Virstra I-Technology Services Limited

Statutory Audit for the year ended

31 March 2018

B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VIRSTRA I-TECHNOLOGY SERVICES LIMITED

Report on the Audit of the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

In preparing the 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.

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

i. The Company does not have any pending litigations which would impact its financial position;

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Standalone financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 03 May 2018

Annexure A referred to in our Independent Auditors' Report to the members of Virstra I-Technology Services Limited on the Ind AS financial statements for the year ended 31 March 2018.

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified each year. In accordance with this programme, all the fixed assets were physically verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies observed on physical verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Therefore, the provisions of paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company is in the business of rendering services and as such does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to information and explanations given to us and based on audit procedures performed, there are no loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Therefore, the provisions of paragraph 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Notes Ref.	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	679,996	523,468	554,624
Intangible assets	2.1	91,999	288,403	964,808
Financial assets				
Other financial assets	2.2	5,084,111	6,036,045	5,929,025
Deferred tax asset	2.3	20,308,437	24,486,471	32,225,000
Income tax asset (net)	2.4	1,244,278	2,346,973	2,209,734
Other non-current assets	2.5	67,399	-	-
		27,476,220	**33,681,360**	**41,883,191**
Current Assets				
Financial assets				
Investments	2.6	105,634,687	116,811,987	57,648,879
Trade receivables	2.7	15,425,189	11,174,222	15,500,176
Cash and cash equivalents	2.8	3,655,031	3,069,338	8,750,709
Other bank balances	2.9	-	890	890
Loans	2.10	652,941	927,183	114,427
Other financial assets	2.11	32,370	1,963,729	888,769
Other current assets	2.12	4,829,374	4,455,073	1,729,568
		130,229,592	**138,402,422**	**84,633,418**
Total Assets		**157,705,812**	**172,083,782**	**126,516,609**
EQUITY & LIABILITIES				
EQUITY				
Equity Share capital	2.14	10,000,000	10,000,000	10,000,000
Other equity		130,110,546	145,466,841	103,227,574
		140,110,546	**155,466,841**	**113,227,574**
LIABILITIES				
Non-current liabilities				
Provisions	2.15	3,395,789	3,412,376	3,054,166
		3,395,789	**3,412,376**	**3,054,166**
Current liabilities				
Financial liabilities				
Trade payables	2.16	6,846,449	6,576,753	6,391,294
Other financial liabilities	2.17	-	111,718	890
Provisions	2.18	1,137,003	1,065,550	1,065,619
Other current liabilities	2.19	6,216,025	5,450,544	2,777,066
		14,199,477	**13,204,565**	**10,234,869**
TOTAL EQUITY AND LIABILITIES		**157,705,812**	**172,083,782**	**126,516,609**

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : May 03, 2018

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : May 03, 2018

VIRSTRA I-TECHNOLOGY SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
1. REVENUE FROM OPERATIONS			
Income from software services	2.20	154,383,568	152,496,149
2. OTHER INCOME	2.21	6,410,021	6,959,298
3. TOTAL REVENUE (1+2)		**160,793,589**	**159,455,447**
4. EXPENSES			
a. Employee benefits expense	2.22	76,277,766	76,820,139
b. Operating and other expenses	2.23	21,670,819	20,237,498
c. Finance cost/Bank charges	2.24	296,959	466,553
d. Depreciation and amortisation expense	2.1	587,211	1,091,834
TOTAL EXPENSES		**98,832,755**	**98,616,024**
5. PROFIT BEFORE TAX (3-4)		**61,960,834**	**60,839,423**
6. TAX EXPENSE			
a. Current tax expense		11,885,126	19,978,232
b. Deferred tax (credit) / charge	2.3	4,036,651	(697,317)
NET TAX EXPENSE		**15,921,777**	**19,280,915**
7. PROFIT FOR THE PERIOD (5-6)		**46,039,057**	**41,558,508**
8. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans,net		724,042	(380,582)
(B) (i) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)		(1,940,394)	1,061,341
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)		**(1,216,352)**	**680,759**
9. TOTAL COMPREHENSIVE INCOME (7+8)		**44,822,705**	**42,239,267**
10. EARNINGS PER EQUITY SHARE			
Equity shares of Rupees 10 each			
a. Basic		46.04	41.56
b. Diluted		46.04	41.56
Number of shares used in computing earnings per share			
a. Basic		1,000,000	1,000,000
b. Diluted		1,000,000	1,000,000
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : May 03, 2018

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : May 03, 2018

VIRSTRA I-TECHNOLOGY SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		61,960,834	60,839,423
Adjustment for:			
Depreciation and amortisation expense		587,211	1,091,834
Exchange difference on translation of foreign currency accounts		(433,724)	(359,711)
Dividend received from non trade investments		(4,423,885)	(4,180,154)
Profit on sale of fixed assets		-	(215,174)
MTM gain or (loss) on mutual funds		251,216	(582,953)
Interest income on fixed deposits with banks		(24,456)	(29,206)
Operating profit before working capital changes		57,917,196	56,564,059
Adjustment for (increase)/decrease in operating assets			
Trade receivable		(3,886,878)	4,325,954
Other financial assets		1,251,522	(812,756)
Other assets		(434,925)	(2,816,939)
Adjustment for Increase/ (decrease) in operating liabilities			
Provisions		911,286	(22,441)
Trade payables		251,111	205,143
Other financial liabilities		(111,718)	-
Other liabilities		765,481	2,673,477
		56,663,075	60,116,497
Income tax paid (net)		(10,782,451)	(11,679,626)
Net cash flow from operating activities (A)		**45,880,624**	**48,436,871**
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress		(547,344)	(273,445)
Proceeds from sale of fixed assets		-	215,174
Purchase of current investments		(128,623,918)	(184,185,972)
Proceeds on sale of current investments		139,550,000	125,605,772
Interest income		-	-
Dividend received from investments		4,423,885	4,180,154
Net cash flow from /(used in) investing activities (B)		**14,802,623**	**(54,458,317)**
C. Cash flow from financing activities			
Interim dividend paid		(50,000,000)	-
Corporate dividend tax paid		(10,179,000)	-
Net cash flow from /(used in) financing activities (C)		**(60,179,000)**	-
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**504,247**	**(6,021,446)**
Cash and cash equivalents at the beginning of the year	2.8	3,069,338	8,750,709
Exchange difference on translation of foreign currency bank accounts		81,446	340,075
Cash and cash equivalents at the end of the year	2.8	**3,655,031**	**3,069,338**

