

**48<sup>TH</sup>**  
**ANNUAL**  
**REPORT**  
2017-18

CULTURE OF  
**AGILITY**



**MPS**  
Limited

# KEY INFORMATION

*Chairman & Non-Executive Director*

**Mr. Nishith Arora**

*Vice Chairman & Independent Director*

**Mr. D. E. Udhwadia**

*Independent Director*

**Mr. Vijay Sood**

*Independent Director*

**Mr. Ambarish Raghuvanshi**

*Chief Executive Officer & Whole Time Director*

**Mr. Rahul Arora**

*Non-Executive Director*

**Ms. Yamini Tandon**

*Chief Financial Officer & Company Secretary*

**Mr. Sunit Malhotra**

*Compliance Officer*

**Mr. Utkarsh Gupta**

## **Auditors**

**BSR & Co. LLP**

Building 10, 8th floor, Tower B

DLF Cyber City, Phase II,

Gurugram 122 022, Haryana

## **Bankers**

**BNP PARIBAS**

Salarpuria Windsor, Ground Floor, No.3, Ulsoor Road, Bengaluru – 560 042, Karnataka

**Kotak Mahindra Bank Limited**

Kotak Aerocity, Asset Area 9, 1st Floor,

Corporate Banking, Ibis Commercial Block,

Hospitality District, IGI Airport,

New Delhi - 110 037

## **Corporate Office**

C-35, Sector-62, Noida-201 307, Uttar Pradesh

## **Registered Office**

RR Towers IV, Super A, 16/17, Thiru-vi-ka

Industrial Estate, Guindy, Chennai - 600 032

## **Other Offices**

HMG Ambassador, 137 Residency Road,

Bengaluru – 560025, Karnataka

709, DLF Corporate Greens, Sector -74A,

Narsinghpur, Gurgaon-122004, Haryana

33, IT Park, Sahastradhara Road,

Dehradun - 248001, Uttarakhand

## **Branch Office**

**MPS North America**

5728, Major Boulevard,

Suite 528, Orlando, FL-32819, USA

## **Subsidiaries**

**MPS North America LLC**

5728 Major Blvd., Orlando, FL 32819

**MPS Interactive Systems Limited**

RR Towers IV, Super-A, 16/17,

Thiru-Vi-Ka-Industrial Estate, Guindy,

Chennai-60032

## **Registrar and Share Transfer Agent**

**Cameo Corporate Services Limited**

Subramanian Building, 1 Club House Road,

Chennai – 600002

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## VISION 2023

Business Transformation through Smarter Publishing: MPS' objective is to power the differentiation and competitiveness of our customers through smarter publishing.

We will transform publishing by making it transparent, real-time, and focused on the learning outcome. Through the successful execution of this vision, we will grow to be the undisputed market leader by 2023, loved and admired by all our stakeholders.



# MPS VALUES

Our ambitions will be powered by our values. The Triple E Values define who we are today and will shape our future. These are principles we will not compromise on, but will depend on.



**Excellence** is a way of life. It means respecting our colleagues, owning our responsibilities, and committing our best to our customers. Excellence is not perfection but rather the simplicity in committing our best to every interaction, deliverable, and decision.

**Efficiency** is who we are. It means driving automation, smarter workflows, innovative operating models, and not allowing any job to be grunt work at MPS.

**Empathy** is caring. It means caring to understand things deeply, absorbing the unwritten, and going the extra mile for people who depend on us. While Empathy is intuitive, we believe it can be developed intellectually through impactful learning programs.

## 11 things you need to know about MPS Limited

### 01 Heritage

MPS is a leading global provider of platforms and content solutions for the digital world and was established as an Indian subsidiary of Macmillan (Holdings) Limited in 1970. The long service history as a captive business to Macmillan allowed MPS to build unique capabilities and talents through strategic partner programs. After change of majority stake in 2011-12 and with an entrepreneurial mindset, MPS developed significant momentum as a result of consistent reinvestment in the business and five successful acquisitions in the same number of years.

### 02 Acquisition

In October 2011, the Company was acquired from Macmillan (Holdings) Limited by ADI BPO Services Limited, led by Mr. Nishith Arora, promoter and the largest shareholder of ADI BPO Services Limited.

### 03 Management

Mr. Nishith Arora transitioned into a Non-Executive Chairman position effective from May 15, 2017 even as he continues to be a part of the Investment Committee empowered to evaluate acquisition opportunities. Mr. Rahul Arora assumed executive responsibilities, supported by a

seasoned professional management team heading strategic business units and key functions.

#### **04 Presence**

MPS Limited is headquartered out of Noida in India's National Capital Region. The Company's offices are located across India (Bengaluru, Chennai, Gurgaon, Noida, and Dehradun). The Company's international offices are located in the USA (Portland, Provo, Effingham, Orlando, Durham, and New York). This makes the Company one of the most dispersed in the global publishing outsourcing sector for its size.

#### **05 Knowledge Capital**

MPS Limited had 2352 employees as on 31 March 2018 (globally); 98% of the Company's employees were located in India and 2% across international operations (USA). Some 69% of the Company's senior management was located in India and 31% across international geographies (USA).

#### **06 Credentials**

MPS Limited has been certified as per ISO 9001:2008 for quality, ISO/IEC 27001:2005 for information security as well as PCI Data Security Standard (PCI DSS) for all its credit card payment gateways.

#### **07 The Business**

##### **Content Solutions**

##### **Content Authoring and Development**

The talented content team at MPS works from beginning to end to deliver exceptional content, on time, on spec, and on budget, in print and digital formats. They keep abreast of

educational trends and curriculum standards, and work with publishers as content development partners to create, develop, design, and produce content that is well conceived, organized, current, and accurate.

##### **Publishing Solutions**

MPS has been partnering with leading companies on their publishing requirements for almost 50 years. Clients benefit from US-based editorial and project managers, as well as our offshore production and technology teams (or even a hybrid model that combines the best of both). These units work seamlessly as an in-house extension of clients' teams, enabling clients to focus on their core business areas. MPS understands that client requirements can vary greatly and take pride in working strategically with every client to ensure their highest quality standards are met in supporting both print and digital strategies.

##### **Digital Transformation**

MPS delivers an enriched digital user experience across various devices and platforms for its clients. The Company works in collaboration with its customers to design and develop engaging content that incorporates interactivity and creative design, while also ensuring accessibility compliance.

The Company also converts pre-existing print content to the media of choice. MPS is a preferred content partner of iBookstore and has a partnership with Gutenberg, the digital publishing platform. The Company works with its proprietary, clients', and third party platforms to enable digital transformation.

##### **Accessibility Solutions**

For all accessibility requirements, MPS is a one-stop shop. The Company works as a thought partner across the spectrum of various outputs that need to be made accessible. MPS has extensive experience in supporting leading publishers to comply with the WCAG 2.0 Standards and Section 508 guidelines. The Company can carry out a gap analysis of existing assets that includes art, animations, interactivities, HTML files, and other content elements. The extensive experience in bringing assets into WCAG compliance enables MPS to anticipate probable challenges and highlight them accurately.

##### **Platforms**

The platform segment is the fastest growing part of the MPS business. In FY18 alone, this segment grew by 20 percent. The Company's platform business has grown, thanks to customers switching from other third-party providers, homegrown systems, and archaic forms of technology. The underlying value proposition of the platform business is Product Leadership, which is achieved through active customer groups and committees, flexible engineering, dedicated, and highly responsive support, intuitive user experience powered by domain expertise, scalable architecture, and highly secure hosted environments.

##### **08 Customer base**

At the time of the Company's acquisition in 2011, the customer base largely comprised science and scholarly publishers in the UK and Europe. Following the acquisition, the MPS customer base expanded

globally in geographic and market presence. Nearly 57 per cent of the Company's revenues are now derived from the US, while the Educational Publishing Practice has become as large as the science and scholarly business. MPS has opened its platforms and content solutions to the global enterprise market; the transition from publishing solutions to platforms and content solutions allows MPS to diversify its client mix.

### 09 Listing

MPS Limited shares are listed and actively traded on the National Stock Exchange of India Limited and BSE Limited. The market capitalization of MPS Limited for listing on NSE was Rs. 922.84 crores and on BSE was Rs. 922.93 crores as on March 31, 2018.

### 10 Certifications

MPS has long recognized the importance of meeting the highest

standards for quality and data security. We are certified for the following standards:

- ISO 9001:2008 (Quality Management System)
- ISO/IEC 27001:2013 (Information Security Management System)
- PCI-DSS (Secure Credit Card Processing Environment)
- COUNTER 4 Compliant

### 11 Acquisitions

MPS made six acquisitions in six years. The US-based acquisitions (Element, EPS, TSI, and Mag+ Inc.) were completed through MPS North America LLC, a wholly-owned subsidiary incorporated in May 2013. Mag+ AB and THINK Subscription were acquired directly.

**2013-15:** The Company acquired Element LLC, Electronic Publishing Services Inc (EPS), and TSI Evolve (USA) through MPS North America LLC. These acquisitions enabled MPS to strengthened its content and media asset development offerings for educational purposes.

The combined entity has been the fastest growing business unit for two years, cross-selling offerings from other units in India (learning platforms and content production services).

**2016-17:** The Company acquired Mag+ and THINK Subscription. These acquisitions reinforced MPS' platform capabilities, deepening its reach into publishing, science and scholarly markets.

**2018 (post-Balance Sheet development):** Tata Interactive Systems is a global leader in the eLearning industry with extensive experience and a strong presence in multiple geographies. TIS' offerings feature diversified and innovative learning and technology solutions (simulations, serious games, augmented / virtual reality, 3D virtual worlds, web portals, and LMS). TIS serves corporations, universities, schools, publishers, and government institutions (70+ Fortune 500 companies).

# THE GLOBAL PUBLISHING OUTSOURCING SECTOR AND A CULTURE OF AGILITY

The global publishing outsourcing industry is passing through a challenging phase. For the enterprising, this challenge presents a rare opportunity.

An opportunity to integrate deeper into the business model of our customers.

An opportunity to transform from vendorship to strategic partnership.

An opportunity to help them moderate costs and enhance competitiveness.

An opportunity to adapt to changing market needs.

An opportunity to transform projects into multi-year relationships.

This sectoral inflection point is placing a premium on the competence of outsourcing companies – a premium that is encapsulated in demanding customer requirements.

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A culture of agility is needed to be ahead of the change.

# MPS AND A CULTURE OF AGILITY

At MPS, we have made a culture of agility central to our existence.

Over the last few years, the Company has demonstrated this responsiveness through various initiatives.

**The Company** made six acquisitions (including Tata Interactive Systems) in the last six years.

**The Company** mobilized Rs 150 crores through a qualified institutional placement to be acquisition-ready.

**The Company** was among the first in India's outsourcing sector to relocate

from metro to Tier 2 urban location to moderate people costs.

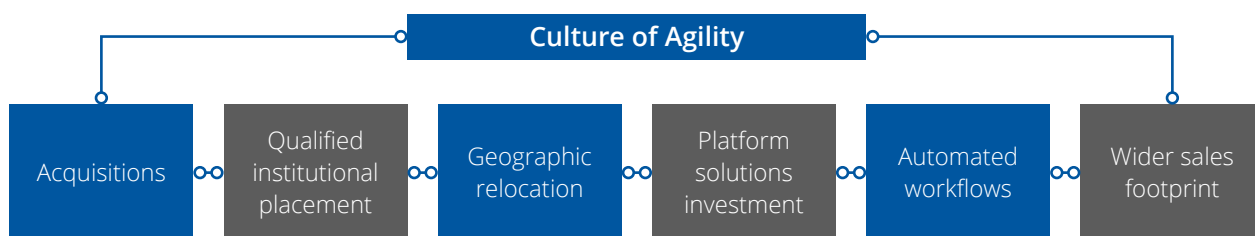
**The Company** invested proactively in its platform solutions business, a segment that is now growing faster than the core business.

**The Company** invested in cutting-edge technologies to automate workflows, shrink time-to-market, and costs.

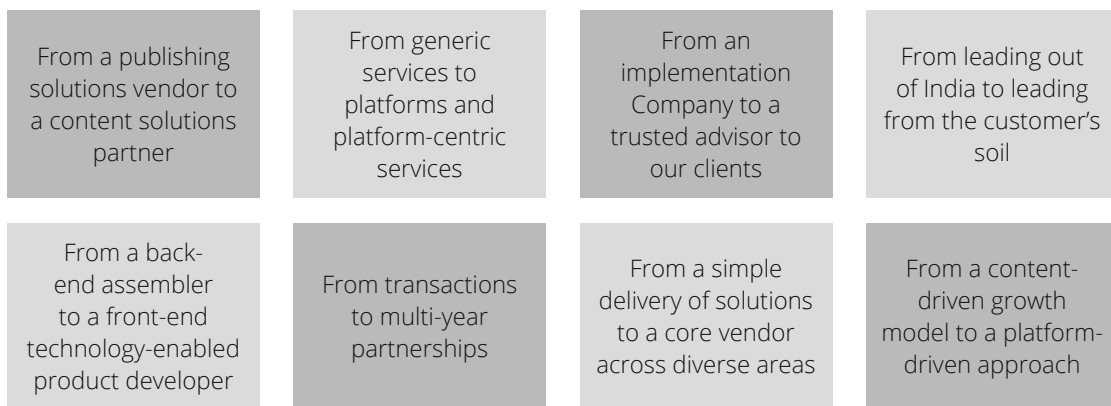
**The Company** widened its geographic footprint across the USA, its largest

market to enhance proximity to customers.

The result is that even as the global publishing outsourcing sector is stretched on account of declining profitability, MPS continues to report sizable free cash with protected margins.



## How the Culture of Agility has transformed MPS





# HOW WE MOVED WITH AGILITY TO ADDRESS A CHALLENGING 2017-18

1

Slow publishing outsourcing sector growth

## Challenges

- Flat sectoral performance
- Need for companies to cover rising fixed costs
- Need for companies to address stakeholders' demand for growth
- Weakening Balance Sheets

## Counter-challenges

- MPS selected to acquire Tata Interactive Systems
- Acquisition to kick-start MPS growth starting 2018-19
- Will create MPS' presence in the enterprise space
- Automated workflows to optimize costs
- Operating headcount headroom of nearly 50% in current infrastructure.
- No significant capital expenditure to increase operations
- Economies of scale through cost-effective Dehradun location
- Marginal costs minimal through cloud hosting of solutions

## Looking ahead

- Considerably larger addressable market of close to \$160 billion opening up through the acquisition
- Rs 229 crores cash on the books as on March 31, 2018

2

Rising competition in the publishing outsourcing sector

## Challenges

- Declining realizations, margins, and profits
- Industry consolidation
- Sectoral flux

## Counter-challenges

- Acquisitions in complementary competence spaces
- Growing scale through automation despite industry wide shrinkage
- Powering customers through differentiation
- Focus on through smarter publishing and e-learning initiatives

## Looking ahead

- Existing appetite for more complementary acquisitions
- Evolution from vendor to consulting and implementation partner

3

Traditional revenue streams under pressure

## Challenges

- Content solutions revenues declined in 2017-18

## Counter-challenges

- Acquired platform companies
- Grew platform solutions revenues by 18% in 2017-18
- Leveraged three platforms (Mag+, THINK360, and DigiCore).
- Faster time to market; reduction in manual touch points; lower errors and costs

## Looking ahead

- Expect to rapidly grow platform solutions revenues
- DigiCore increasingly respected as a Software-as-a-Service (SaaS) platform

“The vision of the Company is to emerge as an **undisputed market leader**, loved and admired by all stakeholders by 2023”

**Rahul Arora**, CEO,  
reviews the Company's FY18 performance and looks ahead at the future



**Q: Were you pleased with the performance of the Company during the year under review?**

FY18 was pretty much a flat year. Given the rich talents and comprehensive capabilities that we possess, the performance was disappointing. We are relentless and used the revenue decline as an opportunity to improve our margins. Our EBITDA Margins grew from 32.7 percent in FY17 to 33.8 percent in FY18. Given

that the currency headwinds seem to be decapitating, this places us in a strong position for FY19. To summarize the performance, consolidated revenue declined by 5.7 percent in constant currency terms, while our consolidated profit after tax was almost unchanged at around INR 70 crores in FY18.

## The big points

- 1 Flat topline; improved margins
- 2 Decline in Content Solutions business
- 3 Growth in Platforms business
- 4 Articulation of Vision and Values for the first time
- 5 Consistently leading innovation
- 6 Upcoming acquisition of Tata Interactive Systems Limited
- 7 Larger addressable market
- 8 Robust business foundation

### Q: What were the reasons for the sluggishness in the Company's reported revenue?

At a high-level, the global publishing market is going through a transformative change process. Content is not consumed the same way it was three years ago; forget a decade ago when the iPhone was launched. This transformation affects all aspect of publishing from content acquisition, operations, and technology, to even supply chain. And while publishers plan and strategize Business Models for the future, they have to execute the current operating plans and budgets. This is leading to a lot of disruption at the operating level – desire to innovate and change without the appetite for investing in the future or tolerating any failure. Vendor partners such as MPS are able to see the long-term vision and opportunity. If players such as

MPS, are able to support publishers and drive their innovation agenda, balancing the short-term with the long-term, then we could be looking at a consolidation scenario where the long tail of vendor partners gets eliminated completely, and publishers end up working with a handful of comprehensive players like MPS.

Digging deeper, the revenue decline that MPS has witnessed was entirely in the Content Solutions business. We saw pricing pressure across customers in our content production business, largely on account of workflow automation. This does help improve margins in the longer term, and in all cases we are leading and implementing the disruptive workflow changes and aren't recipients of

the change unlike some of our competitors. Additionally, there has been a macro trend in reduction in volume of digital transformation of legacy print assets. While the conversion services business was never a large business for MPS, we have seen a decline that is consistent with the macro environment – legacy print assets have been converted while new assets are digital.

Based on our current customer relationships, we do believe that the revenue on the Content Solutions business achieved a new normal and will settle or grow from here. There are several organic growth initiatives that we are working on that will definitely arrest the annual decline in the Content Solutions business.

### Q: How have you been able to maintain the culture of agility that you mention?

From senior management to an entry-level associate, all of us are aligned to certain core values and behaviors, which are table stakes in our industry, which is witnessing a transformative change. In fact, earlier in 2018, we agreed on a common five-year vision powered by core values. Our Triple E values include Excellence, Efficiency, and Empathy. Excellence and Efficiency form our

identity while Empathy is aspirational and something we will need to work toward in order to achieve as an organizational value. Apart from the transformative change that our market is seeing, it is important to note that MPS has grown through five acquisitions thereby widening our geographic spread and infusion of multi-cultural talent. In order to be agile, all of MPS needs to move

toward a common vision and prescribe to the same values. And this is what we have been able to implement successfully through great managers supported by robust systems and diligent HR practices. Vision 2023 has given all our employees across locations a long-term guidepost and greater clarity among, resulting in a greater resolve in achieving the central vision.

### **Q: How is MPS positioned in the marketplace?**

Given the transformative shifts that our customers are undergoing in their businesses, we recognized the need to be consultative partners rather than implementation experts. Our culture of agility allowed us to transition into the role of a trusted

advisor where our customers can rely on us for unbiased advice that balances their long-term goals with short-term tactical requirements. The strong presence in the US definitely accelerated our repositioning and also enabled us to be a

thought leader in industry forums, events, and media. Today, we are Trusted Advisors for all that has to do with publishing, and offer platforms and content solutions for the recurring problem statements that we see in our business.

