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1 Reporting entity

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

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

2 Summary of significant accounting policies

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

a) Basis of preparation

(i) Statement of compliance

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

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

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

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

(iv) Use of estimates and judgment

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

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

Judgments

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

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

Assumptions and estimation uncertainties

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

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

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

(v) Measurement of fair values

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

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

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

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

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

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

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

b) Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

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

- amortised cost;

- FVOCI – debt investment;

- FVOCI – equity investment; or

- FVTPL"

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

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

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding"

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

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Treasury shares

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

(vi) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

(vii) Cash dividend to equity holders

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

d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

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

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

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

e) Other intangible assets

(i) Internally generated: Research and development

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

The estimated useful lives are as follows:

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

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

f) Investment property

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

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

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

g) Impairment

(i) Impairment of financial instruments

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

- financial assets measured at amortised cost; and

- financial assets measured at FVOCI- debt investments.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

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

(ii) Impairment of non-financial assets

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

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

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

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

(h) Employee benefits

(i) Short-term employee benefits

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

(ii) Share-based payment transactions

Recognition and measurement

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

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

(iii) Provident Fund

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

(iv) Gratuity

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

(v) Superannuation

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

(vi) Compensated absences

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

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

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(vii) Termination benefits

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

(i) Provisions (other than for employee benefits)

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

Onerous contracts

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

(j) Revenue recognition

(i) Rendering of services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Leases

(i) Determining whether an arrangement contains a lease

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

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

(ii) Lease payments

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

(l) Dividend income

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

(m) Income tax

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

(i) Current tax

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

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

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

(ii) Deferred tax

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

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

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

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

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

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

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(o) Operating segments

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

3 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

Ind AS 116 - Leases

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

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

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

Amendments to existing standards

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

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

Ind AS 19 - Employee benefits

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

Notes to the financial statements

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

4 Property, plant and equipment

Reconciliation of carrying amount

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

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

5 Investment Property

A Reconciliation of carrying amount

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

B Measurement of fair values

i. Derecognition & Disposal group held for sale

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

ii. Valuation technique

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

C Disposal group held for sale

(i) Parcel of land, Gurgaon - Investment property

(ii) Investment in Optimus Global Services Limited

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

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

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

6 Other intangible assets

Reconciliation of carrying amount

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

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

6 Other intangible assets (*Continued*)

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

7 Investments

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

A Non-current investments

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

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

7 Investments (*Continued*)

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

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

B Current investments

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

8 Income taxes

See accounting policy in Note 2 (m).

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

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

B Income tax recognised in other comprehensive income

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

C. Reconciliation of effective tax rate

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

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

D. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

		Deferred tax assets		Deferred tax (liabilities)	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax		68.01	178.03	-	-
Difference on account of revenue recognition		49.58	80.19	-	12.96
Allowances for doubtful debts		527.77	520.00	-	-
Others		914.18	712.94	-	-
	A	**1,559.54**	**1,491.16**	**-**	**12.96**
Less: Deferred tax (liability) arising on account of :					
Gain on fair valuation of investments		(20.20)	(2.58)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax		-	-	(53.51)	(71.32)
Derivative asset/(liability) on the effective portion of cash flow hedges		9.46	(79.18)	-	-
	B	**(10.74)**	**(81.76)**	**(53.51)**	**(71.32)**
Net deferred tax asset	**(A+B)**	**1,548.80**	**1,409.40**	**(53.51)**	**(58.36)**

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

8. Income taxes (Contd...)

Movement in temporary differences

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

E. Unrecognised deferred tax liabilities

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

F. Unrecognised deferred tax assets

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

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

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

G. Tax losses carried forward

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

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

9. Trade receivables

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

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

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

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

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

10. Unbilled receivables (previous year: Unbilled revenue)

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

11. Cash and bank balances

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

B. Other bank balances

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

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

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

12 Derivatives - Current assets

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

12 Derivatives - Current liabilities

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

13 Loans

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

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

14. Other financial assets

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

15. Other non-current assets

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

16 Other current assets

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

17 Equity share capital

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

All issued shares are fully paid up.