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : May 03, 2018

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : May 03, 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Rupees)

Balance as of 1 April 2017	Changes in equity share capital during the year	Balance as on 31 March 2018
10,000,000	-	10,000,000

Balance as of 1 April 2016	Changes in equity share capital during the year	Balance as on 31 March 2017
10,000,000	-	10,000,000

(Amount in Rupees)

B. Other Equity

	Reserves and Surplus		Items of OCI		Total
	General reserve	Retained earnings	Hedging reserve	Remeasurements of the defined benefit plans	
Balance as of 1 April 2017	**66,067,678**	**77,816,016**	**1,963,729**	**(380,582)**	**145,466,841**
Profit for the year	-	46,039,057	-	-	46,039,057
Interim dividend on equity shares	-	(50,000,000)	-	-	(50,000,000)
Corporate dividend tax	-	(10,179,000)	-	-	(10,179,000)
Effective gain/(loss) on hedging instruments	-	-	(1,940,394)	-	(1,940,394)
Remeasurements of the defined benefit plans				724,042	724,042
Balance as of 31 March 2018	**66,067,678**	**63,676,073**	**23,335**	**343,460**	**130,110,546**

(Amount in Rupees)

			Items of OCI		Total
	General reserve	Retained earnings	Hedging reserve	Remeasurements of the defined benefit plans	
Balance as of 1 April 2016	66,067,678	36,257,508	902,388	-	103,227,574
Profit for the year	-	41,558,508	-	-	41,558,508
Effective gain on hedging instruments	-	-	1,061,341	-	1,061,341
Remeasurements of the defined benefit plans	-	-	-	(380,582)	(380,582)
Balance as of 31 March 2017	**66,067,678**	**77,816,016**	**1,963,729**	**(380,582)**	**145,466,841**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

RAKESH DEWAN
Partner
Membership number : 092212

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Gurugram
Date : May 03, 2018

Place : Noida
Date : May 03, 2018

Note 1:

1.1 Company Overview

VirStra *i*-Technology Services Limited ('Virstra' or 'the Company') was incorporated in May 2004 in India. Virstra is a wholly owned subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of offshore and onsite software support services to other group companies.

The Financial statements were approved for issue by the Board of Directors on May 03, 2018.

1.2. Significant accounting policies

i.Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company`s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.32 and 2.33.

b) Functional and Presentation currency

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

c) Basis of measurement

The financial statements have been prepared on the historical basis except for the following items:

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

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

Judgments

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

- Lease classification – Note 2.27

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of current tax expense and payable – Note 2.4
- Estimated useful life of property, plant and equipment – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligation-- Note 2.29

- Impairment of trade receivables- Note 2.7

e) Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

ii.Revenue Recognition

Revenue from software services comprises income from time and material contracts, which is recognised as the services are rendered.

iii.Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

Dividend income is recognised in profit or loss on the date on which the Company`s right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv.Property, Plant and equipment

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, Plant and equipment is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

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

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

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

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Mangement estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5	10

*Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.32

v. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the Software are 3 years.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.32.

vi. Financial instruments

a) Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- FVTPL

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vi)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

d) Offsetting

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

e) Derivative financial instruments and hedge accounting

The company holds derivative financial instruments such as 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. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

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

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

Cash flow hedges

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

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

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

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

Onerous contracts

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

ix. Foreign Currency

a) Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

x. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xi. Taxation

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

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

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

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

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

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

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xii. Employee benefits

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

xiii. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non –cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xiv. Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor`s expected inflation increases.

xv. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment and Intangible assets

(Amount in Rupees)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 1 April 2017	Depreciation for the year	Deductions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible assets										
- Computers	676,270 (469,608)	428,451 (206,662)	- -	1,104,721 (676,270)	373,933 -	216,154 (373,933)	-	590,087 (373,933)	514,634 (302,337)	302,337 (469,608)
- Office equipment	262,627 (85,016)	- (177,611)	- -	262,627 (262,627)	41,496 -	55,769 (41,496)	-	97,265 (41,496)	165,362 (221,131)	221,131 (85,016)
- Furniture and fixtures	-			- -		- -	- -	- -	- -	- -
	938,897 (554,624)	428,451 (384,273)	- -	1,367,348 (938,897)	415,429 -	271,924 (415,429)	- -	687,352 (415,429)	679,996 (523,468)	523,468 (554,624)
Intangible assets										
- Softwares	**964,808** (964,808)	**118,883** -	- -	**1,083,691** (964,808)	**676,405** -	**315,287** (676,405)	- -	**991,692** (676,405)	**91,999** (288,403)	**288,403** (964,808)
Total	1,903,705 (1,519,432)	547,334 (384,273)	- -	2,451,039 (1,903,705)	1,091,834 -	587,211 (1,091,834)	- -	1,679,044 (1,091,834)	771,995 (811,871)	811,871 (1,519,432)

Note:

i. Figures in brackets denote amounts pertaining to the previous year.

ii. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

Details of Gross Block of asset and accumulated depreciation as on 31 March 2016 are as under