### **Q: How has MPS been able to innovate and drive change in its business?**

We definitely walk the talk. Our credibility as Trusted Advisors for driving change in publishing depends on it. On the content solutions side of our business, we have over 100 people dedicated to making our processes smarter, leaner, and more predictable. Automation is not an aspiration but a Key Responsibility Area (KRA) for anyone in the content solutions business. In fact, our CTO heads our content production operations for journals that are built on

the fundamentals of technology-led operations. Of course, our aspiration is to transition that part of our business from operations to platforms. On the platform side of our business, we have innovation teams dedicated to a platform suite that manage the change. In fact, we have User Groups (from our customer base) for each of our platforms that meet thrice a year over webinar and once a year in-person to drive the innovation agenda. At an operating level, we have taken

a call to maintain diversity through five delivery centers in India and six US-based offices. Each of these locations tend to have a market focus that allows them to drive the custom innovation agenda for their respective markets. This is different from typical business process outsourcing companies of our size (3,000 employees) that are usually centered in one facility for economies of scale.

### **Q: You indicated technology-led solutions. Can you explain this point?**

We continued to deepen innovation across every aspect of our operations. In the content production operations for journals, this had an interesting impact. We introduced automated typesetting that was powered by NLP and machine learning, delivered on the AWS cloud, and governed by real-time production

analytics. This innovation provides a real-time dashboard for all stakeholders that monitor production operations at the client end and at our end. Our clients were delighted with the benefits of automation in terms of reduced cycle times and costs. However, we stepped it up even further by the openness and transpar-

ency in deployment. Everyone can view how the content was moving real-time and of course proactively address blockers. The result is that in this business segment we have evolved processes from manual to semi automated to automated black box and to now, a transparent open box for wider stakeholder benefit.

### **Q: What was the highlight of the Company's working during the year under review?**

We were delighted with the 20 percent revenue growth in our Platforms business. Unlike our Content Solutions business, where our Value Proposition is Operational Excellence, our Value Proposition is Product

Leadership in our Platforms business. EBITDA Margins tend to be higher as well – 35.5 percent (Platforms) against 33.5 percent (Content) in FY18 alone. And this is at a time when we are investing in various aspects of product

development and marketing to arrive at a premium positioning for all our platforms. The acquisitions of THINK and Mag+ have definitely given us a runway to grow from. Mag+ has now stabilized into an operating model



The big moment within the business was when we were awarded the platforms contract for Royal College of Nursing, which we won from a company that accounts for 60 per cent of the global platforms market in the science and technology space. We believe that this win represents conclusive evidence of the superior value we provide. Going ahead, this contract will serve to strengthen our reference across a larger spread of global customers.

largely driven from India commanding strong EBITDA margins. We integrated the acquired THINK Subscription platform with two leading proprietary platforms (ScholarStor and MPSInsight) and the three are now offered as a platform suite called THINK360.

The big moment within this business was when we were awarded the platforms contract for Royal College of Nursing, which we won from an incumbent player that is the largest platform player by far in that space. We believe that this win represents

conclusive evidence of the superior value we provide. Going ahead, this contract will serve to strengthen our reference across a larger spread of global customers.

**Q: In a post-Balance Sheet development, the Company acquired Tata Interactive Systems. What was the rationale for this acquisition?**

There were a number of reasons why the acquisition of Tata Interactive was attractive. With the global publishing industry growing at a mere 0.22 per cent, going through transformative change, and with MPS being recognized a leader in capabilities; we knew our next acquisition had to be in an adjacent market. This acquisition is not merely one that would provide us with scale; it provides us with scope as well because it brought a

completely new set of capabilities in our wheelhouse. Our acquisition strategy has always rested on the new customers, new capabilities framework; and this acquisition not only rests on the top right quadrant of that framework, but also help us enter an adjacent market and diversify our revenue.

Additionally, the acquisition extended us to a space where we have no presence – the vast Enterprise Learn-

ing opportunity with an addressable market of USD 160 Billion (compared to global publishing outsourcing industry valued at USD 1.7 Billion). The principal message that we wish to send out to our shareholders is that in the last few years we focused on growing our share of a stagnating market; following this acquisition we are now looking at a considerably large market with prospects of robust sustainable growth.

**Q: What is the big goal for the Company?**

The vision of the Company is to emerge as an undisputed market leader, loved, and admired by all stakeholders by 2023. I believe that we possess a robust foundation to make this happen – even after the TIS India acquisition, as on May 31, 2018, we possess nearly Rs 207 crores cash

and equivalents on our books and we still have Rs 59 crores left over from the proceeds of the qualified institutional placement of equity shares that was done a couple of years ago to fund acquisitions, and we continue to add to that through positive cash flows from operating activities. At the

time when publishing outsourcing companies the world over are increasingly vulnerable, we see ourselves strongly positioned to gain scale in the platform business, maintain lead in the content business, and derive scope from our recent acquisition.

# THIS IS HOW WE HAVE SELECTED TO DIFFERENTIATE **OUR BUSINESS**



The global publishing outsourcing sector is passing through a challenging phase.

In this challenging phase, MPS has protected its competitiveness through a differentiated way of doing business.

## **Focus**

MPS is India's only listed pure-play publishing services company. The Company provides platforms and publishing services for the global publishing industry. Over the years, MPS has strengthened its brand as a global specialist by strengthening its access to customers and ensuring success in M&A activities.

## **Vision**

MPS is driven by the long-term objective to power the differentiation and competitiveness of customers through smarter publishing. This smartness will be derived from transparent, real-time, and focused learning outcomes. MPS' vision is to grow into undisputed market leadership by 2023, 'loved and admired by all our stakeholders'.

## **Conservatism**

MPS has selected to finance all capital expenditure from its depreciation provision. Besides, the Company generates substantial free cash and has no debt on its books. The cash corpus was invested in liquid financial instruments. The Company's acquisitions (cumulative Rs. 47 crores represented only 13% of its aggregate cash generation of Rs. 349 crores in the four years ending 2017-18).

## **Customer focus**

MPS focused on winning projects from 50 largest global publishing companies (volume and value assignments). The Company's value proposition makes it possible for customers to enhance revenues and moderate costs thereby allowing MPS to pursue extensive up-sale and cross-sale possibilities.

## **Geographic focus**

MPS has selected to grow its marketing presence in North America, marked by rising costs and need for increased outsourcing. MPS completed five acquisitions in North America in four years. At the same time, MPS has expanded its base in Dehradun, a Tier-2 Indian city, thereby offsetting cost pressures.

## **Acquisitions**

MPS made prudent and complementary acquisitions (brand, technologies, market share, people, and customers). The Company acquired three companies in the three years ending 2015-16 and two in 2016-17. The Company acquired Tata Interactive Systems in 2018-19, its most decisive acquisition yet through the proceeds of a QIP of equity shares (Rs 147.80 crores after net of issue expenses).

The Company prefers to acquire only the brand, employee profile and customers, thereby insulating itself from hidden liabilities.

### Offshoring

MPS' offshoring model comprises a US team that markets to customers coupled with a US servicing team working with Indian delivery centers. This translates into growing revenues, larger wallet share, deeper integration into the Company's core business, collaborative partnerships, and multi-year engagements.

### Revenue transition

The Company is deriving revenues through platforms and related services (income gained from licensing). The proportion of platform revenues in overall revenues increased during the last financial year; the platform business grew faster than content solutions business (which saw a decline), validating the Company's related acquisitions.

### Revenue quality

A significant part of revenues derived from the Company's acquisitions was value-added, making it possible to vacate the generic services space. MPS North America witnessed a sharp increase in revenues from high value-added and value-added segments – its revenues witnessed a double digit growth (11%) in 2017-18.

### Cost management

The Company focused on moderating direct people costs and enhancing productivity: from 56% of revenues in 2011-12 to 42% in 2017-18. This was achieved through rationalization as well as relocation to lower cost geographies. As platform solutions revenue increases, this proportion of people costs is likely to decline further. The number of employees at Dehradun location increased from 681 to 1049 in the four years ending March 31, 2018. Correspondingly, per employee monthly revenue of MPS increased from Rs 55,400 in 2011-12 to Rs 87,700 in 2017-18.

### Holistic approach

MPS focuses on end-to-end solutions through turnkey product development for select products. This empowers clients to focus on the development of marquee products and sales and marketing. Besides, this engagement breadth provides MPS with diverse revenue mix (services, annuity, and products) ensuring adequate de-risking. The proportion of revenues from the Company's ten largest customers increased from 75 per cent in 2013-14 to 76 per cent in 2016-17 and then reduced to 71 per cent in 2017-18 signifying an improvement in the quality of revenues.

### Technology emphasis

MPS has made technology the principal driver of its customer engagement process. This is helping move clients from conventional print to virtual media. The Company's technology platform has helped enhance scalability (without a corresponding increase in employees), customer engagement, and productivity. The Company's SaaS (software-as-a-service) suite comprises workflow management (MPS Trak), editing and automated composition (MPS DigiCore), and business analytics (MPS Insight). Even as most global publishing services companies continue to provide commoditized services, MPS focuses on client production and transformation through smarter workflows. The proportion of revenues from technology-enabled services increased from 9 per cent in 2015-16 to 18 per cent in 2017-18, marked by employee cost considerably lower than in the other segments, strengthening profitability.

# OUR PLATFORMS

## DigiCore

DigiCore is a cloud-based end-to-end platform that streamlines, automates and optimizes the publishing process. It is workflow driven with different stakeholders working in a collaborative fashion. The platform is powered by a workflow driven content management solution built on an advanced BPM engine and DMS infrastructure. The online rich editing environment (underlying XML) for authors, reviewers, and editors provides customized functionalities including math and table editing, and on-the-fly HTML/EPUB/PDF preview. The end-to-end CMS and real-time dashboard allows the user to easily create, capture, manage, deliver and archive documents. The platform seamlessly integrates with other systems including publisher systems and online databases.

## MPSInsight

MPSInsight is an intelligent, cloud-based platform that allows users to dynamically access and analyze content usage. It empowers publishers and librarians with powerful content usage analytics on a Cloud-based platform; generation of sales and marketing reports including region wise trends and title-wise trends, allows librarians to compare usage statistics and derive useful metrics and make better informed purchasing decisions. With a 99.95% uptime guaranteed and lower operational costs it is a highly intuitive user interface that is branded to publisher requirements.

## ScholarStor

ScholarStor is a cloud-based HTML5 solution for scholarly content that allows publishers to manage and render content across multiple channels. ISMS compliant, ScholarStor has a responsive design that extends seamlessly to Apple and Android operating systems. Through this, users get access to subscribed content, benefit from electronic tools for XML to HTML conversion, access to new markets and access to analytics that can help publishers make smart business decisions.

## MPSTrak

MPSTrak provides workflow and content management tools required for constantly evolving editorial and production system processes in a rapidly changing publishing world. Providing further operational agility to users, it is a dynamic cloud-based workflow and content management platform for books, journals and reference works; workflow management and tracking; workflow task management; transparency and correspondence; author service and peer review; work automation; content management; estimation, Profit & Loss and PO management; integration and reporting. It provides a highly intuitive user interface, faster time to market, increased transparency amongst shareholders, global visibility on workflows and more efficient workflow solutions.

## MPSScholarlyStats

MPS ScholarlyStats is a proven usage analytical tool that allows librarians to make data-driven decisions. Its highly intuitive user interface can be customized to the specific requirements of libraries and other institutions. The clear analytics provided by this interface indicate which areas to focus on to attain a higher return on investment and more efficient utilization of the user's e-resources. MPSScholarlyStats is a very useful tool that can be used in libraries to validate existing content subscriptions, analyze content inventory and choose and acquire new content.

## ContentStore

MPS hosts an e-book delivery and distribution platform with feature for converting, showcasing, marketing and distributing content in various ways. This helps drive e-book sales over the web and mobile platforms including iOS, Android and other web applications. It is supportive of global content formats, enables distribution of content over mobile platforms and social media; allows publishers to access counter compliant and other usage statistics. The ContentStore's interface enables publishers and institutions to implement their e-content strategies while protecting content through a variety of DRM options and enhanced flexibility between different feature sets which allows the creation of an individual e-BookStore.



# MANAGEMENT DISCUSSION AND ANALYSIS: FY 2017-2018

## OVERVIEW

MPS, a leading global provider of platforms and content solutions for the digital world, was established as an Indian subsidiary of Macmillan (Holdings) Limited in 1970. The long service history as a captive business allowed MPS to build unique capabilities and talents through strategic partner

programs. MPS is now a global partner to the world's leading enterprises, learning companies, publishers, libraries, and content aggregators. After change of majority stake in 2011-12 and with an entrepreneurial mindset MPS developed significant momentum as a result of consistent reinvestment in the business and five successful acquisitions in the same

number of years. MPS is listed on the major stock exchanges in India with a market capitalization of INR 922.84 crores at the end of March 2018. More than 2,500 professionals power MPS across five delivery centers in India and five client-servicing offices in the US.

## BUSINESS SEGMENTS

The way we look at our current business and formulate strategies to excel is encapsulated below:

	Content Solutions	Platform Solutions
Components	<ul style="list-style-type: none"> <li>• Content Authoring and Development</li> <li>• Content Production</li> <li>• Content Transformation</li> <li>• Fulfillment and Customer Support</li> </ul>	<ul style="list-style-type: none"> <li>• DigiCore</li> <li>• THINK (recent acquisition)</li> <li>• Mag+ (recent acquisition)</li> <li>• ScholarStor (re-launched)</li> <li>• Technology Services</li> </ul>
Business Percentage	82%	18%
Growth	Steady	High
Value Proposition	Operational Excellence	Product Leadership
Aspiration	To consolidate volume through scalable technology and lean processes and pass on savings to customers	To disrupt market by solving inherent complex problems in a simple way through intuitive tech.

## OUR ACQUISITIONS

### Content Solutions

- Entered the K-12 space through the acquisition of Element LLC (Orlando, FL) with significant capabilities in content development and design across the STEM (science, technology, engineering, and mathematics) disciplines.
- Expanded presence in Higher Education and Academic Publishing through the acquisition of Electronic Publishing Services (Durham, NC).

This acquisition enabled us to develop new capabilities in Rights and Permissions, Content Authoring, and Development for Higher Ed, and High-End Media Asset Development for STM (Scientific, Technical, and Medical) customers.

- Acquired TSI Evolve (Orlando, FL and Effingham, IL) to expand our capabilities in Reading Language Arts, World Languages, Translation, and Design/Media for the K-12 market.

- As a result of these acquisitions in the content solutions space, we now have a thriving education and learning practice. As an outcome, MPS has been on the positive side of major vendor consolidations in the past three years. On the operations side, in all three cases listed above, we have consolidated with India-based facilities and strengthened project management for closer client engagement.

## Platform Solutions

- Acquired Mag+ (US and Sweden) from Bonnier Corporation to enhance mobile platform capabilities. Migrated technical operations and support from Stockholm, Sweden to Noida, India and integrated Business Development and Marketing with MPS North America and Noida, India. Established creative services operations in Noida, India to offer customers operational support for complex and time-sensitive projects.
- Acquired THINK Subscription (Provo, Utah) from Digital River. The THINK Subscription platform has been integrated with two leading MPS platforms, ScholarStor and MPSInsight, and the three are now offered as a platform suite – THINK360. The suite architecture is modular, allowing our customers to pick and choose, depending on their legacy systems and current investments.

The platform solutions business has gained momentum since these two acquisitions. The newly established technical and creative operations for Mag+ have enhanced the quality of revenue with existing Mag+ customers, and also allowed the Business Development teams to build revenue with customers that require deeper support. The THINK360 customer base has responded well to the platform suite approach and some have already signed up for the additional modules. The THINK acquisition has enabled momentum on DigiCore revenue through new customer sign-ups.

## Acquisition of Tata Interactive Systems

Post the close of the financial year 2017-2018, MPS Limited and Tata Industries Limited entered into definitive agreements for the acquisition of TIL's enterprise e-learn-

ing business. Tata Interactive Systems (TIS) over 2 decades has established itself as a pioneer in technology-enabled learning. The Company's innovative products and services are driven by excellence in learning and development and process efficiency.

The acquisition will be completed in the following weeks subject to the fulfillment of customary closing conditions.

## The Strategic Intent and Synergies

This acquisition apart from being a significant contributor to the consolidated financials of MPS in the future will lead to a definitive entry in the enterprise space. It also takes the Company into an adjacent market segment apart from bringing a cohesive and productive team of professionals into its fold. It will also establish an onshore presence in Germany and Switzerland.

## CERTIFICATIONS

MPS strives toward achieving the highest standards of quality and data security. In our pursuit to do so, we have been certified for the following:

- **ISO 9001:2008:** International standard related to the organization's quality management systems. MPS' journal production processes have been audited and certified for the same.
- **ISO/IEC 27001:2013:** Specifies the requirements for establishing, implementing, maintaining, and continually improving the organization's information security management systems. MPS' India-based production units have been audited and certified for the same.
- **PCI-DSS:** The Payment Card Industry Data Security Standard (PCI DSS) is a global information security standard defined by the Payment

Card Industry Security Standards Council. MPS' Fulfillment services unit has been audited and certified for PCI DSS Version 1.2.

- **COUNTER4 Compliant:** COUNTER (Counting Online Usage of Networked Electronic Resources) is an international initiative serving librarians, publishers, and intermediaries by setting standards that facilitate the recording and reporting of online usage statistics in a consistent, credible, and compatible way. Two of our leading platforms, MPSInsight and MPSScholarlyStats, have been audited and certified for COUNTER4, and will be upgraded to COUNTER5 at the end of 2018.

## VISION 2023

The goal of MPS is to power the differentiation and competitiveness of our customers through smarter publishing and e-learning initiatives. We aim to transform these businesses by making our engagement transparent, real-time and focused on the learning outcomes. Through the successful execution of this vision, we will grow to be the undisputed market leader by 2023, loved and admired by all our stakeholders.

## VALUES

Our ambitions will be powered by our values, values that define who we are today and that will shape our future. These are principles we will not compromise on but will depend on.

Excellence is a way of life for us. It means respecting our colleagues, owning our responsibilities, and committing our best to our customers. Excellence is not perfection but rather the simplicity in committing our best to every interaction, deliverable, and decision.

Efficiency is who we are. It means driving automation, smarter workflows, innovative operating models, and not

allowing any job to be grunt work at MPS.

Empathy is caring. It means caring to understand the things deeply, absorbing the unwritten, and going extra mile for people who depend on us. While empathy is normally intuitive, we believe it can be developed intellectually through impactful programs.

## MARKET DEVELOPMENTS

Outlook for the global publishing industry continues to be flat. Studies<sup>1</sup> predict a tepid growth in the global publishing market till 2020. In addition, digitization is fundamentally changing industry norms – academic journal publishing is moving toward an open access model from a subscription model while the need for interactive visual storytelling is disrupting educational publishing. Though these shifts present their own set of challenges, they also provide opportunities for MPS because of its leadership position in platforms. Another opportunity that presents itself is the ongoing consolidation of vendor partners with the number of partners diminishing and existing vendors getting bigger in size. This has led to publishers partnering with comprehensive vendor partners like MPS that can enable them to optimize their operations. However, some of these initiatives come at an upfront cost and a downward revision in prices. Even in such a competitive environment, MPS has been able to maintain its profitable, leadership position.

The operating environment is also witnessing some significant changes. There is persistent talk of trade wars, increasing geopolitical tensions, isolationism instead of the trend towards globalization over four

decades and stress in the emerging markets. The INR has also seen bouts of volatility in recent months making pricing and forecasting riskier.

