appreciation / depreciation of U.S. Dollars with respect to INR would result in increase / decrease in the Group's profit by approximately INR 598 million (31 March 2019: INR 444 million).

ii. Price risk

There is no major price risk.

iii. Interest rate risk

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

(b) Credit risk

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

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, since the majority of the Group's revenue is generated from group companies. All trade receivables other than from group companies are reviewed and assessed for default on a regular basis. Historical experience of the Group for collecting receivables is that credit risk is low. Refer note 2.15 for accounting policy on impairment of trade receivables.

Other financial assets

The Group maintains exposure in cash and cash equivalents, money market liquid mutual funds and derivative instrument with financial institutions. The Group has set counter-parties limits based on multiple factors including financial position, credit rating, etc.

The Group's maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is the carrying value of each class of financial assets.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

37. Financial risk management objectives and policies (continued) (All amounts in INR million, unless otherwise stated)

(c) Liquidity risk

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

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2020 and 31 March 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

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

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

Particulars	**Carrying amount**	**Contractual cash flow**	**0-1 year**	**1-5 years**	**More than 5 years**
As at 31 March 2020					
Finance lease obligations	-	-	-	-	-
Trade payables	1,564	1,564	1,564	-	-
Other financial liabilities	990	991	991	-	-
	2,554	**2,555**	**2,555**	**-**	**-**

Particulars	**Carrying amount**	**Contractual cash flow**	**0-1 year**	**1-5 years**	**More than 5 years**
As at 31 March 2019					
Finance lease obligations	60	70	19	51	-
Trade payables	984	984	984	-	-
Other financial liabilities	995	998	980	18	-
	2,039	**2,052**	**1,983**	**69**	**-**

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

38. Capital management

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

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

As of 31 March 2020, the Group has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

39. The Company has established a separate Provident Fund Trust ("the Trust") to manage the provident fund of its employees. The Trust had made long term investments in secured and unsecured debentures of Infrastructure Leasing and Financial Services and its subsidiaries ("IL&FS") when the credit rating of these securities was "AAA". Total investment in these debentures, excluding interest thereon, outstanding in the books of Trust as of 31 March 2020 amounted to INR 643 million. Due to default in repayment of dues by IL&FS to its lenders, various credit rating agencies have subsequently downgraded the credit rating of these securities. The Government of India and the National Company Law Tribunal has taken cognizance of this matter. Based on a legal opinion, the liability on account of contribution to the provident fund has been determined actuarially amounting to INR 577 million and has been recognized in these financial statements. The Company along with the Trust, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.

Notes forming part of the consolidated financial statements for the year ended 31 March 2020

(All amounts in INR million, unless otherwise stated)

40. Rounding off

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

Note No.	Description	31 March 2020	31 March 2019
26	**Corporate Social Responsibility**		
	Interim support to Disaster relief related requests from the NGOs/CBOs/others	0.31	*
34	**Related party transactions**		
	Fee for attending board committee meetings	0.29	0.12

41. Reclassification

Nature of re-classification	Amount as per Audited FS FY 2018-19	Amount of adjustment	Reclassified amount after adjustment	Reason for reclassification
Transfer of amount from Miscallanous expenses to Housekeeping charges	411	159	252	New expense head added during the year for better presentation of expenses

42. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 31 August 2020.

For and on behalf of the Board of Directors

Sd/-
Ashwani Lal
Whole Time Director
DIN – 06985241

Sd/-
Krishna Chandra Reddy
Director
DIN – 0773071

Sd/-
Parveen Jain
Company Secretary

Sd/-
Jitendra Grover
Chief Financial Officer

Place : Gurugram
Date : 31 August, 2020

REGISTERED OFFICE: 5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi – 110 001, India.

Tel.: +91-11-2374-7336

OTHER FACILITIES:

Facility 1:	Tower 4 (Ground & 11th floor) & Tower 5 (Ground floor to 13th floor), Tower 6 (Portion at Ground floor, 1st to 3rd floor) Candor TechSpace IT/ITES SEZ, Sector - 48, Gurgaon - 122018, Haryana, India.
Facility 2:	2nd to 6th Floor, ASV Chandilya Tower, No: 263/3B1A1, Door No. 5/397, Rajiv Gandhi Salai (OMR), Okkiyam Thoraipakkam Village, Chennai-600096, Tamil Nadu, India.
Facility 3:	No.18/1, Outer Ring Road, Panathur Post, Bangalore-560103, Karnataka, India.
Facility 4:	Ground to 6th Floor , Vector I-Block, Prestige Technology-Park-III, Sy no. 110/1,110/2, & 110/3, Amane Bellandure Village, Outer Ring Road, Bangalore- 560103, Karnataka, India.
Facility 5:	8th Floor, Block Capella, Plot No. 17, The V, Software Units Layout, Madhapur, Hyderabad – 500081, Andhra Pradesh, India.
Facility 6:	7th Floor, Block C, Hanudev Infopark Pvt. Ltd., SF No. 558/2, Udaiyampalayam Road, Nava India, Coimbatore, 641028, Tamil Nadu, India
Facility 7:	13th Floor(LW1), Vega Building, Plot 17, Software Units Layout, Madhapur, Hyderabad – 500081, Andhra Pradesh, India

AUDITORS: M/s. T R Chadha & Co. LLP, Chartered Accountants, (Registration No. 006711N/N500028), 359, Udyog Vihar, Phase-II, Gurugram-122016, Haryana

REGISTRAR & SHARE TRANSFER AGENTS: M/s KFin Technologies Private Limited (Formerky known as Karvy Fintech Private Limited) Selenium,Tower- B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad- 500032, Telangana, India.

Aricent Technologies (Holdings) Limited

Tower 5, Candor Tech Space IT/ITES SEZ, Sector - 48, Gurugram - 122018, Haryana, India
Tel: +91 124 409 5888 | Fax: + 91 124 409 5801 | Email: all_cosec@altran.com