Tangible assets	Gross Block as on 31 March 2016	Accumulated depreciation as on 31 March 2016	Deemed Cost as on 1 April 2016
Computer equipment	26,279,866	25,810,258	469,608
Office equipment	13,524,966	13,439,950	85,016
Furniture and fixtures	713,380	713,380	-
	40,518,212	**39,963,588**	**554,624**
Intangible assets			
Software	3,963,924	2,999,116	964,808

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	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
		(Rupees)	(Rupees)	(Rupees)
2.2	**OTHER NON-CURRENT FINANCIAL ASSETS**			
	(Unsecured considered good unless otherwise stated)			
	a. Security deposits	4,651,877	5,579,420	5,501,606
	b. Long-term bank deposits	432,234	456,625	427,419
		5,084,111	6,036,045	5,929,025

2.3 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Current tax	11,885,126	19,978,232
Deferred tax	4,036,651	(697,317)
Net tax expense	15,921,777	19,280,915

B. Income tax recognised in other comprehensive income

	Before tax	Tax expense / (benefit)	Net of tax
Remeasurements of net defined benefit plans	856,420	132,378	724,042
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(1,931,389)	9,005	(1,940,394)
Income tax recognised in other comprehensive income	(1,074,969)	141,383	(1,216,352)

C. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	Year ended 31 March 2018	Percentage	Year ended 31 March 2017
Profit before tax		61,960,834		60,839,423
Domestic tax rate	28%	17,071,759	33%	20,115,338
Tax exempt income	-2%	(1,218,891)	-2%	(1,382,084)
Tax disallowances	0%	169,709	1%	547,661
Prior period taxes	0%	(100,800)	0%	-
Effective tax	26%	**15,921,777**	32%	**19,280,915**

D. Movement in temporary differences

Particulars	Balance as at 1 April 2017	Recognised [(Credited)/ Charge] in profit or loss during the	Recognised [(Credited)/ Charge] in OCI during the year	Balance as at 31 March 2018	Balance as at 1 April 2016
Provision for compensated absences and gratuity	1,775,342	402,400	(132,378)	2,045,364	1,512,341
Property, plant and equipment	773,681	(49,646)	-	724,035	884,711
Forward contracts	545,346	(545,346)	(9,005)	(9,005)	-
MAT credit entitlement	21,392,102	(3,844,059)	-	17,548,043	29,827,948
	24,486,471	(4,036,651)	(141,383)	20,308,437	32,225,000

2.4 INCOME TAX ASSETS (NET)

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
Advance tax (net of provision for tax Rs 49,954,240 (31 March 2017 : Rs. 82,861,937 , 1 April 2016 : Rs.62,883,705)]	1,244,278	2,346,973	2,209,734
	1,244,278	2,346,973	2,209,734

2.5 OTHER NON- CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

Deferred rent	67,399	-	-
	67,399	-	-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.6 CURRENT INVESTMENTS			
Investment in Mutual Funds (Unquoted) *Mutual funds at fair value through profit or loss (FVTPL)*			
335,685.30 units (31 March 2017 :141,410.53 units, 1 April 2016 : 576,094.17) of ICICI Prudential Liquid Direct Plan Daily Dividend	33,624,624	14,149,733	57,648,879
137,081.48 units (31 March 2017 : 6,504.58 units, 1 April 2016 : Nil) ICICI Prudential Flexible Income Plan - DDR - Direct	14,502,522	687,767	-
2,293,126.49 units (31 March 2017: 6,215,454.31 units , 1 April 2016 : Nil) ICICI Prudential Ultra Short Term Plan- Direct Plan- Daily Dividend-Reinvestment option	23,187,636	62,815,867	-
1,960,829.53 units(31 March 2017: 1,824,464.38 units 1 April 2016: Nil) ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend-Reinvestment option	28,318,104	26,614,073	-
286,674.84 Units (31 March 2017: 1,236,756.74 units, 1 April 2016: Nil) IDFC Money Manager- Direct Plan- Daily Dividend-Reinvestment option	2,909,348	12,544,547	-
305,668.95 units (31 March 2017: Nil , 1 April 2016: Nil) IDFC Ultra Short term plan-Daily Dividend-Reinvestment option	3,092,453	-	-
Total	**105,634,687**	**116,811,987**	**57,648,879**
Aggregate amount of unquoted investment	105,634,687	116,811,987	57,648,879
2.7 CURRENT TRADE RECEIVABLES (Unsecured)			
Trade receivables			
- Considered good	15,425,189	11,174,222	15,500,176
	15,425,189	**11,174,222**	**15,500,176**
2.8 CASH AND CASH EQUIVALENTS			
a. Cash on hand	1,689	15,796	5,877
b. Balances with scheduled banks:			
- in current accounts	818,547	371,678	8,091,652
- in EEFC accounts	2,834,795	2,681,864	653,180
	3,655,031	**3,069,338**	**8,750,709**
2.9 OTHER BANK BALANCES			
a. Balances with scheduled banks in earmarked accounts:			
- unclaimed dividend accounts	-	890	890
	-	**890**	**890**
2.10 SHORT-TERM LOANS (Unsecured considered good unless otherwise stated)			
Loans and advances to employees (considered good)			
- Staff loans	41,669	27,500	27,000
- Employee advances	611,272	899,683	87,427
	652,941	**927,183**	**114,427**
2.11 OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)			
Mark-to-market gain on forward contracts (see note 2.26)	32,370	1,963,729	888,769
	32,370	**1,963,729**	**888,769**
2.12 OTHER CURRENT ASSETS (Unsecured considered good unless otherwise stated)			
a. Prepaid expenses	211,923	137,019	220,262
b. Supplier advance	1,263,328	1,292,641	1,074,416
c. Employee advances	95,798	478,275	366,267
d. Other advances	676,972	676,972	-
e. Balances with government authorities	2,171,215	1,870,166	-
f. Deferred rent	410,138	-	68,623
	4,829,374	**4,455,073**	**1,729,568**