IT industry in particular is undergoing a period of transformation where established players have entered the maturity phase of their evolution and need to reinvent themselves. IT vendors are currently facing enormous pressure from their clients to adopt artificial intelligence and automation to optimize costs<sup>2</sup>. This has led to a substantial reduction in manpower in the IT sector. According to some estimates only 30 percent of the current workforce in IT will remain relevant in coming years. In addition, the rise of cloud computing, desktop virtualization, and web-based applications is forcing IT organizations to reinvent and innovate their business models. MPS operating in a subset of the ITes landscape is not immune to these changes.

Increasing demands of publishers and headwinds in the IT sector pose challenges for MPS. However, with its diverse talent pool and leadership position in digital platforms, MPS is confident that it will continue to grow. MPS' recent investment in e-learning solutions allows it to leverage its product leadership and platform capabilities. Research<sup>3</sup> indicates the e-learning market to grow to USD 275 billion by 2022. The shift from traditional classroom learning to e-learning is happening at a rapid pace driven primarily by the increased penetration of the Internet. In addition, mobile phones and increased innovations in wearable devices have made it easier for customers to consume knowledge wherever and whenever they want to. E-learning also has substantially lower trainer and material costs

which makes it popular among content providers.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Pressure from publishers and the slowdown in Indian IT sector have had an impact on MPS revenues. Revenue declined by 2 % from INR 223.56 crores to INR 218.34 crores in FY 2017-18 on a standalone basis. Part of this decline was due to a depreciating GBP in the first half of the financial year and a relatively strong and stable INR through much of last year. On a consolidated basis, revenue from operations fell from INR 288.70 crores to INR 267.03 crores in FY 2017-18 though margins remained unaffected. Upfront price reductions in our Content Solutions have led to a short-term decline in revenues for this segment. However, we have witnessed an increase of close to 18% in revenues for our Platform Solutions. These combined effects led to a marginal impact on PBT (after exceptional items) - from INR 102.55 crores in FY 2016-17 to INR 101.86 crores in FY 2017-18. MPS continues to have no borrowings as at year-end. Surplus funds held by way of investments were INR 288 crores.

## Segment-wise and Product-wise Performance

The Company's business is divided into Content Solutions and Platform Solutions. Content Solutions includes creating and developing content for print and digital delivery and

<sup>1</sup> <https://www.prnewswire.com/news-releases/global-publishing-market-2016-2020-300330495.html>

<sup>2</sup> <https://www.thehindubusinessline.com/info-tech/automation-to-kill-70-of-it-jobs/article9960555.ece>

<sup>3</sup> <https://www.reuters.com/brandfeatures/venture-capital/article?id=11353>

Platform Solutions involves developing and implementing software and technology services programs. On a consolidated basis, for FY 2017-18, Content Solutions represent 82% of MPS revenue and Platform Solutions represent the remaining 18%. Content Solutions have witnessed a fall of 12% in revenue from operations. On the other hand, we saw a growth of 18% in revenue from operations for Platform Solutions. This has further strengthened our commitment to invest more in our platforms including Mag+, THINK360, and DigiCore.

## STRENGTHS

MPS believes that the following competitive strengths position it to take a lead in the market:

### Rich Heritage and Comprehensive Vendor Partner

The long service history has allowed MPS to build unique capabilities and talents through strategic outsourcing programs. Such programs were not trusted with an outside supplier, and our rich heritage, initially as a captive, allowed us to develop possibly the widest range of service offerings. Today, we lead and support all aspects of publishing including content creation, full service production, transformation, platforms and IT-related services, and customer support.

### Strong Onshore Presence

MPS North America has successfully positioned itself as a leading product developer for educational, academic, and medical publishers and learning companies. Additionally, MPS has also developed a front-end for its platform interests such as DigiCore, Mag+ and THINK Subscription and includes solution architects, account executives, and business development professionals in the US. As publishers identify new areas of

outsourcing and consolidate existing business with fewer strategic suppliers, MPS is in a differentiated position by not only providing its customers local access to senior management but also giving access to product developers and solution experts. The primary operations continue to be in India and the strategy, leadership, and business development teams in the US help shape future business for the Indian operations.

### Experienced Operations Management with a Reputation for Excellence

The operations centers in MPS India are stable and their operational experience and business knowledge offer a significant competitive advantage. Outside of operations, MPS has also invested in the development of Center of Operational Excellence (CoOE) that ensures operations are continually improving in productivity leveraging on smarter workflows, processes, and business systems; and consistently meeting or exceeding client expectations on key service level parameters including product quality, schedule adherence, communication, responsiveness, and budget adherence.

### Ability to Scale and Geographic Diversity

MPS has facilities at Bengaluru, Chennai, Dehradun, Gurugram, and Noida in India. MPS North America has offices in Provo (Utah), Orlando (Florida), Durham (North Carolina), Effingham (Illinois), and White Plains (New York) in the United States of America. This geographic diversity offers the following advantages.

1. Flexibility to recruit diverse talents across locations and manage attrition typically associated with the ITeS industry.
2. Individual centers led by respective heads focus on being centers of excellence for customers

and/or business areas.

3. No significant capital expenditure is required to ramp up operations. If required, an increase of nearly 50% in headcount is possible with the current infrastructure.
4. Our presence in Dehradun is a strong differentiator for wage arbitrage reasons and availability of highly productive talent, which are now more mature and taking on more comprehensive customer projects. Dehradun is our largest operations center for our Content Solutions business.

### Committed to Platforms

The offshore production services market is in a mature stage, where pricing pressures are real and differentiation limited. In such a market, MPS is in a unique position as the Company has leveraged on the DigiCore platform to power such services through technology-enabled workflows. This has enabled faster time to market and significant reduction in manual touch points, resulting in reduced errors and costs. As we continue to grow our offshore production services revenue, marginal costs will be minimal as all solutions are hosted on the cloud. This strategy toward offshore production services is allowing MPS to win more business with its clients, as they look to consolidate such operations with fewer suppliers to gain efficiencies.

In addition to internal deployment, DigiCore is gaining traction as a "Software as a Service" (SaaS) platform used by publishers. We continue to invest in the platform to ensure that it meets the fast changing requirements of publishers and establishes a lead position in the market. The additions of the Mag+ and THINK platforms to the core offering are expected to enhance quality of revenue and also result in revenues for other lines of business.

## Healthy Balance Sheet and Stable Vendor Partner

MPS continues to maintain a healthy balance sheet with shareholders' funds of INR 418.70 crores. In a rapidly changing and an uncertain vendor partner environment, MPS presents stability to its customers. The vendor partner pool of publishing solutions providers has witnessed significant consolidation and financial pressure over the past few years. In the past few years, MPS has been on the positive side of all major consolidations as publishers have looked to reduce suppliers. MPS' stable financials and ambitious growth plans provide for an exciting and more certain future to the publishing community.

## OPPORTUNITIES

Since ADI BPO Services Limited's acquisition of MPS in FY 2011-12, the Company has grown over 80 percent in revenue. In the initial years, margins increased at a much faster rate. The Company is making investments in developing a mature business development and marketing organization for its SaaS business in India and in the US, continued development of its platforms, and its Center of Operational Excellence, which is focused on enhancing productivity of its operations. Post-acquisition, there has been a lot of interest in the market for Mag+ and THINK Subscription, since they were product leaders in their prime, and are now attached to a growing and stable company. Additionally, spending on education is expected to grow till 2020 in the United States per industry experts. MPS is expected to gain a large market share as publishing outsourcing picks up in this space, since MPS North America has diligently developed a reliable and creative product development reputation with the leading educational publishers, through successful

implementations on large, complex projects since the acquisitions of Element, EPS, and TSI.

On the inorganic side, MPS has become more selective and has been assessing larger assets than previously to allow the Company to take a bigger leap in its evolution. The Company is looking for scale via acquisitions that have the scope to help add complementary revenue, minimizing overlap of business areas, and maximizing long-term returns. The planned acquisition of TIS fits these criteria and allows us to diversify and enter the Enterprise Learning market.

## THREATS

A possible threat to the business model could be publishers trying to own their offshore operations as they look for positive EBITDA in an overall business model that is not growing. Having said that, this does not appear to be a probable scenario as most captive units owned by publishers for BPO services have either been closed or sold to third parties.

## RISKS AND CONCERNS

The risks and concerns envisaged and their mitigation continue to be:

1. **Regulatory risks:** The changes in tax laws, government policies, and regulatory requirements might affect company business. MPS operates in five states each in India and in the United States, and this diversity helps contain this risk. After the acquisition of TIS, this risk will be further managed through additional diversification.
2. **Disaster and security risk:** This is a major concern for all IT/ITeS companies. This is being mitigated by MPS by having robust business continuity and disaster recovery plans that include using alternative sites for data storage

and protection. The Company is one of the first vendor partners to be GDPR compliant for its platform business.

3. **Technological risk:** Adoption of newer technologies by clients is expected to force service providers to also adopt newer technologies involving substantial investments in workflow and manpower management. However, to stay ahead of the curve typically a provider such as MPS would play a lead role in such a switch. This helps mitigate the risks.
4. **Currency risk:** Currency fluctuation generally remains a big risk. This risk is mitigated to a certain extent by taking adequate foreign exchange forward cover. Further, all internal operations and cost planning are completed at conservative levels that will somewhat allow absorption of a negative swing.
5. **Industry risk:** As the Company is today dependent on overseas publishers, any downturn in a customer's business or in the industry generally in any country where the Company does business could have an impact. The Company is trying to mitigate such risks by the diversification of business and customer base, and the acquisition of TIS and the associated entry into the enterprise learning market will go a long way in mitigation of industry risk.
6. **Customer concentration risk:** The Company today depends on a relatively small number of key overseas publishers. Expanding the customer base is mitigating this risk. Within the current customers, the Company is looking to deepen the partnership by supporting publishers in new areas of outsourcing. Additionally, the acquisition of TIS and the

associated entry into the enterprise learning market will go a long way in mitigation of customer concentration risk.

7. **Competition risk:** The barriers to entry are lower in some of the commoditized services for niche publishers, while these barriers are higher for acquiring business with the larger publishers and within new outsourcing areas. This risk is being mitigated through increased automation in commoditized areas of the business, further diversification of business processes managed by MPS, and deepening partnerships with customers.
8. **Pricing risk:** Pricing pressure is a big and constant risk due to increased competition. The

Company strives to mitigate this risk with existing customers by a trade-off for volumes. Thereon, it is the Company's endeavor to reduce the impact by taking advantage of economies of scale and increasing productivity, as well as increasing automation within these processes.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

Over 70 percent of MPS associates are based in facilities that are under the ownership of ADI/MPS.

As we continue to grow, our broad approach will be able to maintain headcount and have 80 to 85 percent of our associates in such facilities, further reducing operating expenses and offering us a deeper competitive advantage.

The Dehradun Operations Center further enhanced its capabilities in FY 2017-18 by moving from delivering stages of production workflows to delivering end-to-end workflows. The center's largest operations are for journal production. Additionally, the Company also stepped up the transition of comprehensive processes for the Books and Digital Services business units at the end of the financial year. The center now employs over 1500 associates.

#### **CAUTIONARY STATEMENT**

Certain statements in the Annual Report including this analysis concerning the Company's objectives, expectations, estimates, projections, and future growth prospects may be regarded as forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, intense competition in publishing services business including those factors which may affect our cost advantage, wage increase in India, reduced demand for services in our key focus areas, and general economic conditions affecting our businesses over which the Company does not have any control.



# STATUTORY SECTION

# Report of the BOARD OF DIRECTORS

*Dear Shareholders*

The Board of Directors hereby submits their Forty-Eighth Annual Report on the business and operations of your Company along with Audited Financial Statements for the financial year ended March 31, 2018.

## FINANCIAL HIGHLIGHTS

The summary of the financial performance of the Company during the financial year 2017-18 is as under: (₹in lacs)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017
Gross Income	24,343.33	24,161.73	29,001.23	30,811.96
Profit Before Interest, Depreciation and Tax (Excluding Exceptional Income)	10,822.98	10,540.42	11,003.22	11,272.24
Finance Charges	12.66	17.46	12.66	17.46
Provision for Depreciation	753.72	459.69	804.53	588.45
Profit Before Tax (Excluding Exceptional Item)	10,056.60	10,063.27	10,186.03	10,666.33
Exceptional Cost	-	-	-	411.40
Provision for Tax	3,235.41	3,149.23	3,165.09	3,213.01
Net Profit After Tax	6,821.19	6,914.04	7,020.94	7,041.92
Other Comprehensive Income	(62.69)	(38.43)	28.04	(268.26)
Total comprehensive income for the year, net of tax	6,758.50	6,875.61	7,048.98	6,773.66
Retained Earnings brought forward from previous year	15,161.25	8,942.22	15,747.08	9,400.17
Retained Earnings available for appropriation	21,982.44	15,856.26	22,768.02	16,442.09
Transfer to General Reserve	-	695.01	-	695.01
Surplus Carried to Balance Sheet	21,982.44	15,161.25	22,768.02	15,747.08

## OPERATIONAL HIGHLIGHTS

### Standalone

The revenue from operations on standalone basis for the year ended March 31, 2018 stood at ₹218.34 crores as against ₹223.56 crores for the previous year. The standalone Profit after tax and before other comprehensive income for the year ended March 31, 2018 was ₹68.21 crores and EPS ₹36.64 per share as against ₹69.14 crores and ₹37.14 per share respectively for the previous year. No amount has been transferred to General Reserve during the year ended March 31, 2018 as compared to an amount of ₹6.95 crores for the previous year.

### Consolidated

The consolidated revenue from operations for the year ended March 31, 2018 stood at ₹267.03 crores as against ₹288.70 crores for the previous year. The consolidated Profit after Tax and before other comprehensive income for the year ended March 31, 2018 was ₹70.21 crores and EPS ₹37.71 per share as against ₹70.42 crores and ₹37.83 per share respectively for the previous year. Nil amount has been transferred to General Reserve during the year ended March 31, 2018 as compared to an amount of ₹6.95 crores for the previous year.

In the preparation of Financial Statements the provisions of the Companies Act, 2013 (the "Act"), read with the





Companies (Accounts) Rules, 2014, applicable Accounting Standards and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) have been followed.

### **DIVIDEND**

Based on the Company's performance, the Board of Directors have recommended a dividend of ₹12 per equity share (face value ₹10 per equity share), amounting to ₹26.93 Crores including dividend distribution tax, for the financial year 2017-2018. The dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company and will be paid within statutory period, to the members whose names appear in the Register of Members, **as on Tuesday, July 24th 2018.**

### **TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

During the year under review, an amount of ₹83,434 was transferred to the Investors Education and Protection Fund established by the Central Government under Section 125 of the Act.

Details regarding unclaimed dividend has been updated on the website of the Company, [www.mpslimited.com](http://www.mpslimited.com). The shareholders, who have not yet claimed any of their previous dividends, are requested to contact the Company's Registrar and Share Transfer Agent (the “RTA”) for claiming the same. The contact details of the RTA are provided in the Annual Report as well as on the Company's website.

### **CONSOLIDATED FINANCIAL STATEMENT**

Consolidated Financial Statement prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 is separately disclosed in the Annual Report. Your Company has adopted Indian Accounting Standards for the first time.

The consolidated financial statement up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As per the requirements of Section 129 of the Act read with Rule 5 of the Companies (Account) Rules, 2014, a statement containing salient features of the financial

statements of subsidiaries in Form AOC -1, is attached to the Consolidated Financial Statement.

### **STATUTORY AUDITORS AND AUDIT REPORT**

At the 46th Annual General Meeting (“AGM”) held on July 19, 2016, M/s. BSR & Co. LLP, Chartered Accountants, (firm registration no. 101248W/W-100022) had been appointed as the Statutory Auditors of the Company for a term of 5 years to hold office till the conclusion of the 51st AGM of the Company to be held in the calendar year 2021.

The Audit Report on the Financial Statements of the Company for the financial year ended March 31, 2018 read with relevant Notes thereon are self-explanatory and do not call for any further explanation. The Auditors Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Statutory Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

### **SHARE CAPITAL**

During the year there has been no change in the paid up equity share capital of the Company which stood at ₹18.62 crores. During the year, the Company has neither introduced any Stock Option Scheme, nor issued any shares with differential voting rights.

### **ACQUISITION**

**Think Subscription:** During the year the Company acquired THINK Subscription (Provo, Utah) from Digital River on April 1, 2017. The Company migrated technical operations and support to Noida and integrated Business Development and Marketing with MPS North America LLC and Noida Office. The THINK Subscription platform has been integrated with MPS' platforms, Scholar Stor and MPS Insight, and the three are now offered as a platform suite – THINK360. The suite architecture is in a modular manner allowing our customers to pick and choose, depending on their legacy systems and current investments.

**TATA Interactive Systems:** After the close of the financial year the Company and Tata Industries Limited have entered into definitive agreements on April 24, 2018 for the acquisition of E-Learning business of TATA Industries Limited. Over the last 27 years, Tata Interactive Systems (TIS) has established itself as a pioneer in this area. The company's innovative products and services are driven



by excellence in learning and development and process efficiency. Through this acquisition, MPS will acquire:

- **Tata Interactive Systems India:** High end custom digital learning delivery including web-based learning, simulations, serious games, custom apps, and micro learning
- **Tata Interactive Systems AG:** Assessment Engine, Learning Management Platform, and custom digital learning services
- **Tata Interactive Systems GmbH:** Multiplayer workshop-based simulations platform for management education.

The Company is confident that the transaction will close in the near future on fulfillment of customary closing conditions. This acquisition will provide the platform to your company to enter into the Enterprise Learning Solutions market and add a global sales and marketing engine.

### SCHEME OF AMALGAMATION

Your Company is one layer subsidiary of ADI BPO Services Limited and any acquisition(s) by the Company involving two layers of Indian subsidiaries would not be possible as per the notified Companies (Restriction on number of layers) Rules 2017. Therefore to provide flexibility for the Company to consider acquisition opportunity of an Indian entity having an existing subsidiary at India the Board of Director of the Company, at its meeting held on 22nd January 2018, had approved the Scheme of Amalgamation of ADI BPO Services Limited (post demerger of its infrastructure Management Business Undertaking) with the Company as per Section 230 to 232 read with section 66 of the Companies Act 2013. This scheme has no impact on the financial structure or the public shareholding in the Company.

### SUBSIDIARIES

MPS North America, LLC (MPS North America), wholly owned subsidiary of your Company, is focused on content creation and development, project management, and media asset development for K12, Higher Education, and Academic and STM publishers.

The revenue of MPS North America for the year ended March 31, 2018 was ₹71.27 crores compared to ₹79.69 crores during the previous year. The Profit Before Tax for the year was ₹3.60 crores and Profit after Tax and before other comprehensive income was ₹2.69 crores as compared to the previous year's Profit Before Tax

of ₹1.53 crores and Profit After Tax and before other comprehensive income of ₹0.86 crores respectively.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents, and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

### Restructuring or closure of subsidiaries during the year

**MagPlus Inc** – MagPlus Inc, step down foreign subsidiary of the company, merged with MPS North America LLC, a wholly owned Subsidiary Company of the Company, with effect from August 10, 2017.

**Mag+AB** - Mag+AB, wholly owned foreign subsidiary of the Company was dissolved with effect from December 21, 2017 by transfer of Software and Intellectual Properties registered in its name to MPS Limited.