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

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

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

Rights, preferences and restrictions attached to equity shares

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

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

Employee stock options/ share purchase plan

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

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

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

Number of shares are in absolute numbers

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

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

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

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

Shares reserved for issue under options:

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

18A Other equity

(i) Securities premium

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

(ii) Share based payments reserve

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

(iii) Treasury Shares

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

18B. Analysis of accumulated OCI, net of tax

a Other items of OCI

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

(i) Remeasurements of defined benefit liability (asset)

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

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

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

Notes to the financial statements

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

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

b. Disaggregation of changes in items of OCI

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

Exchange differences on translation of foreign operations

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

Effective portion of cash flow hedges

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

Investments through OCI

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

Remeasurements of defined benefit liability (asset)

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

Gain on sale of equity instruments classified as FVOCI

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

19 Share-based payments

A Description of share-based payment arrangements

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

Associate Stock Option Plan 2003

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

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

19 Share-based payments (continued)

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

Associate Stock Option Plan 2004

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

Associate Stock Option Plan 2011

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

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

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

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

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

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

19 Share-based payments (continued)

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

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

Associate Stock Option Plan 2015

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

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

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

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

Associate Stock Option Plan (Trust) 2011

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

Restricted stock units

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

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

19 Share-based payments (continued)

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

B Measurement of fair values

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

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

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

C Reconciliation of outstanding share options

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

Associate Stock Option Plan 2003

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

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

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

Associate Stock Option Plan 2004

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

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

19 Share-based payments (continued)

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

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

Associate Stock Option Plan 2011

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

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

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

Associate Stock Option Plan 2015

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

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

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

Restricted stock units

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

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

D Expense recognised in statement of profit and loss

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

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

20 Provision for employee benefits

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

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

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

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

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

A Reconciliation of the net defined benefit (asset) liability

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

Reconciliation of present value of defined benefit obligation

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

Reconciliation of the present value of plan assets

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

B *i. Expense recognised in profit or loss*

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

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

20 Provision for employee benefits (continued)

ii. Remeasurements recognised in other comprehensive income

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

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

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

C Defined benefit obligation

i. Actuarial assumptions

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

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

ii. Sensitivity analysis

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

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

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

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

21 Trade and other payables

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

All trade payables are 'current'.

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

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

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

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

22 Other financial liabilities

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

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

23 Other current liabilities

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

24 Other income

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

25 Employee benefits expense

See accounting policies in Note 2(h)

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

26 Depreciation and amortisation expense

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

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

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

27 Other expenses

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

(i) Payments to auditors

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

(ii) Details of corporate social responsibility expenditure

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

28 Earnings per share

A Basic earnings per share

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

i. Profit attributable to equity shareholders (basic)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year, attributable to the equity holders	16,248.00	18,082.08
ii. Weighted average number of equity shares (basic)		
	March 31, 2019	**March 31, 2018**
Opening balance	102,941,129	102,120,754
Effect of share options exercised	202,992	235,019
Weighted average number of equity shares for the year	**103,144,121**	**102,355,773**

Number of equity shares are in absolute terms

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

28 Earnings per share (continued)

B Diluted earnings per share

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

i. Profit attributable to equity shareholders (diluted)

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

ii. Weighted average number of equity shares (diluted)