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2.13 SHARE CAPITAL

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a. Authorised			
Equity shares			
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	**10,000,000**	**10,000,000**	**10,000,000**
b. Issued, subscribed and fully paid-Up			
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	**10,000,000**	**10,000,000**	**10,000,000**

Refer notes (i) to (iii) below

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :**

As at the beginning of the year			
- Number of Shares	1,000,000	1,000,000	1,000,000
- Amount	10,000,000	10,000,000	10,000,000
Shares issues/ (bought back) during the year			
- Number of Shares	-	-	-
- Amount	-	-	-
As at the end of the year			
- Number of Shares	1,000,000	1,000,000	1,000,000
- Amount	10,000,000	10,000,000	10,000,000

(ii) **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

(iii) **Details of shares held by Nucleus Software Exports Limited, the Holding Company**

- Number of Shares (see note below)	1,000,000	1,000,000	1,000,000
- Percentage	100%	100%	100%
- Amount	10,000,000	10,000,000	10,000,000

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

2.14 OTHER EQUITY

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
a. General reserve	66,067,678	66,067,678	66,067,678
b. Retained Earnings	63,676,073	77,816,016	36,257,508
c. Other comprehensive Income	366,795	1,583,147	902,388
	130,110,546	**145,466,841**	**103,227,574**

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
a. General reserve		
Opening balance	66,067,678	66,067,678
Add: Transferred from surplus in Statement of Profit and Loss		-
Closing balance	**66,067,678**	**66,067,678**
b. Retained Earnings		
Opening balance	77,816,016	36,257,508
Add: Profit for the year	46,039,057	41,558,508
Less : Appropriations		
- Interim Dividend [see note (i) below]	(50,000,000)	-
- Tax on Interim Dividend	(10,179,000)	-
	63,676,073	**77,816,016**
c. Other comprehensive Income		
Remeasurement of net defined benefit plans		
Opening balance	(380,582)	-
Add: Movement during the year	724,042	(380,582)
Closing balance	343,460	(380,582)
Hedging reserve (see note 2.26)		
Opening balance	1,963,729	902,388
Add: Movement during the year	(1,940,394)	1,061,341
Closing balance	23,335	1,963,729
	366,795	**1,583,147**
Closing balance	**130,110,546**	**145,466,841**

Note:

(i) The Board of Directors of the Company, at their meeting held on 27 June 2017, had declared an interim dividend of Rs. 50/- per equity share. The interim dividend was paid to the shareholders before 31 March 2018.

(ii) The Board of Directors of the Company recommended a payment of Final Dividend of Rs.40/- per equity share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2018. The payment is subject to approval of shareholders at the ensuing Annual General Meeting. The final dividend declared in the previous was Rs. Nil per equity share.

Nature and purpose of other reserves

General reserve
The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 2013.

Remeasurement of net defined benefit plans
Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

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

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.15 LONG-TERM PROVISIONS			
Provision for employee benefits			
-Provision for compensated absences	3,395,789	3,412,376	3,054,166
	3,395,789	3,412,376	3,054,166
2.16 TRADE PAYABLES			
Trade payables			
- Micro and Small Enterprises (see note below)	-	-	-
- Others	6,846,449	6,576,753	6,391,294
	6,846,449	6,576,753	6,391,294

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

2.17 OTHER CURRENT FINANCIAL LIABILITIES			
a. Unclaimed dividend	-	890	890
b. Payable for purchase of fixed assets	-	110,828	-
	-	111,718	890
2.18 SHORT-TERM PROVISIONS			
Provision for employee benefits			
-Provision for compensated absences	1,137,003	1,065,550	1,065,619
	1,137,003	1,065,550	1,065,619
2.19 OTHER CURRENT LIABILITIES			
a. Other payables - statutory liabilities	2,802,671	2,539,400	1,983,539
b. Payable to Holding Company	-	-	339,193
c. Payable to Fellow subsidiary Company	-	635,366	-
d. Payable to gratuity trust	2,819,342	1,965,563	454,334
e. Book overdraft	75,067	310,215	-
f. Deferred revenue	518,945	-	-
	6,216,025	5,450,544	2,777,066

	Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
2.20	**INCOME FROM SOFTWARE SERVICES**		
	a. Income from software services	154,383,568	152,496,149
		154,383,568	**152,496,149**
2.21	**OTHER INCOME**		
	a. Interest income on financial assets- carried at amortised cost :		
	- Deposits with banks	24,456	29,206
	- Income tax refund	279,819	-
	- Security deposit	710,381	9,191
	b. Dividend income from		
	- Current, non trade investments	4,423,885	4,180,154
	c. Gain / (Loss) on exchange fluctuation	599,577	(405,946)
	d. MTM gain or (loss) on mutual funds	(251,216)	582,953
	e. Other non-operating income		
	- Net profit on sale of fixed assets/discarded assets	-	215,174
	- Miscellaneous income	623,119	2,348,566
		6,410,021	**6,959,298**
2.22	**EMPLOYEE BENEFITS EXPENSE**		
	a. Salaries and wages	67,725,065	70,057,926
	b. Contribution to provident and other funds	3,740,860	3,879,452
	c. Gratuity expense (see note 2.29)	3,227,416	1,319,978
	d. Staff welfare expenses	1,584,425	1,562,783
		76,277,766	**76,820,139**
2.23	**OPERATING AND OTHER EXPENSES**		
	a. Rent and hire charges	6,156,290	5,329,962
	b. Repair and maintenance		
	- Buildings	808,887	748,810
	- Others	634,612	727,551
	c. Insurance	94,508	217,050
	d. Rates & taxes	11,745	154,665
	e. Travelling		
	- Foreign	3,042,946	2,588,280
	- Domestic	829,440	815,667
	f. Legal and professional (see note 2.25)	2,050,060	1,881,659
	g. Conveyance	1,501,279	1,474,211
	h. Communication	1,157,784	1,273,289
	I. Training and recruitment	191,091	425,854
	j. Power and fuel	3,469,196	3,043,196
	k. Director sitting fee	200,400	160,800
	l. Miscellaneous expenses	1,522,581	1,396,504
		21,670,819	**20,237,498**
2.24	**FINANCE COST**		
	Bank charges	**296,959**	**466,553**
2.25	**Legal and professional include :**		
	a. As auditors - statutory audit*	350,000	350,000
		350,000	**350,000**