### BOARD MEETINGS


The Board met four (4) times during the financial year 2017-18, to transact the business of the Company. Details of the Board meetings, including the attendance of Directors at these meetings are covered in the Corporate Governance Report forming part of the Annual Report. The maximum interval between any two consecutive Board meetings did not exceed 120 days.

### AUDIT COMMITTEE

Audit Committee of your Company is constituted in accordance with the provisions of Section 177 of the Act and the Listing Regulations. Composition, role, terms of reference, and details of meetings of the Audit Committee are provided in the Corporate Governance Report forming part of the Annual Report.

### BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed under Listing Regulations, the Board of Directors carried out an annual performance evaluation of individual Directors including the Chairman, the Board as a whole and its Committees based on the criteria set out by the Nomination and Remuneration Committee. The performance of the



Board was evaluated after seeking inputs from individual Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, quality of relationship between the Board and the management, etc.

The Board reviewed the performance of the individual Directors on the basis of criteria such as contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

The Board evaluated the performance of the Committees after seeking inputs from the Committee Members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, quality of relationship of the Committee and the management, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, Board as a whole and the Chairman were evaluated, taking into account the views of Executive Directors and Non-Executive Directors. This was discussed in the Board meeting, at which the performance of the Board, its Committees and individual Directors were also discussed. The entire Board, excluding the Independent Director being evaluated, completed the performance evaluation of Independent Directors.

## **DIRECTORS, KEY MANAGERIAL PERSONNEL, AND EMPLOYEES**

### **Director Retiring by Rotation**

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Yamini Arora, retires by rotation at the ensuing AGM and being eligible, offers herself for re-appointment. Accordingly, a resolution is included in the Notice of the forthcoming 48th Annual General Meeting of the Company for seeking approval of members for his appointment as a director of the Company.

### **Changes in the Board and Key Managerial Personnel Board**

Mr. Nishith Arora was appointed as Non – Executive Director of the Company w.e.f. May 15 2017

Mr. Ashish Dalal resigned as Independent Director of

the Company with effect from March 9, 2018. The Board appointed Mr. Ambarish Raghuvanshi as an Independent Director to hold office with effect from May 01, 2018 and up to April 30, 2023, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

A brief resume, details of expertise and other Directorships/Committee memberships held by the above Directors, form part of the Notice convening the 48th AGM of the Company.

Independent Directors have declared to the Company that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 17 of the Listing Regulations.

### **Key Managerial Personnel**

Mr. Hitesh Jain, Company Secretary resigned from the Company with effect from September 12, 2017. The Board of Directors, on recommendation of the Nomination and Remuneration Committee, at its meeting held on October 23, 2017 appointed Mr. Sunit Malhotra as the Company Secretary of the Company with effect from October 23, 2017. Mr. Malhotra has been working as Chief Financial officer of the Company since November 2012.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s R Sridharan and Associates, Practicing Company Secretaries, carried out the Secretarial Audit of the Company during the financial year 2017-18. The Secretarial Audit Report, for the financial year 2017-18 prepared by them, is annexed to this Report as **Annexure A**.

The Secretarial Auditors have not expressed any qualification or reservation in their report and their report is self-explanatory.

Secretarial Auditors had also not reported any matter under Section 143 (12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

## **DEPOSITS**

During the year under review, your Company has not accepted any deposits under Chapter V of the Act and hence no amount of principal and interest thereof was outstanding.

## LOANS, GUARANTEES, AND INVESTMENT

Pursuant to Section 186 of the Act and Schedule V of the Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided in the Financial Statements. All the investments made by the Company were in accordance with the provisions of Section 186 of the Act and the rules made thereunder.

During the financial year under review, your Company has neither obtained any secured term loan nor provided any secured/unsecured loan to other bodies corporate or guarantees/securities with respect to any such loan.

## UTILIZATION OF THE PROCEEDS FROM QUALIFIED INSTITUTIONAL PLACEMENT

Your Company had raised a sum of ₹ 150 crores through "Qualified Institutional Placement" (the "QIP") during the financial year 2014-15. The net proceeds of the issue (net of issue expenses) are primarily to augment funds for growth opportunities such as acquisitions and strategic initiatives and for general corporate purposes and any other purposes as may be permissible under applicable law.

Details of the funds utilized and remaining unutilized as on March 31, 2018 is as follows :-

*(Figures in Lakhs)*

QIP Fund (net of expenses)	14,780
Acquisition of Mag+ companies (net of working capital adjustments)	(2,328)
Acquisition of Think Subscription business	(428)
Expenses incurred on acquisition opportunity	(28)
QIP Fund pending unutilization	11,996

## NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed criteria for appointment, performance evaluation and for determining remuneration of Directors, Key Managerial and Senior Management Personnel. The Board has also adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel/Senior Management and other employees, which is annexed as **Annexure B** to this Report.

## PARTICULARS OF DIRECTORS AND EMPLOYEES

Pursuant to Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details/information related to the

remuneration of Directors and Key Managerial Personnel are set out in **Annexure C** to this Report.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm the following:

- In the preparation of the Annual Accounts for the financial year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared these Annual Accounts on a going concern basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL FINANCIAL CONTROLS

The Company has an external and independent firm of Internal Auditors that scrutinizes the financials and other operations of the Company. Based on the framework of internal financial controls and compliance systems, established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

## RISK MANAGEMENT

The Company has in place, a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Identification of the business risks and their mitigation is a continuing process. Based on the diversified scale of business operations, your Company has formulated a Risk Management Policy to assist the Board in:

- overseeing and approving the Company's enterprise wide risk management framework; and
- overseeing that all the risks that the organization faces, such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company's management systems, organizational structure, processes, standards, code of conduct, and behavior together form a system that governs how the Company conducts its business and manage the associated risks.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2017-18, were on arm's length basis and in the ordinary course of business. The Audit Committee reviews all the related party transactions and approves wherever such approval is required as per the provisions of Section 188 of the Act, rules made thereunder, Regulation 23 of the Listing Regulations, and applicable Accounting Standards. The Company has not, during the year, entered into any related party transaction that may have a potential conflict with that of the Company at large. During the year, the Company has not entered into any material related party transactions, as specified in Section 188(1) of the Act, with any of its related parties. Accordingly, the disclosure of related party transactions as per Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The details of related party transactions of the Company are disclosed in financial statements of the Company.

Your Company has formulated a Policy on Related Party Transaction disseminated on the Company's website [www.mpslimited.com](http://www.mpslimited.com).

## VIGIL MECHANISM

The Company has adopted a "Whistle Blower Policy"

(the "Policy"), through which employees are provided a platform to raise concerns, in line with MPS' commitments to the highest possible standards of ethical, moral, and legal business conduct and its commitment to open communications. Directors and employees can report to the Chairman of the Audit Committee and Company Secretary or Ombudsman, on a confidential basis, any practices or actions believed to be inappropriate or illegal. It is affirmed that no person has been denied access to the Audit Committee. The Policy provides complete confidentiality and safeguard of the employees who raises the whistle against such improper conduct

Policy has been communicated to all the Directors and employees of the Company through intranet site of the Company.

## PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Your Company has a Policy for prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaint Committees have been constituted at all the locations of the Company in India to redress the complaints, if any, received. The details of the complainant are kept confidential. During the year under review, no complaint was received from any employee of the Company involving sexual harassment and thus, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is annexed to this Report as **Annexure D**.

## CORPORATE SOCIAL RESPONSIBILITY

MPS has been an early adopter of Corporate Social Responsibility (the "CSR") initiatives. In terms of the provisions of Section 135 of the Act your Company has constituted a CSR Committee. The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report forming part of this Annual Report. The Company has also formulated a CSR Policy which is available on the website of the Company viz. [www.mpslimited.com](http://www.mpslimited.com).

Your Company has during the year, evolved various CSR initiatives which includes imparting primary high-quality education to out-of-school under privileged girls, imparting computer education to underprivileged children, providing tailored made education to students with learning disabilities, building intellect and instill higher values of life in youths through education, building strengths of a person affected with mental illness and providing support to home/ care-center for mentally retarded and physically handicapped children. Your Company has also devised proper system to monitor the CSR activities as per its CSR Policy.

In terms of the provisions of Section 135 of the Act, and the Companies (Corporate Social Responsibility) Rules, 2014, as amended, the details of the CSR Projects undertaken by the Company during the year are detailed in **Annexure E**.

## CORPORATE GOVERNANCE

Your Company believes in adopting best practices of corporate governance and adheres to the standards set out by the Securities and Exchange Board of India. Corporate governance is about maximizing shareholder's value legally, ethically and sustainably. Our Board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

A detailed report on Corporate Governance, pursuant to the requirements of Regulation 34 of the Listing Regulations, forms part of the Annual Report together with a certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the Listing Regulations is presented in a separate section forming part of the Annual Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUT-GO

Pursuant to Section 134(3)(m) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014, the following information is provided:

### A. Conservation of Energy

The provisions regarding disclosure of particulars with respect to Conservation of Energy are not applicable to the publishing services industry as the operations are not energy-intensive. However, constant efforts are being made to make the infrastructure more energy-efficient.

### B. Technology Absorption

Particulars regarding Technology Absorption are annexed to this Report as **Annexure F**.

### C. Foreign Exchange Earnings and Outgo

During the year under review, foreign exchange earned through exports was ₹218.18 crores as against ₹223.36 crores for the previous year ended March 31, 2017. Foreign exchange outgo was ₹17.04 crores as against ₹12.56 crores for the previous year. Thus, the net foreign exchange earned by the Company during the year ended March 31, 2018 was ₹201.14 crores.

## SIGNIFICANT DEVELOPMENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Except the events disclosed elsewhere in the Annual Report, no significant change or development, that could affect the Company's financial position, has occurred between the end of the financial year and the date of this Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY ANY REGULATORS OR COURT

During the year under review, no significant material order was passed by any regulator or court that would impact the going concern status or future business operations of the Company.

## APPRECIATION

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates and Central and State Governments for their consistent support and encouragement to the Company. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Gurugram  
May 23, 2018

Nishith Arora  
Chairman

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 014]*

The Members,

**MPS LIMITED**

RR Tower IV, Super A, 16/17,

Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MPS LIMITED (hereinafter called "the Company") [Corporate Identification Number: L22122TN1970PLC005795]. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 and on the basis of our review, we hereby report that during the year under review, the Company has complied with the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment. The Company has not received any Foreign Direct Investment and obtained any External Commercial Borrowings

during the year under review;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) During the year under review the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Company has not formulated any Scheme of ESOP/ESPS and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 does not arise;
  - e) The Company has not issued any debentures during the period under review, and hence the requirement of compliance of the provisions of The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) During the year under review, the Company has not delisted its Securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable; and



- h) The Company has not bought back any Securities during the period under review, hence the requirement of complying with the provision of The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;
- (vi) The Other Laws specifically applicable to the Company are as follows:
  1. The Information Technology Act, 2000 and the Rules made thereunder
  2. The Special Economic Zones Act, 2005 and the Rules made thereunder
  3. The Software Technology Parks of India rules and regulations
  4. The Trade Marks Act, 1999
  5. The Patents Act, 1970
  6. The Copyrights Act, 1957

With respect to Labour and Fiscal laws, based on the information & explanations provided by the management and officers of the Company and periodical reports and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of the above mentioned laws.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreement entered with BSE Limited and the National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors for the Board Meetings, agenda and detailed notes on agenda were

sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors/Committee Members and no Director/Member dissented on the decisions taken at such Board/Committee Meeting. Further, in the minutes of the General Meeting, the Members who voted against the resolution(s) have been recorded.

We further report that based on review of compliance mechanism established by the Company and on basis of the Compliance certificates issued by the Chief Financial Officer and Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws.

We further report that during the audit period, the company has

- Obtained the approval of the Board at their meeting held on 10th May, 2017 for the following:-
  - approving the assignment of the Exclusive Software Distribution and Services Agreement from Mag+AB to MPS Limited (Transfer Pricing Agreement).
  - approving the transfer of the Intellectual Properties (registered in the name of Mag+AB) from Mag+AB to MPS Limited.
- Obtained the approval of the Board at their meeting held on 22nd January, 2018 for approving the amalgamation of ADI BPO Services Limited (Post Demerger of its Infrastructure Management Business Undertaking) with the Company.

**For R.Sridharan & Associates  
Company Secretaries**

**CS R.Sridharan  
CP No. 3239  
FCS No. 4775**

**Place : Chennai  
Date : 23rd May, 2018**

**UIN : S2003TN063400**

*This report is to be read with our letter of even date which is annexed as ANNEXURE -1 and forms an integral part of this report*



To  
The Members,  
MPS LIMITED  
RR Tower IV, Super A, 16/17,  
Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032.

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R.Sridharan & Associates  
Company Secretaries**

**CS R.Sridharan  
CP No. 3239  
FCS No. 4775**

**UIN : S2003TN063400**

**Place : Chennai  
Date : 23rd May, 2018**

## NOMINATION AND REMUNERATION POLICY

### Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions of the Company.
- To determine remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies engaged in the industry as the Company.
- To carry out evaluation of the performance of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.
- To attract, retain, motivate and promote talent and to ensure long term sustainability of talented Managerial Persons and create competitive advantage.

### Effective Date:

This policy is effective from August 20, 2014.

### Definitions:

- Independent Director means a Director as defined in Section 149 (6) of the Companies Act, 2013 read with Schedule IV and Clause 49 of the Listing Agreement with the Stock Exchanges and any further amendment or modification made thereto.
- Key Managerial Personnel (KMP) means-
  - (i) Executive Chairman and/or Managing Director;
  - (ii) Whole-Time Director;

- (iii) Chief Financial Officer;
- (iv) Company Secretary;
- (v) Such other officer as may be prescribed under the applicable statutory provisions/regulations.
- Senior Management means personnel of the Company who are Members of its Core Management team excluding Board of Directors comprising all Members of Management one level below the Executive Directors including the functional heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### Applicability

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

### General

- This Policy is divided in three parts:
  - Part – A covers the matters to be dealt with and recommended by the Committee to the Board,
  - Part – B covers the appointment and nomination and
  - Part – C covers remuneration and perquisites etc.
- The key features of this policy shall be included in the Board's Report.

## PART – A

### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Director(s) and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, their appointment (including terms thereof) and removal of Director, KMP and Senior Management Personnel.

The Committee may delegate the powers of appointment, remuneration and removal of Senior Management Personnel to the Chairman and Managing Director.

## PART – B

### POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

#### • **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and/or KMP and recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
3. The Committee shall not recommend the appointment of any person as a Director including a Managing Director or Whole Time Director who is below the age of twenty one years or has attained the age of seventy years. Provided that the Committee can, subject to the subsisting laws on the subject, recommend the re-appointment of a person holding the position even if the tenure of re-appointment may extend beyond the age of seventy years and such recommendation would be subject to the approval of shareholders by a special resolution.
4. The Committee shall not recommend the appointment or continue the employment of any person as a Managing Director or Whole Time Director who is
  - a. an undischarged insolvent or has at any time been adjudged as an insolvent;
  - b. has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or
  - c. has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

#### • **Term/Tenure:**

##### **1. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any

person as its Managing Director/Whole Time Director for a term not exceeding five years at a time. No recommendation for re-appointment shall be made earlier than one year before the expiry of term.

##### **2. Independent Director:**

The recommendation of the Committee for the appointment or re-appointment of an Independent Director shall be guided by the following:

- a. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- b. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of 5 years only as per Listing Agreement.
- c. At the time of appointment of an Independent Director it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director.

- **Termination:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Companies Act, 2013, rules and regulations or the breach of contractual obligation, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and/or KMP or a Senior Management Personnel subject to the provisions and compliance

of the Companies Act, 2013 or any other applicable law and rules and regulations made thereunder.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and/or the prevailing policy of the Company. The Board shall have the discretion to retain the Director in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company in accordance with the provisions of the Companies Act, 2013.

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## PART – C

### POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

1. The remuneration/compensation/commission etc. to the Whole-time Director, KMP and Senior Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission/variable pay to be paid to KMP(s) shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board in the case of Whole-Time Director, KMP and Senior Management Personnel.
4. Where any insurance is taken by the Company on behalf of its Whole-Time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such

insurance shall not be treated as part of the remuneration payable to any such personnel.

- **Remuneration to Whole-time/Executive/Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

- a) The Whole-Time Director and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, other perks etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b) The Remuneration of Senior Management Personnel, including any subsequent change in the remuneration, shall be decided in line with the HR practices of the Company.
- c) Any subsequent change in the Remuneration of KMP (other than Executive Directors) shall be decided in line with the HR practices of the Company.

## 2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

## 3. Provisions for excess Remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## • Remuneration to Non- Executive Directors:

### 1. Remuneration/Commission:

The remuneration/commission shall be recommended in accordance with the limits and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

### 2. Sitting Fees:

a) The Non- Executive Directors will receive remuneration by way of fees for attending meetings of Board or Committee thereof

provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.

b) The sitting fee per Meeting, for attending the Board/Committee Meetings of the Company, will be as follows:

- i) For Board Meeting – ₹80,000 per Meeting
- ii) For Audit Committee Meeting – ₹80,000 per Meeting
- iii) For Stakeholders Relationship Committee Meeting – ₹60,000 per Meeting
- iv) For Corporate Social Responsibility Committee Meeting – ₹60,000 per Meeting
- v) For Nomination and Remuneration Committee Meeting – ₹60,000 per Meeting

### 3. Commission:

a) Commission may be paid as approved by the shareholders, subject to the limit as per the applicable provisions of the Companies Act, 2013.

b) At the current level of Company's size and operation, the total amount of commission and sitting fees to be paid to the Non-Executive Directors in the aggregate shall be subject to a maximum of ₹80 Lakhs in any given financial year. This limit may be reviewed by the Committee in April 2016 and thereafter at the beginning of each financial year.

## Details of Remuneration under Section 197 of Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### A. Details as per Section 197 and Rule 5(1):

- (i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18, percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18 is as follows:

Sl. No.	Name of Executive Director/KMP	Designation	Percentage increase in Remuneration from previous year	Ratio of Remuneration of each Director to median remuneration of employees#
1	Nishith Arora*	Chairman & Non-Executive Director	Nil	Not Applicable
2	Rahul Arora**	CEO & Whole Time Director	17%	68:1
4	Sunit Malhotra***	Chief Financial Officer & Company Secretary	6%	Not Applicable
5	Hitesh Kumar Jain****	GM- Legal & Company Secretary	Not Applicable	Not Applicable

\*Resigned as Whole Time Director and appointed as Non-Executive Director effective from May 15, 2017.

\*\*CEO is being paid remuneration from the US Branch of the Company post his deputation to USA w.e.f. September 18, 2015. There was an increase in the remuneration of CEO during the financial year 2017-18. Percentage increase reflected from the previous year is due to revision in the salary with effect from May 15, 2017. The salary level at USA is not comparable to the salary level in India.

\*\*\*Mr. Sunit Malhotra appointed as Company Secretary w.e.f October 23, 2017

\*\*\*\* Mr. Hitesh Kumar Jain, GM – Legal & Company Secretary resigned from the Company with effect from September 12, 2017

# For the purpose of ratios, the PLB payable for the respective financial year has been considered in the same financial year. Median Annual Remuneration for the financial year 2017-18 was ₹ 2,59,686/-.

Ms. Yamini Tandon, Non-Executive Director, did not receive any remuneration, including sitting fees from the Company.