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

Number of equity shares are in absolute terms

29 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

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

March 31, 2019

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

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

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

March 31, 2018

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

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

B Measurement of fair values

i. Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

C. Financial risk management

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

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

i. Risk management framework

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

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

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

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

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

ii. Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

iii. Liquidity risk

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

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

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

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

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

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

March 31, 2019

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

March 31, 2018

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

iv. Market risk

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

Exposure to currency risk

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

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

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

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

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

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

Hedge accounting

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

Cash flow hedges

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

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

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

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

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

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

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

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

iv. Market risk (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

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

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

	March 31, 2018				During the period 2017-2018								
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'effective portion of cash flow hedges' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss	Line item in profit or loss affected by the reclassification
Foreign currency risk													
Forward exchange contracts - Sales	25,979.20	226. 60	-	Derivative asset	1,560.78	Nil	Not applicable	-	-	-	5,257.19	-	Revenue

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

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

D Capital management

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

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

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

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

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

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

30 Operating leases

Leases as lessee

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

i. Future minimum lease payments

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

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

ii. Amounts recognised in profit or loss

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

31 Contingent liabilities and commitments

(to the extent not provided for)

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

Notes

i. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.

ii. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

iii. As at March 31, 2019, the Company is committed to spend INR 1,344.17 lakhs (March 31, 2018: 1,419.68 lakhs) under a contract to purchase property, plant and equipment.

iv. On February 28, 2019, the Honorable Supreme Court of India issued a ruling interpreting Provident Fund contribution obligations of employees and employers, which altered historical understandings of such obligations, extending them to cover additional portions of employee income. As a result, contributions by our employees and the Company will increase in future periods. Based on the legal opinion we understand that there is uncertainty as to whether the Indian Government will apply the Supreme Court's ruling on a retroactive basis and if so, how this liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the ultimate amount of our obligation is difficult to quantify. If the Indian Government were to apply the Supreme Court ruling retroactively, without assessing interest and penalties, the impact would be a charge of approximately INR 1,543 lakhs to our income from operations and cash flows.

32 Related parties

A Parent and ultimate controlling party

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

List of related parties

Name of the related party and nature of relationship

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

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

Notes to the financial statements

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

32 Related parties (continued)

List of subsidiaries
Polaris Software Consulting & Services Sdn. Bhd., Malaysia
Polaris Consulting & Services, KFT, Hungary
Polaris Consulting and Services FZ- LLC, Dubai
Polaris Consulting & Services SA, Switzerland
Virtusa Malaysia SDN BHD
Virtusa QFC IT Consulting LLC
Fellow subsidiaries
Virtusa Technologies India Pvt. Ltd.
Virtusa Software Services Pvt. Ltd
Virtusa Austria GmbH
Virtusa International BV, Netherlands
Virtusa Pvt.Ltd, Sri Lanka
Virtusa Singapore Private Limited
Virtusa UK Limited
Virtusa AB, Sweden
Virtusa Switzerland GmbH
Virtusa Hungary Kft.
Virtusa APS
Etouch Systems (India) Private Limited (from March 12, 2018)

B Transactions with key management personnel

i. Key management personnel compensation

	Year ended March 31, 2019	Year ended March 31, 2018
Remuneration and other benefits	715.85	683.49
	715.85	683.49

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

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

C Related party transactions other than those with key management personnel

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

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

32 Related parties (continued)

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

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

32 Related parties (continued)

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

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

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

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

32 Related parties (continued)

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

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

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

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

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

34 Operating segments

A Basis for segmentation

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

B Geographical information

i. Revenue

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

ii. Non-current assets*

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

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

C Major customer

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

35 Unbilled receivables and contract balances

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

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

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

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

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

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

35 Unbilled receivables and contract balances (Continued)

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

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

36 Costs to obtain and fulfill

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

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

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

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

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

37 Disaggregation of Revenue

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

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

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

Notes to the financial statements

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

38 Composite scheme of arrangement

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

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

As per our report of even date attached

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

K Raghuram
Partner
Membership No.: 211171

Place: Chennai
Date: November 8, 2019

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

Hari Raju Mahadevu
Director
DIN: 03262516

Arvind Sharma
Director
DIN: 00012177

Vaidyanathan N M
Chief Financial Officer

Christina Pauline Beulah
Company Secretary