* excluding taxes

2.26 **Financial Instruments by category**

The carrying value and fair value of financial instruments by categories of 31 March 2018 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	3,655,031	-	-	3,655,031	3,655,031
Investments (2.6)					
Mutual funds	-	105,634,687	-	105,634,687	105,634,687
Trade receivables (2.7)	15,425,189	-	-	15,425,189	15,425,189
Loans (2.10)	652,941	-	-	652,941	652,941
Other financial assets (2.2 and 2.11)	5,116,481	-	-	5,116,481	5,116,481
	24,849,642	**105,634,687**	**-**	**130,484,329**	**130,484,329**
Liabilities:					
Trade payables (2.16)	6,846,449	-	-	6,846,449	6,846,449
Other financial liabilities (2.17)	-	-	-	-	-
	6,846,449	**-**	**-**	**6,846,449**	**6,846,449**

The carrying value and fair value of financial instruments by categories of 31 March 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	3,069,338	-	-	3,069,338	3,069,338
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)					
Mutual funds	-	116,811,987	-	116,811,987	116,811,987
Trade receivables (2.7)	11,174,222	-	-	11,174,222	11,174,222
Loans (2.10)	927,183	-	-	927,183	927,183
Other financial assets (2.2 and 2.11)	7,999,774	-	-	7,999,774	7,999,774
	23,171,407	**116,811,987**	**-**	**139,983,394**	**139,983,394**
Liabilities:					
Trade payables (2.16)	6,576,753	-	-	6,576,753	6,576,753
Other financial liabilities (2.17)	111,718	-	-	111,718	111,718
	6,688,471	**-**	**-**	**6,688,471**	**6,688,471**

The carrying value and fair value of financial instruments by categories of April 1, 2016 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	8,750,709	-	-	8,750,709	8,750,709
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)					
Mutual funds	-	57,648,879	-	57,648,879	57,648,879
Trade receivables (2.7)	15,500,176	-	-	15,500,176	15,500,176
Loans (2.10)	114,427	-	-	114,427	114,427
Other financial assets (2.2 and 2.11)	6,817,794	-	-	6,817,794	6,817,794
	31,183,997	**57,648,879**	**-**	**88,832,876**	**88,832,876**
Liabilities:					
Trade payables (2.16)	6,391,294	-	-	6,391,294	6,391,294
Other financial liabilities (2.17)	890	-	-	890	890
	6,392,184	**-**	**-**	**6,392,184**	**6,392,184**

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of Non -current security deposit were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

b) Fair value hierarchy

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

Valuation technique used to determine fair value
Specific valuation techniques used to value financial instruments include:
a) the use of quoted market prices or dealer quotes for similar instruments.
b) for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.
c) the fair value of remaining financial instruments is determined using discounted cash flows method.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	As at 31 March 2018	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	105,634,687	105,634,687	-	-
Mark-to-market gain on forward contracts (see note 2.11)	32,370	-	32,370	-
Non - Current Financial Assets- Security deposits (2.2)	4,651,877	-	-	4,651,877

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

Particulars	As at 31 March 2017	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	116,811,987	116,811,987	-	-
Mark-to-market gain on forward contracts (see note 2.11)	1,963,729	-	1,963,729	-
Non - Current Financial Assets- Security deposits (2.2)	5,579,420	-	-	5,579,420

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April , 2016:

Particulars	As at 1 April 2016	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	57,648,879	57,648,879	-	-
Mark-to-market gain on forward contracts (see note 2.11)	888,769	-	888,769	-
Non - Current Financial Assets- Security deposits (2.2)	5,501,606	-	-	5,501,606

c) Financial risk management
The Company's activities expose it to a variety of financial risks arising from financial instruments
- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the parent Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

i) Market risk

a) Hedge accounting
The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future.
The Company's risk management policy is to hedge 40 to 55% of its estimated foreign currency exposure in respect of forecast sales over the following 12 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
Receivable						
JPY	7.847.376	4.826.921	2.158.917	1.252.127	8.966.791	5.289.510

Note 1-Forward contract outstanding USD 600,000/-, Rs. 39,108,000/- (previous year 31 March 2017 USD 600,000/-, Rs 38,910,000/-,previous year 1 April 2016 USD 600,000 Rs 39,756,000) against receivables)

For the period ended March 31, 2018 March 31, 2017 and March 31, 2016, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by Rs. 482,692 Rs. 125,213 and Rs. 528,951
Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b) Price risk

(a) Exposure

The Company's exposure to Mutual funds price risk arises from investments held by the Company and classified in the balance sheet at fair value through profit or loss.