The Non-Executive Independent Directors of the Company are paid sitting fees and commission within the limits as approved and prescribed under the Companies Act, 2013. The details of remuneration paid to Non-Executive Independent Directors are detailed in the Corporate Governance Report. The ratio of remuneration and percentage increase for the Non-Executive Independent Directors' remuneration has not been considered for this purpose.

#### (ii) Increase in Median Remuneration:

During the financial year 2017-18, Median Annual Remuneration of employees has increased by 7% over the previous financial year.

#### (iii) Permanent Employees:

The Company had 2311 permanent employees on its rolls as on March 31, 2018.

**(iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances, if any, for increase in the managerial remuneration:**

During the financial year 2017-18, average increase in the remuneration of employees was 7%, while the increase in the average managerial remuneration from the previous year was 14%.

**(v) During the financial year 2017-18, no employee received remuneration in excess of highest paid Director.**

**(vi) The Company affirms that the remuneration to Directors and employees during the financial year 2017-18 is as per its Remuneration Policy.**

**B. Details as per Section 197 and Rule 5(2) and 5(3) of the Act:**

1. During the financial year 2017-18, no employee of the Company, other than CEO & Whole Time Director, received remuneration of one crore and two lakh rupees or more per annum while working for the whole year or at the rate of eight lakh and fifty thousand rupees per month while working for a part of the year.
2. During the financial year 2017-18 or part thereof, no employee of the Company received remuneration in excess of the remuneration drawn by Whole-Time Director. During the financial year 2017-18 no employee of the Company (by himself or along with his spouse and dependent children), was holding two percent or more of the equity shares of the Company.
3. During the financial year 2017-18, no employee of the Company, resident in India, posted and working in a country outside India, not being Directors or their relatives, had drawn more than sixty lakh rupees per year or five lakh rupees per month.

**For and on behalf of the Board of Directors**

**Gurugram  
May 23, 2018**

**Nishith Arora  
Chairman**

## Form MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2017  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

1	<b>CIN</b>	L22122TN1970PLC005795
2	<b>Registration Date</b>	January 19, 1970
3	<b>Name of the Company</b>	MPS Limited
4	<b>Category/Sub - Category of the Company</b>	Public company limited by shares
5	<b>Address of the registered office and contact details</b>	RR Towers IV, Super A, 16/17, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600 032, Tamilnadu Tel: +91 - 44 - 49162222 Fax: +91 - 44 - 49162225
6	<b>Whether listed company (Yes/No)</b>	Yes
7	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Cameo Corporate Services Limited Subramanian Building, 1 Club House Road, Chennai - 600002 Tel: +91- 44 - 28460390 Fax: +91- 44- 28460129

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Name and Description of main products/services	NIC Code of the Product/ service	% to total Turnover of the Company#
Content Solutions <ul style="list-style-type: none"> <li>● Content Authoring and Development</li> <li>● Content Production</li> <li>● Content Transformation</li> <li>● Fulfillment and Customer Support</li> </ul>	620	82%
Platform Solutions <ul style="list-style-type: none"> <li>● DigiCore <ul style="list-style-type: none"> <li>● THINK (recent acquisition)</li> <li>● mag+ (recent acquisition)</li> <li>● ScholarStor (re-launched)</li> </ul> </li> <li>● Technology Services3</li> </ul>	632	18%

#On the basis of gross turnover.

\*Company operates in two segments, i.e., Content Solutions and Platform Solutions.

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of Company	Address of Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held as on 31/03/2018	Applicable Section
1	ADI BPO Services Limited	RR Tower IV, Super A, 16/17, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai- 600 032	U22110DL2006PLC144592	Holding Company	67.77%	2(46)
2	MPS North America, LLC	5728 Major Blvd., Orlando, Florida 32819	L13000078013	Subsidiary Company	100%	2(87)



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

##### (i) CATEGORY - WISE SHARE HOLDING

S. No.	Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Govt.	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	12,616,996	-	12,616,996	67.77	12,616,996	-	12,616,996	67.77	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub - Total (A)(1)</b>	<b>12,616,996</b>	<b>-</b>	<b>12,616,996</b>	<b>67.77</b>	<b>12,616,996</b>	<b>-</b>	<b>12,616,996</b>	<b>67.77</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub - Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>12,616,996</b>	<b>-</b>	<b>12,616,996</b>	<b>67.77</b>	<b>12,616,996</b>	<b>-</b>	<b>12,616,996</b>	<b>67.77</b>	<b>-</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	1,071,066	-	10,71,066	5.75	649147	-	649147	3.49	-2.27
(b)	Banks/FI	3,810	-	3,810	0.02	2125	-	2125	0.01	-0.01
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	106,621	-	106,621	0.57	-	-	-	-	-0.57
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(j)	Any Other									
	Foreign Portfolio Investor (Corporate) Category I	124,707	-	124,707	0.67	392114	-	392114	2.11	1.44
	Foreign Portfolio Investors (Corporate) Category II	897,500	-	897,500	4.82	684773	-	684,773	3.68	-1.140.19
	<b>Sub- Total (B)(1)</b>	<b>2203704</b>	<b>-</b>	<b>2203704</b>	<b>11.84</b>	<b>1728159</b>	<b>-</b>	<b>1728159</b>	<b>9.28</b>	<b>-2.55</b>

S. No.	Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2.</b>	<b>Non-Institutions</b>									
<b>(a)</b>	<b>Bodies Corporate</b>									
(i)	Indian	345,922	-	345,922	1.86	8,47,731	-	8,44,731	4.55	2.70
(ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>(b)</b>	<b>Individuals</b>									
I	Individual shareholders holding nominal share capital up to ₹1 lakh	2,020,284	27,035	2,047,319	11.00	18,31,331	22,250	18,53,581	9.96	-1.04
II	Individual shareholders holding nominal share capital in excess of ₹1 lakh	686,734	-	686,734	3.69	8,33,874	-	8,33,874	4.48	-0.80
<b>(c)</b>	<b>Others (specify)</b>									
	Directors and Relatives	9,731	-	9,731	0.05	9,731	-	9,731	0.05	-
	IEPF	-	-	-	-	3,580	-	3,580	0.02	0.02
	Non-Resident Indians	352,997	-	352,997	1.90	4,48,871	-	4,48,871	2.41	0.51
	Hindu Undivided Family	317,862	-	317,862	1.71	2,51,870	-	2,51,870	1.35	-0.35
	Foreign National	350	-	350	0.01	-	-	-	-	-0.01
	Clearing Members	35,311	-	35,311	0.19	22,533	-	22,533	0.12	0.07
	<b>Sub- Total (B)(2)</b>	<b>3,769,191</b>	<b>27,035</b>	<b>3,796,226</b>	<b>20.39</b>	<b>42,49,521</b>	<b>22,250</b>	<b>42,71,771</b>	<b>22.95</b>	<b>-2.55</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5,972,895</b>	<b>27,035</b>	<b>5,999,930</b>	<b>32.23</b>	<b>59,77,680</b>	<b>22,250</b>	<b>59,99,930</b>	<b>32.23</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodian for GDRs and ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>18,589,891</b>	<b>27,035</b>	<b>18,616,926</b>	<b>100</b>	<b>1,85,94,676</b>	<b>22,250</b>	<b>1,86,16,926</b>	<b>100</b>	<b>0.00</b>

## (ii) SHAREHOLDING OF PROMOTERS

S. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	ADI BPO Services Limited	12,616,996	67.77	NIL	12,616,996	67.77	NIL	-
	<b>Total</b>	<b>12,616,996</b>	<b>67.77</b>	<b>NIL</b>	<b>12,616,996</b>	<b>67.77</b>	<b>NIL</b>	<b>-</b>

### (iii) CHANGE IN PROMOTERS' SHAREHOLDING

S. No.		Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	12,616,996	67.77	12,616,996	67.77
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the year (as on 31.03.2018)	-	-	12,616,996	67.77

### (iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND</b>				
	At the beginning of the year 01-Apr-2017	831129	4.4643	831129	4.4643
	Sale 30-Mar-2018	-350000	1.8800	481129	2.5843
	At the end of the Year 31-Mar-2018	481129	2.5843	481129	2.5843
	HAVING SAME PAN				
<b>1</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVER FUND</b>				
	At the beginning of the year 01-Apr-2017	162918	0.8751	162918	0.8751
	At the end of the Year 31-Mar-2018	162918	0.8751	162918	0.8751
	HAVING SAME PAN				
<b>1</b>	<b>HDFC TRUSTEE COMPANY LTD- HDFC EQUITY SAVING FUND</b>				
	At the beginning of the year 01-Apr-2017	10000	0.0537	10000	0.0537
	Sale 29-Dec-2017	-4900	0.0263	5100	0.0273
	At the end of the Year 31-Mar-2018	5100	0.0273	5100	0.0273
<b>2</b>	<b>GOLDMAN SACHS INDIA LIMITED</b>				
	At the beginning of the year 01-Apr-2017	632518	3.3975	632518	3.3975
	Purchase 07-Apr-2017	779	0.0041	633297	3.4017
	Sale 10-Nov-2017	-633297	3.4017	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
<b>3</b>	<b>RAMESH S DAMANI</b>				
	At the beginning of the year 01-Apr-2017	150000	0.8057	150000	0.8057
	Sale 19-May-2017	-5000	0.0268	145000	0.7788
	Sale 23-Jun-2017	-414	0.0022	144586	0.7766
	Sale 08-Sep-2017	-1500	0.0080	143086	0.7685
	Sale 27-Oct-2017	-22500	0.1208	120586	0.6477
	Sale 31-Oct-2017	-216	0.0011	120370	0.6465
	Sale 10-Nov-2017	-3301	0.0177	117069	0.6288
	Sale 01-Dec-2017	-1341	0.0072	115728	0.6216
	At the end of the Year 31-Mar-2018	115728	0.6216	115728	0.6216

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>4</b>	<b>GOVERNMENT OF SINGAPORE - E</b>				
	At the beginning of the year 01-Apr-2017	122972	0.6605	122972	0.6605
	Purchase 07-Apr-2017	2339	0.0125	125311	0.6731
	Purchase 14-Apr-2017	20762	0.1115	146073	0.7846
	Purchase 21-Apr-2017	14976	0.0804	161049	0.8650
	Purchase 28-Apr-2017	32754	0.1759	193803	1.0410
	Purchase 05-May-2017	29641	0.1592	223444	1.2002
	Purchase 12-May-2017	162234	0.8714	385678	2.0716
	Purchase 04-Aug-2017	4701	0.0252	390379	2.0969
	At the end of the Year 31-Mar-2018	390379	2.0969	390379	2.0969
<b>5</b>	<b>GOLDMAN SACHS TRUST - GOLDMAN SACHS EMERGING MARKETS EQUITY FUND</b>				
	At the beginning of the year 01-Apr-2017	106621	0.5727	106621	0.5727
	Sale 05-May-2017	-106621	0.5727	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
<b>6</b>	<b>PINEBRIDGE INDIA EQUITY FUND</b>				
	At the beginning of the year 01-Apr-2017	97365	0.5229	97365	0.5229
	Purchase 12-May-2017	26501	0.1423	123866	0.6653
	Purchase 19-May-2017	13134	0.0705	137000	0.7358
	Purchase 26-May-2017	25000	0.1342	162000	0.8701
	At the end of the Year 31-Mar-2018	162000	0.8701	162000	0.8701
<b>7</b>	<b>DILEEP MORESHWAR WAGLE</b>				
	At the beginning of the year 01-Apr-2017	90000	0.4834	90000	0.4834
	Sale 19-Jan-2018	-90000	0.4834	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
	HAVING SAME PAN				
<b>7</b>	<b>DILEEP WAGLE</b>				
	At the beginning of the year 01-Apr-2017	60000	0.3222	60000	0.3222
	Sale 23-Jun-2017	-30000	0.1611	30000	0.1611
	Sale 09-Feb-2018	-30000	0.1611	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
	HAVING SAME PAN				
<b>7</b>	<b>DILEEP MORESHWAR WAGLE</b>				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 23-Jun-2017	30000	0.1611	30000	0.1611
	Sale 07-Jul-2017	-7005	0.0376	22995	0.1235
	Sale 21-Jul-2017	-1419	0.0076	21576	0.1158
	Sale 28-Jul-2017	-6041	0.0324	15535	0.0834
	Sale 01-Sep-2017	-15535	0.0834	0	0.0000
	Purchase 09-Feb-2018	30000	0.1611	30000	0.1611
	At the end of the Year 31-Mar-2018	30000	0.1611	30000	0.1611
<b>8</b>	<b>TATA TRUSTEE COMPANY LTD A/C TATA MUTUAL FUND A/C TATA DIVIDEND YIELD FUND</b>				
	At the beginning of the year 01-Apr-2017	67019	0.3599	67019	0.3599
	Sale 22-Sep-2017	-26019	0.1397	41000	0.2202
	Sale 29-Sep-2017	-2000	0.0107	39000	0.2094
	Sale 06-Oct-2017	-797	0.0042	38203	0.2052
	Sale 10-Nov-2017	-38203	0.2052	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>9</b>	<b>GOLDMAN SACHS FUNDS - GOLDMAN SACHS GROWTH &amp; EMERGING MARKETS BROAD EQUITY PORTFOLIO</b>				
	At the beginning of the year 01-Apr-2017	55613	0.2987	55613	0.2987
	Sale 05-May-2017	-55613	0.2987	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
<b>10</b>	<b>RELIGARE FINVEST LTD</b>				
	At the beginning of the year 01-Apr-2017	54966	0.2952	54966	0.2952
	Purchase 21-Apr-2017	16465	0.0884	71431	0.3836
	Sale 23-Jun-2017	-170	0.0009	71261	0.3827
	Sale 28-Jul-2017	-170	0.0009	71091	0.3818
	Sale 15-Sep-2017	-71091	0.3818	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
	NEW TOP 10 AS ON (31-Mar-2018)				

#### (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S. No.	Name of Director/ KMP	Shareholding at the beginning of the year (as on 01.04.2017)		Change in no. of shares during the year			Cumulative Shareholding during the year/at the end of the year (as on 31.03.2018)	
		No. of shares	% of total shares of the Company	Date	Purchase/ Sale	No. of shares	No. of shares	% of total shares of the Company

##### A. Directors

1	Nishith Arora* (Chairman and Non- Executive Director)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	D E Udhwadia (Independent Director)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Vijay Sood (Independent Director)	9,731	0.05	-	-	-	9,731	0.05
4	Ashish Dalal (Independent Director)**	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Rahul Arora (Whole Time Director & CEO)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Yamini Tandon (Non-Executive Director)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

##### B. Key Managerial Personnel

1	Sunit Malhotra (Chief Financial Officer & Company Secretary)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Hitesh Kumar Jain*** (GM- Legal & Company Secretary)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Resigned as Whole Time Director and appointed as Non-Executive Director effective from May 15, 2017.

\*\* Resigned as Independent director with effect from 9<sup>th</sup> March, 2018

\*\*\*Resigned from Company with effect from September 12, 2017

## V. INDEBTEDNESS

The Company has not availed any term loan from any bank/financial institution during the financial year 2017-18.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: (₹ in lacs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Nishith Arora* (Chairman & Non-Executive Director)	Rahul Arora# (WTD & CEO)	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income - Tax Act, 1961	9.20	Refer note below	9.20
	(b) Value of perquisites under Section 17(2) of Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) of Income - Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>9.20</b>	<b>-</b>	<b>9.20</b>
	Ceiling as per the Act	₹1009.92 lakhs (being 10% of the net profits of the Company for the year ended March 31, 2018 computed as per Section 198 of the Companies Act, 2013.)		

\*Resigned as Whole Time Director and appointed as Non-Executive Director effective from May 15, 2017.

#CEO was not paid any remuneration from the Company post his deputation to the Branch office of the Company at USA. He received a total of ₹ 180.88 lakhs (including PLB for the previous financial year paid in the financial year 2017-18) as remuneration from the branch of the Company at USA, which is not subject to income tax at India under the Income Tax Act, 1961. The salary level at USA is not comparable to the salary level in India.

### B. REMUNERATION TO OTHER DIRECTORS (NON EXECUTIVE INDEPENDENT DIRECTORS) (₹ in lacs)

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		D. E. Udawadia	Ashish Dalal	Vijay Sood	
1	Fee for attending Board Committee Meetings	6.00	4.40	9.40	19.80
2	Commission #	17.84	13.38	28.98	60.20
3	Others, please specify	-	-	-	-
	<b>Total (B)</b>	<b>23.84</b>	<b>17.78</b>	<b>38.38</b>	<b>80.00</b>
	<b>Ceiling as per the Act</b>	Ceiling for the commission is ₹ 100.99 lakhs (being 1% of the net profits of the Company for the year ended March 31, 2018 computed as per Section 198 of the Companies Act, 2013.)			
	<b>Total Managerial Remuneration (A+B)</b>				
	<b>Overall Ceiling as per the Act</b>	₹ 1110.92 lakhs (being 11% of the net profits of the Company for the year ended March 31, 2018 computed as per Section 198 of the Companies Act, 2013.)			

#Commission pertains to the financial year 2017-18, to be paid during the financial year 2018-19.

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

(₹ in lacs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO & Company Secretary**	Total
			Hitesh Kumar Jain*	Sunit Malhotra	
1	Gross salary	Covered under point VI (A) (in WTD)			
	a) Salary as per provisions contained in Section 17(1) of the Income - Tax Act, 1961		13.38	42.24	55.62
	b) Value of perquisites under Section 17(2) of Income - Tax Act, 1961		0.93	0.66	1.59
	c) Profits in lieu of salary under Section 17(3) of Income - Tax Act, 1961		-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	
5.	Others, please specify	-	-	-	
	<b>Total</b>		<b>14.31</b>	<b>42.90</b>	<b>57.21</b>

\*Mr. Hitesh Jain, Company Secretary resigned from the Company with effect from September 12, 2017

\*\*Mr. Sunit Malhotra appointed as Company Secretary w.e.f. October 23, 2017

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES AGAINST COMPANY/DIRECTORS/OFFICERS IN DEFAULT:

Type	Section of the Companies Act	Brief Description	HDetails of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT / COURT]	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Date: May 23, 2018

Place: Gurugram

Nishith Arora

Chairman

## ANNUAL REPORT ON CSR ACTIVITIES OF MPS LIMITED DURING THE YEAR ENDED MARCH 31, 2018.

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Corporate Social Responsibility ('CSR') is an integral part of the social performance of the Company. Our CSR activities are to support inclusive socio-economic progress for the development of our country. Our focus areas comprise education to underprivileged children, healthcare, research, mental illness, empowering poor and marginalized.

In its CSR Policy, MPS is empowered to undertake all or any of the activities as specified under Schedule VII to the Companies Act, 2013 (the "Act")

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website at [www.mpslimited.com](http://www.mpslimited.com)

### 2. Composition of Corporate Social Responsibility Committee

The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. The CSR Committee comprises of one Independent Director, the Chairman and CEO of the Company. The Members of the Committee are:

Mr. Nishith Arora	Chairman
Mr. Vijay Sood	Independent Director
Mr. Rahul Arora	Whole Time Director & CEO

### 3. Average net profit of the Company for last three financial years: ₹ 9,589.62 lakhs.

1. Prescribed CSR Expenditure (2% of the amount mentioned at point 3 above): ₹ 191.79 lakhs.
2. Details of CSR spent during the financial year:
  - (i) Amount spent during the financial year 2017-18: ₹ 191.79
  - (ii) Amount unspent, if any: Not Applicable

### During the year, the Company has undertaken the following CSR Projects:

#### A. Girls Education through IIMPACT

Education is the key to empowering women and girls, which helps bring about social equality. Girls' education programme works on improving lives and providing opportunities for girls and women through increased participation in formal and alternative education systems. In association with IIMPACT, a non-profit making organization, MPS continued its support to "MPS Limited – Girl's Education Project", for imparting primary education to out-of-school under privileged girls, between 6 to 14 years of age, from marginalized communities across India.