(b) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		
	31 March 2018	31 March 2017	1 April 2016
Increase 2%			
Mutual funds	2,112,694	2,336,240	1,152,978
Decrease 2%			
Mutual funds	(2,112,694)	(2,336,240)	(1,152,978)

Derivative financial instruments

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

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Forward contracts

Forward contract outstanding	Buy/Sell	As at 31 March 2018	Equivalent amount in Rupees 31 March 2018	As at 31 March 2017	Equivalent amount in Rupees 31 March 2017	As at 1 April 2016	Equivalent amount in Rupees 1 April 2016
In USD	Sell	600,000	39,108,000	600,000	38,910,000	600,000	39,756,000

The foreign exchange forward contracts mature within six months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the

Particulars	As at 31 March 2018	Equivalent amount in Rupees 31 March 2018	As at 31 March 2017	Equivalent amount in Rupees 31 March 2017	As at 1 April 2016	Equivalent amount in Rupees 1 April 2016
Not later than one month	100,000	6,518,000	100,000	6,485,000	100,000	6,485,000
Later than one month and not later than three months	200,000	13,036,000	200,000	12,970,000	200,000	12,970,000
Later than three months and not later than one year	300,000	19,554,000	300,000	19,455,000	300,000	19,455,000

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

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2018:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning of the period	1,963,729	888,769
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	(1,931,359)	1,074,960
Balance at the end of the period	32,370	1,963,729

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Gross amount of recognized financial asset	32,370	1,963,729	888,769
Amount set off	-	-	-
Net amount presented in balance sheet	32,370	1,963,729	888,769

ii) Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 15,425,189 Rs. 11,174,222 and Rs. 15,500,176 as of March 31, 2018, March 31, 2017 and April 1, 2016. The Company has least credit risk as entire revenue is from fellow subsidiaries and which has positive net worth. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The Company has nil expected credit loss allowance.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units.

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

As of March 31, 2018, the Company had a working capital of Rs. 11,6030,116 including cash and cash equivalent of Rs. 3,655,031 and current investment of Rs. 105,634,687 (31 March 2017 Rs. 125,197,858 including cash and cash equivalents of Rs 3,069,338 and current investments of Rs. 116,811,987).

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,846,449	-	**6,846,449**
Other financial liabilities	-	-	-

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,576,753	-	**6,576,753**
Other financial liabilities	111,718	-	**111,718**

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2016:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,391,294	-	**6,391,294**
Other financial liabilities	890	-	**890**

d) Capital Management

The Company's objectives when managing capital are to:

-safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and

- maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Total Liabilities	17.595.266	16.616.941	13.289.035
Less: Cash and cash equivalnets	3.655.031	3.069.338	8.750.709
Adjusted debt	13.940.236	13.547.603	4.538.326
Total equity	**140.110.546**	**155.466.841**	**113.227.574**
Adjusted net debt to equity ratio	0.10	0.09	0.04

(i) Risk management

For the purpose of the Company`s capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company`s capital management is to maximise the shareholder value.

The Company manages it capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

(ii) Dividends

Particulars	31 March 2018	31 March 2017	1 April 2016
(i) Equity Shares			
Interim dividend for the year ended 31 March 2018 of Rs. 50 (1 April 2016 of Rs. 85) Per fully paid up	50,000,000	-	85,000,000
(ii) Dividends not recognised at the end of reporting period	40,000,000		
The Board of Directors of the Company recommended a payment of Final Dividend of Rs.40/- per equity share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2018. The payment is subject to approval of shareholders at the ensuing Annual General Meeting. The final dividend declared in the previous was Rs. Nil per equity share.			

2.27 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The company leases office space and other assets under operating lease. The Lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is Rs. 6,156,290 (previous year Rs. 5,329,962). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
Lease obligations payable			
a. Not later than 1 year	861.570	5.624.138	861.570
b. Later than 1 year but not later than 5 years	-	944.855	-
	861.570	6.568.993	861.570

B

2.28 RELATED PARTY TRANSACTIONS

List of related parties

a. **Holding Company - where control exists**
- Nucleus Software Exports Limited

b. **Fellow Subsidiary:**
- Nucleus Software Solution Pte. Ltd., Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016
	(Rupees)	(Rupees)	(Rupees)
Transactions with related parties			
i. Sale of services			
- Nucleus Software Solution Pte. Ltd., Singapore	116,537,722	124,498,409	170,627,410
- Nucleus Software Japan Kabushiki Kaisha, Japan	37,845,846	25,561,240	-
ii. Reimbursement of expenses			
From related parties			
- Nucleus Software Solution Pte. Ltd., Singapore	-	-	289,711
- Nucleus Software Japan Kabushiki Kaisha, Japan	44,770,122	37,676,296	-
To related parties			
- Nucleus Software Exports Limited	82,192.00	212,215	-
- Nucleus Software Solution Pte. Ltd., Singapore		-	794,853
			-
iii. Dividend paid			
- Nucleus Software Exports Limited	50,000,000	-	84,999,830

Outstanding balances as at year end

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)
i Trade receivables			
- Nucleus Software Solution Pte. Ltd., Singapore	10,598,268	9,922,050	15,500,176
- Nucleus Software Japan Kabushiki Kaisha, Japan	4,826,921	1,252,172	-
ii Other current liabilities			
- Nucleus Software Exports Limited	-	-	339,193
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	635,366	-

2.29 Employee benefit obligations

Defined contribution plans

An amount of Rs. 3,740,860 (previous year Rs. 3,879,452) has been recognized as an expense in respect of Company's contribution for Provident Fund deposited with the government authorities.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs 2,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and leave encashment has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

During the year, the Company has made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2018 :

Particulars	**As at 31 March 2018 (Rupees)**	**As at 31 March 2017 (Rupees)**
a. **Change in defined benefit obligations (DBO)**		
Obligation at beginning of the year	12,012,831	10,801,497
Current service cost	1,420,069	1,367,483
Past service cost	1,662,166	-
Interest on defined benefit obligation	749,425	735,752
Remeasurement due to:		
Actuarial loss/(gain)arising from change in financial assumptions	(373,947)	373,212
Actuarial loss/(gain)arising from change in demographic assumptions	-	-
Actuarial loss/(gain)arising on account of experience changes	(266,716)	(44,529)
Benefits paid	(740,779)	(1,220,584)
Obligation at year end	**14,463,049**	**12,012,831**
b. **Change in fair value of plan assets during the year**		
Plan assets at year beginning, at fair value	10,047,269	10,347,163
Expected return on asset plan	648,301	739,200
Contributions by employer	1,517,217	189,332
Remeasurement due to :		
Actuarial return on plan assets less interest on plan assets	171,700	(7,842)
Benefits paid	(740,779)	(1,220,584)
Plan assets at year end, at fair value	**11,643,708**	**10,047,269**
c. **Net asset / (liability) recognised in the Balance Sheet**		
Present value of defined benefit obligation	14,463,049	12,012,831
Fair value of plan assets	11,643,708	10,047,269
Funded status -Deficit	2,819,341	1,965,562
Net liability recognised in the Balance Sheet	**2,819,341**	**1,965,562**
d. Expected employer's contribution next year	1,000,000	1,000,000