Under this Project, MPS adopts teaching schools, called "Learning Centers" wherein Company covers the running cost of these Learning Centers, such as teachers and other staff salaries, teacher's training, teaching and learning materials. Girl's education is one of the most effective ways for ending poverty in developing nations. This Project is based on deep realization that education is the only tool with which a girl or a woman can empower herself and eventually her family.

#### Teachers Training:

Teacher training refers to the policies, procedures, and provision designed to equip (prospective) teachers with the knowledge, attitudes, behaviors and skills they require to perform their tasks effectively in the classroom, school, and wider community. The professionals who engage in this activity are called teacher educators. "As per the quality improvement policy of IIMPACT Girl Child Education Program, IIMPACT conduct Quarterly Teacher Training Programme every quarter. This is to empower teachers and furthering the knowledge of young teachers of IIMPACT who teach primary classes.

Students are more likely to connect with someone





who thinks and acts like they do, rather than someone firmly identified with antiquated beliefs and processes. Even the very process of teaching has changed over the years: while education has traditionally been meant to increase the students' comprehension of concepts and theories, it has now become more important to focus on grooming their analytical and application skills. Students must now not only study and understand concepts, but must go a step further and learn to analyze and apply them to practical situations. This vocational-centric idea of education has resulted in an extensive change in the very definition of good education. With this changing situation, it has become important to provide teachers with the necessary training to become more effective in imparting knowledge.

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 91.47 lakhs towards this Project.

#### **B. Computer Education to Underprivileged Students through Computer Shiksha:**

In today's world, Information Technology is a key component in the success of any country. Unfortunately, the high cost of education to acquire computer related skills in certain regions around the world prevents the poor, orphans and underprivileged children from availing these skills which are in demand.

Computer Shiksha's strength as an organization lies in its ability to manage people, process and technology. With a dream to bridge the digital divide in country they intend catering to all sections of society which are not computer literate. Started at the bottom of the pyramid by enabling those who have the least hope of getting computer literate in the near future.

Computer Shiksha is now serving 12748 children from under-served communities through 104 Computer Shiksha enabled centers in 10 states

viz. Delhi, Haryana, U.P., Uttarakhand, Punjab, Rajasthan, M.P., Assam, Karnataka and Bihar.

Under Node model of delivery (in place since inception), Computer Shiksha (CS) is providing computer education with all services, right from, providing computers, in-house trainers, vehicles to carry computers to and from the school, maintenance, power back up etc being offered by CS itself. Node model of delivery in 2017-2018 was covering 600 children in the following schools:-

- a) Chakkarpur Senior Secondary Govt. School at Chakkarpur, Gurgaon
- b) Choma Middle Govt. School at Choma Village, Gurgaon
- c) Govt Middle School, Sector 14, Gurgaon.


In the 2nd model of delivery of computer education, called Model II, they shifted from direct delivery by CS to an enabling of a school/NGO to provide computer education with CS offering Free Donation of Computer Hardware to schools, life time maintenance of computers, training of School Trainer, CS helpline from 9 am to 5 pm for trainer's help via Phone/Skype/WhatsApp, periodic assessment of students and finally certification of students. Under this Model II, they are serving 12000+ children in 11 states in India.

Computer Shiksha Won THE best NGO AWARD amongst SAARC countries in Learning & Education category and also has been certified to be having "Desirable Norms prescribed for Good Governance of voluntary organizations" by CAI, Credibility Alliance, a global organization certifying NGOs.

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 24.00 lakhs towards this Project.

#### **C. Mental Health Care through Sambandh:**

Today in India the attention given to mental health



is grossly inadequate. The absence of a strategic plan, the dire lack of mental health resources, inadequate number of health professionals, including psychiatrists and mental health professionals, deeply rooted beliefs that mental illness can be treated by faith or traditional healers, together with the pervasive stigma leaves both families and their loved ones suffering in silence.

During the last financial year, the Company associated itself with the project “Mental Health Care” through Sambandh Health Foundation (“Sambandh”) engaged in addressing mental illness and promoting mental health of the persons in India.

Sambandh Health Foundation is a charitable trust dedicated to understanding mental illness and addressing mental health issues in India. The objectives encompass building the capacity of people living with mental illness and their families to lead fuller lives, raising awareness about mental health and mental illness while advocating for improved treatment and community supports.

Sambandh Health Foundation is successfully running a community mental health programs in Gurgaon for the last four years. The program draws upon the recovery research, strengths based practices, and the principles of community development. The programs and activities facilitate the capacity of to gain life skills, make social connections, and rebuild bonds with their natural communities. This is accomplished by building social skills, confidence, facilitating social inclusion and the independence to choose desired life paths. Sambandh initially initiated such activities from a Community Integrated Center (CIC) from a government polyclinic in Gurgaon. CIC is a day support center designed to help people suffering from mental illness to recover and get back to normal society. CIC is being run successfully for past several years. In the financial year 2016-17 Sambandh also started this project in 2 villages in the vicinity of Gurgaon with the goal of expanding recovery based supports to semi urban area,


wherein community workshops, street plays, educational & awareness sessions, mental illness screening camps etc. are being organized with the objective of generating awareness on mental health, its myths and symptoms and encourage the person suffering with mental illness to gradually adopt the recovery based techniques.

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 33.66 lakhs towards this Project.

#### **D. Imparting Higher Values of Life through Education:**

Education gives wisdom. Morality and spiritualism are the essential components of wisdom. Education is the penance to all evils. Including Higher Values of life in today's education system has become a necessity. Today's youth, if educated with Values of life, will help build a better nation tomorrow. With this objective, the Company, during the previous year, undertook the project of “Imparting Higher Values of Life” in youths through educational programs and lectures in association with Vedanta Cultural Foundation (VCF), a public charitable trust registered under the provisions of the Bombay Public Trust Act, 1950, established in 1976 by renowned philosopher Mr. A. Parthasarathy and continued its support during the financial year 2017-18 too. VCF runs Vedanta Academy in Malavli, near Pune, Maharashtra, India, which is a unique educational institution designed to build the intellect and instill higher values of life. It harnesses the different aspects of the student's personality for self-development through education, yoga, sports, research and welfare activities.

VCF conducts various educational programs (on tuition-free basis) in its Vedanta Academy such three-year full-time residential courses, youth camps for students as well as corporate seminars and retreats for professionals and



businesspersons. The Academy disseminates knowledge through a scientific programme of study and reflection. It encourages a spirit of enquiry based on liberal approach that enables the development of the intellect and not merely providing intelligence on a subject.

With no weekends and vacations, every single day courses through individual study, physical exercise, lectures, campus work, Sanskrit lessons, group discussions, audio-visual presentations and community singing. Students from diverse nationalities, cultural and religious backgrounds attend these programs/courses and VCF provides them boarding, lodging, tuition and domiciliary, medical aid free of charge.

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 20 lakhs towards this Project.

#### **E. Care Centers for Physically Challenged Children**

During the financial year 2017-18, the Company continued to provide financial assistance to establish homes for mentally retarded and physically handicapped children, providing opportunities for rehabilitation and use of their limited talents and youth in their respective fields through a registered charitable trust "Prem Charitable Trust".

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 12 lakhs towards this Project.

#### **F. Empower the poor and the marginalized SAPNA**

During the financial year 2017-18 Company associated in the new Project "Empowering the

poor and marginalized" through NGO Sapna, a registered charitable trust, engaged, inter-alia, to work towards the creation of a just and equitable society, empowering of the poor and marginalized communities, to create public awareness and participation in the social and economic upliftment of society and to work in the area of health and medical aid, sanitation, education, self-employment, social welfare & community development.

The project supported by the Company will give a short stay to sick and destitute, a project of NGO Sapna Anandam (A home for Sick and Destitute).

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 5.66 lakhs towards this Project.

#### **G. Imparting High Values of Life through Vedanta Institute Delhi**

During the financial year 2017-18 Company associated with the new Project with Vedanta Institute Delhi, a Public Charitable Trust registered in Delhi, to promote, advance, diffuse, and propagate education, knowledge and research in philosophy, culture, heritage, Vedanta allied subjects in India and Abroad and to make available financial aid or other assistance in any manner in India and abroad for the knowledge, study, education, and research of philosophy, culture, heritage, Vedanta and allied subjects.

The Company's contribution to this Project is in accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and Schedule VII to Act. During the financial year 2017-18, the Company contributed an amount of ₹ 5.00 lakhs towards this Project

Details of the amount spent on CSR activities are detailed below:

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Imparting quality primary education to young girls between 6 to 14 years of age, from marginalized communities titled as <b>MPS Limited Girls Education Project</b>	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Project is being carried on in local as well as other areas. Project is being carried on in rural areas in various districts of Uttarakhhand, Himachal Pradesh, Haryana & Rajasthan	₹1 Lakh/- per Learning Center per annum.	Direct Expense: ₹ 91.47 lakhs Overheads: Nil	₹ 91.47 lakhs	Through implementing agency: IIMPACT
2	Imparting <b>High Values of Life</b> in youths through educational programs and lectures	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Project is being carried on in local as well as other areas. Project is being carried on in Maharashtra and other various locations in India.	₹ 20 lakhs	Direct Expense: ₹ 20 lakhs Overheads: Nil	₹ 25 lakhs	Through implementing agency: Vedanta Cultural Foundation & Vedanta Institute, Delhi
3	Imparting free <b>'Computer Education'</b> to underprivileged students	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Project is being carried on in local as well as other areas. Project is being carried on in Gurgaon, Haryana, Rajasthan, UP and Punjab.	₹ 24 lakhs	Direct Expense: ₹ 24 Lakhs Overheads: Nil	₹ 24 lakhs	Through implementing agency: Computer Shiksha
4	Addressing <b>"Mental Health Care"</b>	Promoting preventive health care.	Project is being carried on in local area. Project is being carried on in the villages of Gurgaon district	₹ 33.66 lakhs	Direct Expense: ₹ 33.66 Overheads: Nil	₹ 33.66 lakhs	Through implementing agency: Sambandh Health Foundation

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1)Local area or other district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
5	"Supporting Care Centers for Physically Challenged Children"	Promoting preventive health care.	Project is being carried on in local area. Project is being carried on in Chennai	₹ 12 Lakhs	Direct Expense: ₹ 12 Lakhs Overheads: Nil	₹ 12 Lakhs	Through implementing agency: Prem Charitable Trust
6	Empower the poor and the marginalized			₹ 5.66 Lakhs	Direct Expense: ₹ 5.66 Lakhs	₹ 5.66 Lakhs	Through implementing agency: NGO Sapna
	<b>TOTAL</b>	-	-	-		<b>191.79</b>	-

#### Responsibility Statement:

The implementation and monitoring of CSR Policy of the Company is in compliance with CSR objectives and Policy of the Company.

For MPS Limited

Nishith Arora  
(Chairman - CSR Committee)

Date: May 23, 2018

Place: Gurugram

Rahul Arora  
Whole Time Director & Chief Executive Officer

## Disclosure of Particulars with Respect to Technology Absorption, Research & Development:

### Disclosure of Particulars with Respect to Technology Absorption, Research & Development:

1.	Specific areas in which R & D was carried out by the Company	<ul style="list-style-type: none"> <li>● Workflow management and tracking solutions</li> <li>● Review process and leveraging technology to build review systems</li> <li>● Content delivery systems</li> <li>● Web application security</li> <li>● Content management solutions</li> <li>● Further customization of MPSTrak (workflow management system) for customer-specific requirements</li> <li>● Ad hoc Reports</li> <li>● Integration with SAP, RightsLink, FundRef, ORCID, Alfresco, and Documentum</li> <li>● Front end testing using Protractor</li> <li>● Angular JS development</li> <li>● HTML5/CSS based auto composition</li> <li>● Automated quality checking tools for the composition/PDF output</li> <li>● Optimization of production process and workflow</li> <li>● Custom Development and QA projects for customers</li> <li>● Technology Migration</li> <li>● The Company continued its effort towards development of the following:               <ul style="list-style-type: none"> <li>- Advanced editing and XML generation tools</li> <li>- Advanced graphics automation tools</li> <li>- Advanced server based auto composition systems</li> <li>- Implementation of workflows/processes with more automation</li> <li>- Cloud based systems</li> </ul> </li> </ul>
2.	Benefits derived from the above	<ul style="list-style-type: none"> <li>● Improved competitive positioning</li> <li>● Consolidation of IT resources</li> <li>● Optimized bandwidth usage and management</li> <li>● Improved business continuity at optimized cost</li> <li>● Data security and protection from external threats</li> <li>● Improved communication standards and cost efficiency</li> <li>● Improvement in quality and consistency of service deliveries</li> <li>● Improved productivity with lean workflow</li> </ul>
3.	Future plan of action	<ul style="list-style-type: none"> <li>● Enhancing DigiCore platform as per project roadmap</li> <li>● HTML5-based composition system with automated quality tools</li> <li>● Further leverage of HTML5 for providing enhanced experience and powering interactive products</li> <li>● Migration to AngularJS</li> <li>● Mobile application development</li> <li>● Migration of more systems to cloud with increased scalability and availability</li> <li>● Further improvement in business continuity and disaster recovery plan</li> <li>● Centralization of key processes for cost efficiency</li> <li>● Improved process automation resulting in increased productivity</li> </ul>
4.	Expenditure on R & D result	Expenses on R&D in the development of Mobile App and new technology, which will help in processing of large data.



### Technology Absorption, Adaptation and Innovation

1.	Efforts in brief made towards technology absorption, adaptation, and innovation.	<ul style="list-style-type: none"><li>• Development and implementation of innovative cloud-based systems for end-to-end publishing services</li><li>• Adoption of PCI-DSS standards of security</li><li>• Implementation of ITIL process frame work and IS 27001</li><li>• Implementation of application security processes</li></ul>
2.	Benefits derived from the above	<ul style="list-style-type: none"><li>• Tangible benefits to clients in terms of reducing time to publish and increasing productivity</li><li>• More secured and scalable products</li><li>• Improved customer interests and associated service/technology requests from various customers</li><li>• Standardization of measurement techniques and information flows</li><li>• Ability to produce and deliver larger value at existing resource level</li></ul>
3.	Imported Technology	No technologies were imported

For and on behalf of the Board of Directors

Gurugram  
May 23, 2018

Nishith Arora  
Chairman



# CORPORATE GOVERNANCE REPORT

## MPS PHILOSOPHY ON CODE OF GOVERNANCE

MPS Limited (“MPS” or “Company”) firmly believes in and continues to practice good corporate governance. Corporate governance seeks to raise the standards of corporate management, strengthens the Board systems, significantly increases its effectiveness and ultimately serve the objective of maximising shareholders’ value. The philosophy of the Company is in consonance with the accepted principles of good governance.

The spirit of corporate governance has always remained imbibed in the Company’s business philosophy. This philosophy is shaped by the values of transparency, professionalism and accountability. Strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision making drive the Company’s Corporate Governance Practices. Good corporate governance is the set of best processes, customs, policies, laws and practices which an organisation follows in its operations and dealings, aiming towards ensuring transparency, accountability, and creating long term value for the stakeholders. MPS has put in place robust internal control systems and audit processes that are subjected to regular assessments for their effectiveness. MPS commitment to ethical and lawful business conduct, as defined in its Code of Business Conduct, is a basic shared value of the Board of Directors and its employees. This reinforces integrity of management and fairness in Company’s dealing with its stakeholders. MPS maintains the highest level of transparent and fair disclosures that help it earns the trust of its investors and business partners.

## BOARD OF DIRECTORS

Shareholders of the Company appoint the Board of Directors (the “Board”), which in turn is entrusted with

the ultimate responsibility of management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Board critically reviews and evaluates corporate strategies, business plans, governance practices, annual budgets, operational performance, financial results, transactions with related parties, risk assessment and mitigation plans, status of applicable legal compliances, etc. Company places all statutory and other significant and material information before the Board in order to enable it to discharge its duties and responsibility effectively and efficiently.

## Composition

The Board of the Company, as on March 31, 2018, consists of five Directors with a combination of Executive and Non-Executive Directors in accordance with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). The Board has one Executive Director, and four Non-Executive Directors including Chairman, of whom two are Independent Directors and one Woman Director. All Independent Directors are well qualified professionals bringing wide range of experience in business, finance and law. None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 (five) Committees across all companies in which he/she is a Director.

Mr. Ashish Dalal, Independent Director resigned from the Board w.e.f March 09, 2018. The Board of Directors of the Company have appointed Mr. Ambarish Raghuvanshi as an Independent Director to hold office with effect from May 01, 2018 and up to April 30, 2023, not liable to retire by rotation subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.



The composition of the Board, outside Directorships and Memberships or Chairmanships of Board Committees as on March 31, 2018 is given below:

Director's Name	Category	No. of Directorships and Committee Memberships in other Indian Companies (Excluding MPS) <sup>1</sup>			
		Directorships		Committee Memberships	
		As Chairman	As Member	As Chairman	As Member
<b>Mr. Nishith Arora<sup>2</sup></b> DIN: 00227593	Non-Executive Chairman	Nil	1	Nil	Nil
<b>Mr. D E Udwadia</b> DIN: 00009755	Independent	Nil	6	1	5
<b>Mr. Vijay Sood</b> DIN: 01473455	Independent	Nil	Nil	Nil	Nil
<b>Mr. Rahul Arora</b> DIN: 05353333	Whole Time Director & CEO	Nil	1	Nil	Nil
<b>Ms. Yamini Tandon</b> DIN: 06937633	Non-Executive	Nil	Nil	Nil	Nil

<sup>1</sup>As per Regulation 26 of Listing Regulations:

- excludes directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013, private limited companies and alternate directorships.
- represents Membership(s)/Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies.

<sup>2</sup>Resigned as Whole Time Director and appointed as Non-Executive Director effective from May 15, 2017.

Mr. Nishith Arora is father of Mr. Rahul Arora and father-in-law of Ms. Yamini Tandon. Mr. Rahul Arora is husband of Ms. Yamini Tandon.

### Independent Directors

Appointment of all the Independent Directors is in conformity with the requirements of Schedule IV to the Companies Act, 2013 (the "Act") and Regulation 17 of the Listing Regulations. All the Independent Directors have confirmed that they are in compliance with the provisions specified under Regulation 16(b) and 25 of the Listing Regulations and Section 149 of the Act. None of the Independent Directors is related to the promoter or other Directors of the Company.

Terms and conditions of the appointment of Independent Directors have been disseminated on the website of the Company at <http://www.mpslimited.com/corporate-governance/>

### Meeting of Independent Directors

During the financial year 2017-18, Independent Directors met once separately without the presence of Executive/Non Independent Directors and members of

Management and evaluated

1. the performance of Non Independent Directors and the Board of Directors as a whole.
2. the performance of the Chairman, with due weightage to the views of Executive and Non-Executive Directors.
3. the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Views of the Independent Directors were communicated to the Board.

### Familiarization Programme for Independent Directors

Independent Directors are periodically, updated about the Company's policies and roles and responsibilities of Directors. Executive Management, through presentations



at Board and Committee Meetings, provides them regular updates on the Company and its subsidiaries including financial and business performance, operational highlights, business risks and their mitigation plans, new offerings, major clients, material litigations, regulatory compliance status and forex exposures, relevant changes in statutory regulations.

Details of such familiarization programmes are posted on the website of the Company at <http://www.mpslimited.com/corporate-governance/>

### Board Meetings and its Procedures

The Board meets at least four times a year. Additional meetings are convened as and when required to address any specific business requirement. In case of urgent requirements, resolutions are passed by circulation by the Board Members. The circular resolutions are noted in the next Board Meeting. Tentative annual calendar of the Board Meetings is fixed in advance after discussion with all Board Members. Agenda Papers are sent to Board Members at least seven days in advance along with all the relevant information and supporting documents. Unpublished Price Sensitive Information alongwith relevant documents is provided at least 48 hours before the meeting. Business division heads are advised well in advance to communicate to the Company Secretary and Chief Financial Officer on the business matters requiring Board approval. Inputs, guidance and feedback of the Chairman and Chief Executive Officer are taken in selection of agenda items. In case it is not feasible for any of the Directors to attend the Board Meeting physically, on their confirmation, audio-video conferencing facilities are provided to attend the meeting and the applicable procedures specified under Section 173(2) of the Act read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 relating to meetings of Board through video conferencing or other audio visual means are followed and complied with.

### Information provided to the Board

The Board has complete access to all the information of the Company. Minimum information provided to the Board, inter-alia, includes the following:

- Annual Operating Plans and Budgets, Quarterly Unaudited and Annual Audited Standalone and Consolidated financial results
- Minutes of the meetings of the Audit Committee and all

other committees of the Board

- Appointment and resignation of senior officers including Chief Financial Officer and Company Secretary
- Appointment and resignation of Directors and their remuneration
- Related party transactions of material nature
- Disclosure of Directors' interest
- Details of material litigation including any show cause and penalty notices of material nature
- Compliance reports on the applicable laws and regulations
- Acquisition opportunities including details of payment toward assets and goodwill
- Sale of investments, subsidiaries and assets that are material in nature and not in the ordinary course of business
- Details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Details of Investors' complaints and their redressal

Chief Financial Officer, Company Secretary and Finance Controller attend all the Board meetings. Company Secretary provides assistance to the Chairman in conducting Board Meetings and also advises the Board on compliance and governance matters. Chief Financial Officer and Finance Controller assist the Board on financial results, budgets and related matters.

### Post Board Meetings

Post Board meeting, decisions taken at the meetings are communicated to the concerned business units. Thereafter a rigorous follow up system is followed to review and report on actions taken by the Management on the decisions of the Board.

### Circulation of Minutes

Company Secretary, as per requirements of the Secretarial Standards, records the minutes of the proceedings of the meetings and circulates them to all the Directors within 15 days from the conclusion of the meeting for their review and comments. Minutes are thereafter recorded in the Minutes Book within 30 days from the date of conclusion of the meeting. Certified copies of the signed minutes are provided to the Board Members.

## Attendance of Directors at the Board Meetings and at the last Annual General Meeting:

During the financial year 2017-18, the Board met four times on May 10, 2017, July 19, 2017, October 23, 2017 and January 22, 2018. The maximum time gap between the two consecutive Board Meetings never exceeded 120 days.

Directors	Mr. Nishith Arora	Mr. D. E. Udewadia	Mr. Ashish Dalal	Mr. Vijay Sood	Mr. Rahul Arora	Ms. Yamini Tandon
No. of Meetings held	4	4	4	4	4	4
No. of Meetings Attended	4	3	3	4	4	2
Attended last AGM held on July 19, 2017	Yes	Yes	Yes	Yes	Yes	No

## DIRECTORS' INTEREST IN THE COMPANY

### Shareholding of Directors as on March 31, 2018:

Directors	Mr. Nishith Arora	Mr. D. E. Udewadia	Mr. Ashish Dalal	Mr. Vijay Sood	Mr. Rahul Arora	Ms. Yamini Tandon
No. of Shares held	Nil	Nil	Nil	9731	Nil	Nil

## BOARD COMMITTEES

The Board has constituted various Committees to deal with specific business areas. These Committees play an important role in the governance process. All these Committees have been formed with proper Board authority defining their composition, quorum requirements and the roles and responsibilities. These Committees decide or provide recommendations to Board on the matters referred to them. All the process and governance guidelines applicable and followed by the Board are also applicable and followed by the Committees.

### 1. AUDIT COMMITTEE

#### Composition, Meetings and Attendance

Composition of the Audit Committee conforms to the requirements of the Act and the Listing Regulations. All the members of the Audit Committee are financially literate and Mr. Vijay Sood, Chairman, has expertise in accounting and financial management.

During the financial year 2017-18, the Audit Committee met four times - May 10, 2017, July 19, 2017, October 23, 2017 and January 22, 2018. The maximum time gap between any two consecutive meetings never exceeded one hundred and twenty days.

The composition and the attendance of members at the Audit Committee meetings held during the financial year 2017-18, are given below:

Members	Position and Category	No. of Meetings held	No. of Meetings Attended
Mr. Vijay Sood	Chairman-Independent Director	4	4
Mr. D. E. Udewadia*	Member-Independent Director	4	3
Mr. Nishith Arora	Member-Non-Executive Director	4	4

\*Mr. D.E. Udewadia could not attend the meeting of the Audit Committee held on May 10, 2017. Mr. Ashish Dalal an Independent Director was co-opted for that meeting as a Member.

Chief Financial Officer and the Finance Controller are permanent invitees to the Audit Committee meetings. Chief Executive Officer is also present at the Audit Committee meetings. The Company Secretary acts as the Secretary to Audit Committee. Representatives of Statutory Auditors and Internal Auditors have attended all

the Audit Committee meetings held during the financial year 2017-18. As and when required, other senior management personnel of the Company are invited to the Audit Committee meetings.

### Role/Terms of Reference

Terms of reference of the Audit Committee (as per the Act and Listing Regulations) includes the following:

- Examination and overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible
- Reviewing, with the management, the annual and quarterly financial statements and auditor's report thereon before submission to the Board for approval
- Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory and internal auditors of the Company
- Reviewing and monitoring the auditor's independence and performance and effectiveness of the audit process
- Approving payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing the application of funds raised through public issue, rights issue, preferential issue, etc. and related matters
- Approving, recommending or any subsequent modification of transactions of the Company with related parties as applicable
- Scrutinizing inter-corporate loans and investments
- Approving the valuation of undertakings or assets of the Company, whenever it is necessary
- Reviewing the Internal Audit Reports
- Reviewing and evaluating internal financial controls, adequacy of the internal control and risk management systems
- Discussion with internal auditors of any significant findings and follow up thereon
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- Reviewing the functioning of the Whistle Blower Mechanism
- Looking into reasons for substantial defaults in the

payment to the shareholders (in case of non-payment of declared dividends) and creditors

- Approving the appointment of Chief Financial Officer after assessing the qualifications, experience, suitability and background of the candidate

The Audit Committee is also empowered, pursuant to its terms of reference, inter alia:

- to investigate any activity within its terms of reference
- to seek any information from any employee
- to obtain outside legal or other independent professional advice, and
- to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

The Audit Committee provides assurance related to the adequacy of internal financial control systems and financial disclosures to the Board.

## 2. NOMINATION AND REMUNERATION COMMITTEE

### Composition, Meetings and Attendance

Composition of the Nomination and Remuneration Committee conforms to the requirements of the Act and the Listing Regulations. During the financial year 2017-18, the Nomination and Remuneration Committee met two times on May 10, 2017 and October 23, 2017.

The composition and the attendance of members at the Nomination & Remuneration Committee meetings held during the financial year 2017-18, are given below :-

Members	Position and Category	No. of Meetings held	No. of Meetings Attended
Mr. D. E. Udawadia	Chairman-Independent Director	2	1
Mr. Vijay Sood	Member-Independent Director	2	2
Mr. Ashish Dalal*	Member-Independent Director	2	2
Mr. Nishith Arora	Member- Non Executive Director	2	2

\*Mr. Ashish Dalal resigned from the Nomination and Remuneration Committee upon his resignation from the Board w.e.f March 09, 2018

## Role/Terms of Reference

Terms of Reference of the Nomination and Remuneration Committee as per the requirements of the Act and the Listing regulations includes the following:

- Formulation of criteria for determining qualification, positive attributes, and independence of Directors
- Recommendation of the remuneration policy for the Directors, Key Managerial Personnel, and other senior management personnel to the Board
- Formulation of criteria for evaluation of Directors, the Board, and the Committees thereof
- Devising policy on Board diversity
- Recommendation of remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria and commission to Non-Executive Directors
- Identifying persons who are qualified to become Directors and/or who may be appointed as Key Managerial Personnel in accordance with the criteria laid down and recommending to the Board their appointment, removal, and other terms as may be referred by the Board from time to time.

## Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is annexed to the Directors' Report, forming part of the Annual Report. Criteria for making payments to the Non-Executive Directors have been disseminated on the website of the Company at <http://www.mpslimited.com/corporate-governance.com> Remuneration to the Non-Executive Directors is paid in accordance with the

provisions of the Articles of Association of the Company, within the limits set out in the Act, and as per the Nomination and Remuneration Policy of the Company. Approval of the shareholders for the payment of remuneration to Executive and Non-Executive Directors is obtained, wherever required. Remuneration to Key Managerial Personnel has a balance between fixed and performance-based incentives.

Nomination and Remuneration Policy of the Company has been approved by the Board on the recommendation of the Nomination and Remuneration Committee, which is aimed at:

- identifying persons who are qualified to become Directors and persons who may be appointed at senior management and Key Managerial positions
- attracting talented managerial persons taking into account the talent market, the compensation trend, and the competitive requirement of its business
- retaining high-caliber talent, and
- determining remuneration of Directors, Senior Management, and Key Managerial Personnel

## Directors' Performance Evaluation Policy

The Nomination and Remuneration Committee has laid down the process and mechanism for evaluating the performance of the Board, its Committees, individual Directors and Chairman of the Board. The Board has carried out annual performance evaluation of the Board, its committees, individual Directors including the Chairman of the Board, as per its policy.

## Directors' Remuneration during the Financial Year 2017-18

Non-Executive Directors are paid remuneration by way of sitting fees for attending each meeting and commission based on profit. Remuneration to Executive Directors is paid based on the recommendation of the Nomination and Remuneration Committee as approved by the Board and shareholders. The Company does not have any stock option scheme at present.

Directors	Mr. Nishith Arora <sup>1</sup>	Mr. D. E. Udwadia <sup>2</sup>	Mr. Ashish Dalal	Mr. Vijay Sood	Mr. Rahul Arora	Ms. Yamini Tandon
<b>Business Relationship with the Company, if any</b>	Promoter & Director of holding company, ADI BPO Services Limited <sup>3</sup>	Nil	Nil	Nil	Director of holding company, ADI BPO Services Limited <sup>3</sup>	Nil
<b>Remuneration during the year ended March 31, 2018 (₹ in lacs)</b>						
<b>Sitting Fees</b>	Nil	6.00	4.40	9.40	Nil	Nil
<b>Salary and Perks</b>	9.20	Nil	Nil	Nil	180.88	Nil
<b>Commission<sup>5</sup></b>	Nil	17.84	13.38	28.98	Nil	Nil
<b>Total</b>	<b>9.20<sup>4</sup></b>	<b>23.84</b>	<b>17.78</b>	<b>38.38</b>	<b>180.88<sup>4</sup></b>	<b>Nil</b>
<b>Severance/ Notice Period</b>		-	-	-	3 months or as otherwise decided by the Board, while working in India and any time while working from USA	-

<sup>1</sup> Resigned as Whole Time Director and appointed as Non-Executive Director effective from May 15, 2017.

<sup>2</sup> During the year ended March 31, 2018, the Company paid ₹ 4.11 lakhs to the law firm M/s Udwadia & Co. as fees for professional services (legal advice) obtained by the Company. Mr. D. E. Udwadia is a founder partner of this firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.

<sup>3</sup> During the year ended March 31, 2018, the Company paid ₹ 337.36 lakhs to ADI BPO Services Limited (ADI BPO), the promoter company (ADI BPO), wherein Mr. Nishith Arora and Mr. Rahul Arora are the Directors. The above amount represents the rent paid for the Dehradun facility taken on lease and the charges for infrastructure services provided by ADI BPO.

<sup>4</sup> Remuneration to Whole-time Director shown here, are on actual basis and does not include Performance Linked Bonus of the previous financial year paid during the financial year 2017-18. Remuneration to Mr. Rahul Arora, paid from US Branch of the Company includes =PLB at 100% provided in accounts for the financial year 2017-18 as per Mr. Rahul Arora's contract with the Company. PLB payout is considered based on the criteria laid down by the Nomination and Remuneration Committee on revenue growth, profitability, service delivery & quality, and innovation. The actual PLB is recommended by the Nomination and Remuneration Committee and approved by the Board at 91% of the amount as per his contract. This will be paid during the financial year 2018-19. Gratuity and Leave Salary are not included in the remuneration to Executive Directors, as these have been accrued on the basis of actuarial valuation for the Company as a whole.

<sup>5</sup> Commission to the Non-Executive Directors for the financial year 2017-18 will be paid, subject to deduction of tax, during the financial year 2018-19, after adoption of the Annual Audited Financials by the shareholders at the Annual General Meeting.

Apart from the above there was no other pecuniary relationship or transaction between the Non-Executive Directors and the Company

### 3. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Composition, Meetings and Attendance

Composition of the Stakeholders Relationship Committee, given hereunder, is in compliance with the Listing Regulations. During the financial year 2017-18, the Stakeholders Relationship Committee met once on January 22, 2018.

The composition and the attendance of members at the Stakeholder Relationship Committee meetings held during the financial year 2017-18, are given below:

Members	Position and Category	No. of Meetings held	No. of Meetings Attended
Mr. Ashish Dalal*	Chairman- Independent Director	1	0
Mr. Nishith Arora	Member - Non Executive Director	1	1

\*Mr. Ashish Dalal could not attend the meeting of the Stakeholders Relationship Committee held on January 22, 2018. Mr. Vijay Sood was co-opted for that meeting as a Member.

\*Mr. Ashish Dalal resigned from Stakeholders Relationship Committee w.e.f March 9, 2018 upon his resignation from the Board.

#### Role/Terms of Reference

The Committee primarily looks into dematerialization/rematerialization of shares, redressal of shareholders' complaints pertaining to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividend, issue of duplicate shares and other related matters.

#### Compliance Officer

Mr. Utkarsh Gupta is the Compliance Officer for ensuring compliance with the regulatory requirements of Securities Laws and Listing Regulations.

Compliance Officer may be reached at the following address:

C-35, Sector-62, Noida – 201 307, Uttar Pradesh Phone: 0120-4599754; E-mail: investors@mpslimited.com
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#### Stakeholders Grievance Redressal

Legal and Secretarial Department and the Registrar and Share Transfer Agents attend to all grievances received from the shareholders either directly or through SEBI, Stock Exchanges and Registrar of Companies. Efforts are made to ensure that all the grievances of the shareholders are redressed expeditiously and satisfactorily. Details of the complaints received from the shareholders and redressed upto their satisfaction during the financial year 2017-18 are as follows:

No. of complaints pending at the beginning of the financial year i.e. April 1, 2017	NIL
No. of complaints received during the financial year	6
No. of complaints resolved during the financial year	6
Complaints pending at the end of the financial year i.e. March 31, 2018	NIL

A separate e-mail ID, [investors@mpslimited.com](mailto:investors@mpslimited.com), has been designated by the Company for the shareholders to lodge their complaints/queries.

As per the provisions of Regulation 39 (4) of Listing Regulations, the Company does not have any unclaimed shares.

### 4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### Composition, Meeting and Attendance

Composition of Corporate Social Responsibility ("CSR") Committee confirms to the requirements of Section 135 of the Act. During the financial year 2017-18, the Corporate Social Responsibility met once on January 17, 2018.

The composition and the attendance of members at the CSR Committee meeting held during the financial year 2017-18, are given below:

Members	Position and Category	No. of Meetings held	No. of Meetings Attended
Mr. Nishith Arora	Chairman- Non Executive Director	1	1
Mr. Vijay Sood	Member - Independent Director	1	1
Mr. Rahul Arora	Member - Executive Director	1	1

## Role/Terms of Reference

The CSR Committee recommends, and monitors the implementation of CSR projects of the Company.

Terms of Reference of the CSR Committee as per the provisions of the Act, includes the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Company under its Corporate Social Responsibility program as detailed in Schedule VII to the Act
- Recommend the amount of expenditure to be incurred on the CSR activities
- Formulate the implementation schedule of specific project/activity
- Establish mechanism for measuring the effectiveness of the Corporate Social Responsibility policy

## 5. OTHER NON – STATUTORY COMMITTEES

The Company has also constituted an Investment Committee that assesses and analyses the Company's investment's proposals and provides its recommendations to the Board.

### SUBSIDIARY COMPANY

The Company has wholly owned subsidiary in USA, MPS North America LLC and does not have any subsidiary in India. During the year, MagPlus INC, step down foreign subsidiary of the company, merged with MPS North America LLC with effect from August 10, 2017. During the year, Mag+ AB, wholly owned foreign subsidiary of the Company was dissolved with effect from December 21, 2017 by transfer of Software and Intellectual Properties registered in its name to MPS Limited. All significant transactions and arrangements of the subsidiary are reviewed by the Audit Committee and also reported to the Board. Audit Committee also reviews the financial statements of, and investments made by, the subsidiary.

After the close of the financial year, the Company has incorporated a wholly owned subsidiary in India MPS Interactive Systems Limited on May 10, 2018.

### CODE OF CONDUCT

The Board has adopted a Code of Conduct (the "**Code**") for its business and operations. The Code is applicable to the Directors and senior management personnel of the Company. It also enumerates the duties and responsibilities of Independent Directors. The Code requires the Directors and employees of the Company to act honestly, ethically and with integrity. The Code has also been uploaded on the website of the Company at <http://www.mpslimited/corporate-governance/>

The compliance of the Code is to be affirmed annually by the Directors and senior management personnel. All the Board Members and senior management personnel to whom the Code is applicable have affirmed the compliance with the Code as on March 31, 2018.

The Chief Executive Officer has provided the following declaration to this effect:

"The Company had laid down a "Code of Conduct" (the "**Code**") to be followed by all the Board Members and senior management personnel. The Code is uploaded on the website of the Company.

It is hereby certified that all the members of the Board and senior management personnel have confirmed the compliance with the Code during the financial year 2017-18 and there has been no instances of violation of the Code."

### Rahul Arora

Chief Executive Officer  
May 23, 2018



## GENERAL BODY MEETINGS

Details of last three Annual General Meetings of the Company are as given below:

Year	Day, Date and Time of Meeting	Venue	Special Resolutions Passed
2014-15	Monday, July 20, 2015 Time: 02:30 P.M.	Raintree Hotels, 636 Anna Salai, Teynampet, Chennai – 600035, Tamilnadu	<ul style="list-style-type: none"> <li>Appointment of Ms. Yamini Tandon to the office or place of profit in the Company's wholly owned subsidiary in U.S.A.</li> <li>Approval of borrowing powers of the Company exceeding the aggregate of the paid-up share capital and free reserves up to ₹ 150 crores.</li> </ul>
2015-16	Tuesday, July 19, 2016 Time: 03:00 P.M.	Raintree Hotels, 636 Anna Salai, Teynampet, Chennai – 600035, Tamilnadu	<ul style="list-style-type: none"> <li>Approval for payment of commission to Non-Executive Directors for a period of five years.</li> </ul>
2016-17	Wednesday, July 19, 2017 Time: 03:00 P.M.	Raintree Hotels, 636 Anna Salai, Teynampet, Chennai – 600035, Tamilnadu	<ul style="list-style-type: none"> <li>Approval for investment under section 186 of the Companies Act 2013</li> </ul>

All resolutions placed before the Shareholder's at the last Annual General Meeting of the Company were passed with the requisite majority.