e. **Gratuity cost for the year:**

Particulars	**Year ended 31 March 2018 (Rupees)**	**Year ended 31 March 2017 (Rupees)**
Current service cost	1,420,069	1,367,483
Past service cost	1,662,166	-
Interest cost	145,181	(47,505)
Net gratuity cost	**3,227,416**	**1,319,978**

f. **Remeasurements income recognised in other comprehensive income:**

Particulars	**Year ended 31 March 2018 (Rupees)**	**Year ended 31 March 2017 (Rupees)**
Actuarial (gain) loss on defined benefit obligation	(684,720)	372,740
Return on plan assets excluding interest income	(171,700)	7,842
	(856,420)	**380,582**

2.26

a) **Financial Instruments by category**

The carrying value and fair value of financial instruments by categories of 31 March 2018 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	3,655,031	-	-	3,655,031	3,655,031
Investments (2.6)					
Mutual funds	-	105,634,687	-	105,634,687	105,634,687
Trade receivables (2.7)	15,425,189	-	-	15,425,189	15,425,189
Loans (2.10)	652,941	-	-	652,941	652,941
Other financial assets (2.2 and 2.11)	5,116,481	-	-	5,116,481	5,116,481
	24,849,642	105,634,687	-	130,484,329	130,484,329
Liabilities:					
Trade payables (2.16)	6,846,449	-	-	6,846,449	6,846,449
Other financial liabilities (2.17)	-	-	-	-	-
	6,846,449	-	-	6,846,449	6,846,449

The carrying value and fair value of financial instruments by categories of 31 March 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	3,069,338	-	-	3,069,338	3,069,338
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)					
Mutual funds	-	116,811,987	-	116,811,987	116,811,987
Trade receivables (2.7)	11,174,222	-	-	11,174,222	11,174,222
Loans (2.10)	927,183	-	-	927,183	927,183
Other financial assets (2.2 and 2.11)	7,999,774	-	-	7,999,774	7,999,774
	23,171,407	116,811,987	-	139,983,394	139,983,394
Liabilities:					
Trade payables (2.16)	6,576,753	-	-	6,576,753	6,576,753
Other financial liabilities (2.17)	111,718	-	-	111,718	111,718
	6,688,471	-	-	6,688,471	6,688,471

The carrying value and fair value of financial instruments by categories of April 1, 2016 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.8)	8,750,709	-	-	8,750,709	8,750,709
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)					
Mutual funds	-	57,648,879	-	57,648,879	57,648,879
Trade receivables (2.7)	15,500,176	-	-	15,500,176	15,500,176
Loans (2.10)	114,427	-	-	114,427	114,427
Other financial assets (2.2 and 2.11)	6,817,794	-	-	6,817,794	6,817,794
	31,183,997	57,648,879	-	88,832,876	88,832,876
Liabilities:					
Trade payables (2.16)	6,391,294	-	-	6,391,294	6,391,294
Other financial liabilities (2.17)	890	-	-	890	890
	6,392,184	-	-	6,392,184	6,392,184

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of Non -current security deposit were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

Particulars	**Year ended 31 March 2018 (Rupees)**	**Year ended 31 March 2017 (Rupees)**
g. Assumptions :-		
Economic assumptions		
Discount rate	7.40%	6.90%
Salary escalation rate	8.00%	8.00%

Discount rate:
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:
The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets:
This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

h. **Demographic assumptions**		
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006·	Indian Assured Lives Mortality
Withdrawal rates	Ages Withdrawal Rate %	Ages Withdrawal Rate %
	21-50 years - 20%	21-50 years - 20%
	51-54 years - 2%	51-54 years - 2%
	55-57 years -1%	55-57 years -1%
i. **Category of assets**		
Insurer managed funds	11,643,708	10,047,269

j. **Sensitivity analysis**
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant,would have affected the defined benefit obligation by the amount shown below:

Particulars	**Year ended 31 March 2018**		**Year ended 31 March 2017**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	(358,684)	374,593	(289,509)	301,522
Salary escalation rate (0.5% movement)	283,476	(284,922)	206,621	(203,017)

2.30 Segment reporting

Based on the guiding principles stated in indAS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software development services as one reportable business segment only. Accordingly, no additional disclosure for segment reporting have been made in the financial statements.

2.31 Contingent liabilities and Commitments (to the extent not provided for)

Particulars	**As at 31 March 2018 (Rupees)**	**As at 31 March 2017 (Rupees)**	**As at 1 April 2016 (Rupees)**
a. **Contingent Liabilities**	-	-	-
b. **Capital Commitments**			
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).	-	108,520	-
	-	**108,520**	**-**

2.32 First-time adoption of Ind-AS

These financial statements of Virstra I Technology Limited for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard , with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet , Statement of Profit and Loss, is set out in note 2.33.

Exemptions availed and exceptions applied on first time adoption of Ind-AS 101

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions:

A Optional exemptions availed

1 Property plant and equipment and intangible assets

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities

B Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements,as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.However, the estimates should be adjusted to reflect any differences in accounting policies.
As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3 Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016 are reflected as hedges in the Company 's results under Ind AS. The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

2.33 Reconciliations

a) Reconciliation of Total Equity

Particulars		**Note**	**As at 31 March, 2017**	**As at 1 April 2016**
Equity as reported under Previous GAAP	(A)		**154,802,638**	**113,229,856**
Impact of Ind AS opening adjustment	(B)		**(2,282)**	**-**
Investments in Mutual funds at Fair value through PL		1.1	657,294	6,910
Movement in deposits at amortised cost		1.2	9,191	(9,192)
	(C)		**666,485**	**(2,282)**
Equity in accordance with Ind AS (A+B+C)			**155,466,841**	**113,227,574**
Total equity after tax adjustment in accordance with Ind AS			**155,466,841**	**113,227,574**
Movement in equity			**664,203**	**(2,282)**

b) Reconciliation of total comprehensive income

Particulars	**For the year ended 31 March, 2017**
Profit as per Previous GAAP	**40,511,441**
Adjustments	
Investments in Mutual funds at Fair value through PL	657,294
Movement in deposits at amortised cost	9,191
Actuarial gain or loss reclassified to OCI	380,582
	1,047,067
Profit in accordance with Ind AS	**41,558,508**
Tax effects of adjustments	-
Profit for the year after tax adjustment in accordance with Ind AS	**41,558,508**
Other Comprehensive Income (OCI)	
Add:	
Effective portion of gain (loss) on hedging instruments of effective cash flow hedges,net	1,061,341
	1,061,341
Less:	
Actuarial gain or loss reclassified from OCI	380,582
OCI	**680,759**
Total Comprehensive Income as per Ind AS	**42,239,267**

2.33 Reconciliations

c) Equity reconciliations

Particulars	Note	Opening Balance Sheet as at April 1, 2016			As at March 31, 2017		
		Reclassified IGAAP*	Effect of transition to Ind -AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind -AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		554,624	-	554,624	523,468	-	523,468
Intangible assets		964,808	-	964,808	288,403	-	288,403
Financial assets							
Other financial assets	1.2	6,006,839	(77,814)	5,929,025	6,036,045	-	6,036,045
Deferred tax asset (net)		32,225,000	-	32,225,000	24,486,471	-	24,486,471
Income tax asset		2,209,734	-	2,209,734	2,346,973	-	2,346,973
Current Assets							
Financial assets							
Investments	1.1	57,641,970	6,910	57,648,879	116,147,783	664,204	116,811,987
Trade receivables		15,500,176	-	15,500,176	11,174,222	-	11,174,222
Cash and cash equivalents		8,750,709	-	8,750,709	3,069,338	-	3,069,338
Other bank balances		890	-	890	890	-	890
Loans		114,427	-	114,427	927,183	-	927,183
Other financial assets		888,769	-	888,769	1,963,729	-	1,963,729
Other current assets	1.2	1,660,946	68,622	1,729,568	4,455,075	-	4,455,073
Total Assets		126,518,891	(2,282)	126,516,609	171,419,580	664,204	172,083,782
EQUITY & LIABILITIES							
EQUITY							
Equity Share capital		10,000,000	-	10,000,000	10,000,000	-	10,000,000
Other equity	1.3	103,229,856	(2,282)	103,227,574	144,802,637	664,204	145,466,841
LIABILITIES							
Non-current liabilities							
Provisions		3,054,166	-	3,054,166	3,412,377	-	3,412,376
Current liabilities							
Financial liabilities							
Trade payables		6,391,294	-	6,391,294	6,576,753	-	6,576,753
Other financial liabilities		890	-	890	111,718	-	111,718
Provisions		1,065,619	-	1,065,619	1,065,550	-	1,065,550
Other current liabilities		2,777,066	-	2,777,066	5,450,545	-	5,450,544
TOTAL EQUITY AND LIABILITIES		126,518,891	(2,282)	126,516,609	171,419,580	664,204	172,083,782

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanation for reconciliation of equity as at 1 April 2016 and 31 March 2017 and Profit and Loss for the year ended 31 March 2017 as previously reported under IGAAP to Ind AS

1.1 Investments

a) Investment in Mutual funds

Under Previous GAAP, Investments in Mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability.Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at Fair value through profit or loss.This change has resulted in increase in the profit for the year ended 31 March 2017 by Rs. 657,294 and increase in retained earning as at 31 March 2016 by Rs 6,910

1.2 Other Financial assets

Under Previous GAAP, Security deposit are recorded at cost. However under Ind AS, security deposits are classified at amortised cost. Therefore, adjustment has been made for the impact of discounting of interest free security deposit given for the rented premises.
As a result of this change, profit for the year ended 31 March 2017 increased by Rs. 9,191 and reduced the retained earning as at 31 March 2016 by Rs. 9,191.

1.3 Other Equity

Adjustment to retained earnings and OCI have been made in accordance with Ind-AS, for the above mentioned line items.

1.4 Remeasurements of the defined benefit plans

Under Ind AS, remeaurements, i.e., acturial gains and losses and the return on plan assets, excluding amount included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 and 31 March 2017.

2.34 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 existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, 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.

2.35 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Gross amount required to be spent by Company during the year ended 31 March, 2018 - 31 March, 2016 :	1,086,173	1,091,993
Amount spent during the period on purposes other than Construction/acquisition of any asset	-	-

2.36 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below:

Information pursuant to G.S.R. 308(E) dated 30 March 2017	Specified Bank notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,500	15,068	17,568
(+) Permitted receipts*	-	17,500	17,500
(-) Permitted payments	-	12,897	12,897
(-) Amount deposited in Banks	2,500	-	2,500
Closing cash in hand as on 30.12.2016	-	19,671	19,671

* (Under permitted receipts of Rs, 17,500 (Rs 15,000 are for withdrawal from bank and Rs 2,500 for exchange from SBNs)

Note: For the purpose of this disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016

2.37 Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : May 03, 2018

For and on behalf of the Board of Directors

VISHNU R DUSAD
Director

RAVI PRATAP SINGH
Director

Place : Noida
Date : May 03, 2018