As per Section 108 of the Act read with rules made thereunder, Regulation 44 of the Listing Regulations, e-voting facility was provided to the Shareholders of the Company for electronically voting on the resolutions passed at the Annual General Meeting held on July 19, 2017.

During the year, no postal ballot process was conducted. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require to be transacted through postal ballot.

## GENERAL SHAREHOLDERS INFORMATION

### a. Annual General Meeting

Day, Date and Time	Friday, July 27, 2018 at 2:30 P.M
Venue	The Raintree Hotel, Anna Salai, 636, Teynampet, Chennai 600 035, Tamilnadu
Date of Book closure	July 25, 2018 (Wednesday) to July 27, 2018 (Friday) (both days inclusive).

### b. Financial Calendar (Tentative)

Financial Year:	April 1 to March 31
-----------------	---------------------

Tentative Calendar for declaration of results for the financial year 2018-19 is given below:

Results for the Quarter/Year ending	Date of Declaration
June 30, 2018	On or before August 14, 2018
September 30, 2018	On or before November 14, 2018
December 31, 2018	On or before February 14, 2019
March 31, 2019 (Annual Audited)	On or before May 30, 2019

### c. Dividend

The Board of Directors have recommended dividend of Rs 12 per equity share (face value Rs 10 per equity share) ₹ 26.93 Crores including dividend distribution tax, for the financial year 2017-2018. The dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company and will be paid within statutory period, to the members whose names appear in the Register of Members, as on Tuesday, July 24th 2018. The Register of Members & Share Transfer Books of the Company shall remain closed from Wednesday, July 25, 2018 to Friday, July 27, 2018 (both days inclusive) for the purpose of dividend and Annual General Meeting of the Company.

## LISTING ON STOCK EXCHANGES AND STOCK CODE

Equity Shares of the Company are listed and traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

Details of Company's scrip code and ISIN no. are as follows:

Stock Exchange	Code – Equity
BSE	532440
NSE	MPSLTD
ISIN	Equity Share- INE943D01017

The Company has paid the annual listing fees to the Stock Exchanges, for the financial year 2018-19

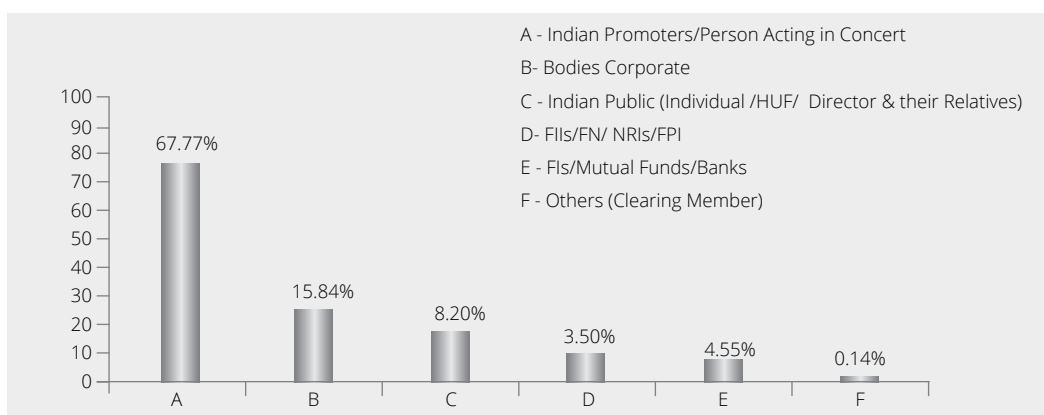
## SHAREHOLDING PATTERN

Distribution of Shareholding as on March 31, 2018:

Category of Shareholdings From – To	No. of Shareholders	% of Total Shareholders	Total Shares	Amount (H)	% of Total Amount
1-5000	11,541	93.0200	9,09,861	90,98,610	4.8872
5001-10000	410	3.3045	3,14,066	31,40,660	1.6869
10001-20000	202	1.6281	2,93,385	29,33,850	1.5759
20001-30000	73	0.5883	1,80,646	18,06,460	0.9703
30001-40000	46	0.3707	1,64,298	16,42,980	0.8825
40001-50000	22	0.1773	1,00,574	10,05,740	0.5402
50001-100000	59	0.4755	4,32,090	43,20,900	2.3209
100001-and Above	54	0.4352	1,62,22,006	6,22,20,060	87.1357
<b>Total</b>	<b>12,407</b>	<b>100.0000</b>	<b>1,86,16,926</b>	<b>18,61,69,260</b>	<b>100.00</b>

Category of Shareholding as on March 31, 2018:

S. No.	Category	No. of Shares	%
1	Indian Promoters/Person Acting in Concert	1,26,16,996	67.77
2	Indian Public (Individual/HUF/Director & their Relatives)	29,49,056	15.84
3	FIIs/FN/NRIs/FPI	15,25,758	8.20
4	FIs/Mutual Funds/Banks	6,51,272	3.50
5	Bodies Corporate	8,47,731	4.55
6	Others (Clearing Member)	26,113	0.14
	<b>Total</b>	<b>18,616,926</b>	<b>100.00</b>



- The Company has not issued any ADRs/GDRs and hence there are no outstanding ADRs/GDRs as on March 31, 2018.
- The Company has not issued any convertible warrants and hence there are no outstanding convertible warrants as on March 31, 2018.

## Stock Market Data

### National Stock Exchange of India Limited (NSE)

Month	High (₹)	Low (₹)	Close (₹)	Volume
April 2017	702.00	668.00	675.30	1,92,548
May 2017	684.00	555.50	578.70	5,67,705
June 2017	639.00	560.05	597.45	3,70,999
July 2017	613.95	564.50	578.90	4,04,387
August 2017	595.00	555.25	590.80	2,11,422
September 2017	616.30	563.80	584.85	2,82,680
October 2017	614.00	569.60	589.05	2,04,263
November 2017	605.00	568.00	591.65	10,19,553
December 2017	668.60	572.00	643.85	3,31,326
January 2018	687.00	576.20	582.90	2,90,226
February 2018	602.55	559.00	588.90	1,85,964
March 2018	598.00	494.00	495.70	3,88,725

[Source: www.nseindia.com]

## BSE Limited (BSE)

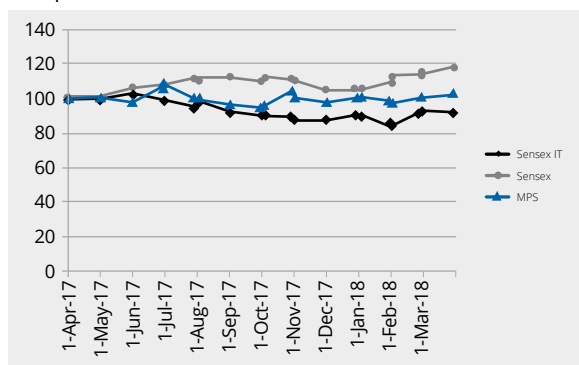
Month	High (₹)	Low (₹)	Close (₹)	Volume
April 2017	730.00	665.00	674.20	28,811
May 2017	682.95	561.60	583.15	1,34,832
June 2017	630.00	560.75	597.95	47,449
July 2017	620.00	564.00	576.75	48,408
August 2017	643.00	554.00	590.15	28,092
September 2017	668.00	565.05	583.75	21,088
October 2017	615.00	570.00	587.45	55,959
November 2017	620.00	568.00	593.00	36,585
December 2017	671.50	571.50	640.25	60,006
January 2018	688.00	580.00	583.75	53,911
February 2018	600.00	560.00	589.85	56,149
March 2018	595.50	495.10	495.75	2,03,780

[Source: www.bseindia.com]

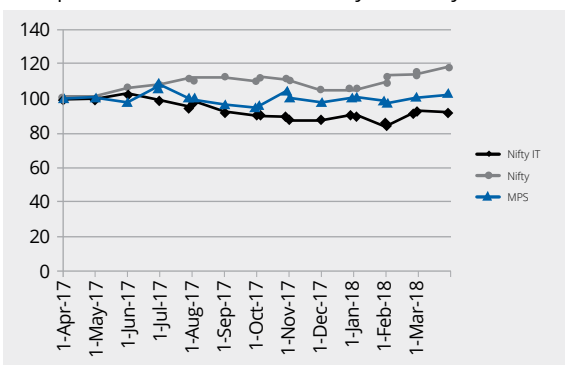
## Company's share performance in comparison to indices

Indexed to 100 as on April 1, 2018

### Comparison with BSE Indices-Sensex & Sensex IT



### Comparison with NSE Indices - Nifty and Nifty IT



[Source: www.bseindia.com, www.nseindia.com]

## Per Share Data

Year	March 31, 2018*	March 31, 2017#	March 31, 2016#	March 31, 2015#	March 31, 2014#
Net Earnings (₹ in lacs)	6,821.19	6,950.09	7,052.51	5,870.12	4,344.44
EPS (₹)	36.64	37.33	37.88	34.76	25.82
Dividend per Share (₹)	12.00	-	22.00	22.00	17.00
Dividend Payout (%)	39.48	-	69.90	74.62	77.01
Book Value per Share (₹)	221.25	184.98	147.64	136.24	55.06
Price to Earnings	13.53	18.44	17.44	27.10	14.08
Price to Book Value	2.24	3.72	4.47	6.91	6.60

\* Figures for financial year 2017-18 is in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

# Figures for the financial year up to the year ended 31 March 2017 were in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

## Dematerialization of Shares and Liquidity

The shares of the Company are compulsorily traded in demat form and are available for trading under both the Depository Systems in India – National Securities Depository Limited (the “NSDL”) and Central Depository Services (India) Limited (the “CDSL”). As on March 31, 2018, a total of 1,85,94,676 shares of the Company, constituting 99.88% of the total Share Capital, were in demat form. Details of the Demat and Physical shareholding of the Company are as under:

	No. of shares	Percentage (%)
At National Securities Depository Limited	1,76,49,055	94.80
At Central Depository Services (India) Limited	9,45,621	5.08
In Physical Form	22,250	0.12
<b>Total Paid-up Share Capital</b>	<b>18,616,926</b>	<b>100</b>

### Shareholder Information

Shareholders holding shares in demat mode should address their correspondences relating to updates in their details, viz. address, bank accounts, contact number, etc. to their respective Depository Participants. Shareholders holding shares in physical mode, may address such correspondences either to the Company Secretary of the Company or Cameo Corporate Services Limited, the Registrar and Share Transfer Agent of the Company.

### Share Transfer System

Transfer of shares in physical form has been delegated by the Board to certain officials of the Registrar/Company to facilitate speedy service to the shareholders. All request for dematerialization of shares are processed, if found in order, and confirmation is given to the respective depositories, i.e., NSDL & CDSL within the statutory period.

An Independent practicing Company Secretary certifies and issues the Compliance Certificate to the Stock Exchange(s) in pursuance of Regulation 40 (9 & 10) of the Listing Regulations.

## SHARE CAPITAL RECONCILIATION AUDIT

Share Capital Reconciliation Audit as per Regulation 55A

of the SEBI (Depositories and Participants) Regulations, 1996, is being carried out by an independent practicing Company Secretary, on a quarterly basis to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital. The Share Capital Reconciliation Audit reports confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized mode held with NSDL and CDSL. These reports are filed with Stock Exchanges on quarterly basis.

## DISCLOSURES AND AFFIRMATION

### (i) Compliances

The Company has complied with all the applicable provisions of Listing Regulations, other guidelines/regulations issued by the Securities and Exchange Board of India (SEBI) and applicable provisions of other statutes.

The Company has complied with all the mandatory requirements as per the provisions of Regulation 34, 53 and Schedule V of the Listing Regulations.

There have been no instances of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any such other statutory authority.

### (ii) Related Party Transactions

All transactions of the Company with related parties, as defined in the Act and the Listing Regulations, during the year ended March 31, 2018, were made in the ordinary course of business and were on an arm's length basis. There was no material related party transaction of the Company, which may have a potential conflict with the interest of the Company at large. The details of transactions with related parties have been disclosed in the Audited Financial Statements of the Company, forming part of the Annual Report for the financial year ended March 31, 2018.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy has been

disseminated on the website of the Company at <http://www.mpslimited.com/corporate-governance/>

### **(iii) Vigil Mechanism and Protection Against Sexual Harassment**

The Company believes in highest standards of ethical, moral and fair conduct of business operations. To fulfill these objectives, the Company has adopted a Whistle Blower Policy. This policy encourages the employees, to come forward and report genuine concerns about unethical behavior, actual or suspected frauds to Ombudsman/Audit Committee. The identity of the reporting employee is kept confidential. The matter is investigated thoroughly and the findings are reported to the Audit Committee for proper actions. During the financial year no employee was denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at <http://www.mpslimited.com/corporate-governance/>

The Company provides a safe and healthy work environment to all its employees. To ensure the safety of its employees, the Company has adopted a Policy on Prevention of Sexual Harassment of Women at workplace. The Company has established the necessary mechanism for employees to report their concerns about unethical and unwelcome behavior. The Prevention of Sexual Harassment Policy is communicated to the employees through the intranet site of the Company.

### **(iv) Accounting Principles**

In the preparation of Financial Statements the Company had adopted Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 and this is separately disclosed in the Annual Report.

### **(v) Foreign Exchange Risk and Hedging**

During the year, the Company had managed the foreign exchange risk by entering into forward contracts for hedging foreign exchange exposures against its exports to the extent considered necessary as per the policy approved by the Board. The details of foreign currency exposure are disclosed in Note No. 30 to the Audited Financial Statements of the Company, forming part of the Annual Report for the financial year ended March 31, 2018.

### **(vi) Adoption of Non-Mandatory Requirements of Listing Regulations**

- The Board is headed by a Non - Executive Chairman.
- The Company has separate posts of Chairman and CEO.
- The Internal Auditors report directly to the Audit Committee of the Company.
- The Company is already in No Audit Qualifications regime.

### **CEO & CFO CERTIFICATION**

CEO and CFO of the Company have certified to the Board on the accuracy of financial reporting and adequacy of internal controls for the financial year ended March 31, 2018. This certificate is enclosed with this report.

### **MEANS OF COMMUNICATION**

The Company has been sending physical copies of the Annual Reports, notices, and other communications through the prescribed modes of postage. However, in case email address of shareholders are registered, such communications are sent through the registered email id of such shareholders.

- In compliance with the Listing Regulations, the Company promptly submits the Financial Results and other business updates to the Stock Exchange(s) to enable them to display these on their websites.
- Company publishes its financial results in the prescribed abridged format in Financial Express (English Newspaper) and Makkal Kural (Tamil Newspaper) with a footnote of availability of complete financial results at the stock exchanges and company's websites. Full results are sent to the Stock Exchanges.
- All periodic compliances, viz. quarterly shareholding patterns, corporate governance reports, investors complaint redressal mechanism, etc., and other event-based disclosures are being filed at the web-based filing platforms of NSE (NEAPS) and BSE (Listing Centre).
- The Financial Results, investor's updates, shareholding patterns, press releases and other shareholders related information of the Company are also displayed on the website of the Company, [www.mpslimited.com](http://www.mpslimited.com)

## Business Locations

<b>Content Solutions for Educational, Academic, and STM Markets</b>	RR Towers IV, Super A, 16/17 Thiru-Vi-Ka Industrial Estate, Guindy, Chennai-600032, Tamilnadu
<b>Content Solutions and Platform Solutions for Academic and STM Markets</b>	HMG Ambassador, 137, Residency Road, Bengaluru-560025, Karnataka
<b>Platform Solutions</b>	709, DLF Corporate Greens, Sector -74A, Narsinghpur, Gurgaon-122004, Haryana
<b>Content Solutions for Educational Publishing and Platform Solutions</b>	C-35, Sector 62, Noida-201 307, Uttar Pradesh
<b>Platform Solutions and Content Solutions for Educational, Academic, and STM Markets</b>	33, Sahastra Dhara Road, IT Park, Dehradun Uttarakhand-248001
<b>Content Solutions and Platform Solutions</b>	MPS North America LLC, 5728 Major Blvd., Orlando, Florida 32819.

<b>Registrar and Share Transfer Agent</b>	<b>Cameo Corporate Services Limited</b> Subramanian Building, 1 Club House Road, Chennai – 600002 Phone no. 044 – 28460390 Contact person: Mr. D. Narasimhan, Joint Manager
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<b>Registered Office Address:</b> <b>MPS Limited</b> RR Towers IV, Super A, 16/17 Thiru Vi Ka Industrial Estate, Guindy, Chennai 600 032, Tamilnadu Tel. : (+91 – 44 49162222) Fax No.: (+91 – 44 49162225) Website address: <a href="http://www.mpslimited.com">www.mpslimited.com</a>	<b>Address for Correspondence –</b> <b>Corporate Office:</b> <b>MPS Limited</b> C-35, Sector 62, Noida – 201 307 Uttar Pradesh Tel. : (+91 – 120- 4599754)
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On behalf of Board of Directors

Place: Gurugram  
Date: May 23, 2018

Nishith Arora  
Chairman

# Independent Auditor's certificate on Corporate Governance

To  
The Members of  
**MPS Limited**

## Independent Auditor's certificate on Corporate Governance

1. This Certificate is issued in accordance with the terms of our engagement letter dated 20 October 2017.
2. The accompanying Corporate Governance Report (the 'Report') contains details of compliance of conditions of Corporate Governance, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by MPS Limited (the 'Company') for the year ended 31 March 2018. We have initialed the Report for identification purpose only.

## Management responsibility on compliance with the conditions contained in Listing Regulations

3. The preparation of the accompanying Report is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Report, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Listing Regulations and for providing all relevant information to the Securities and Exchange Board of India.

## Auditor's Responsibility

5. Pursuant to the requirements of Clause E to Section V to the Listing Regulations, it is our responsibility to obtain reasonable assurance and form an opinion as to whether the Company complies with the conditions of Corporate Governance as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the year ended 31 March 2018.

6. We conducted our examination of the Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

8. Based on our examination as above, and the information and explanations given to us, in our opinion the Company has complied with the conditions of Corporate Governance as per regulations 17 to 27, clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the year ended 31 March 2018.

## Restrictions on Use

9. This Certificate is addressed to and provided to the members of the Company solely for the purpose of complying with the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

**Shashank Agarwal**

**Partner**

**Place: Gurugram**

**Date: 23 May 2018**

**Membership No.: 095109**





## CEO/ CFO Certification as per Regulation 17(8) of the Listing Regulations

We, Rahul Arora, Whole Time Director & Chief Executive Officer and Sunit Malhotra, Chief Financial Officer & Company Secretary, certify to the Board of Directors of MPS Limited (the "Company") that:

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

**Rahul Arora**  
Chief Executive Officer

Place: Gurugram

Date: May 23, 2018

**Sunit Malhotra**  
Chief Financial Officer & Company Secretary



# FINANCIAL STATEMENT

# Independent Auditor's Report

To the Members of MPS Limited

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

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

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

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

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

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

## Auditor's Responsibility

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

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

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

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

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

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

## Opinion

In our opinion and to the best of our information



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

#### Other Matters

The transition date opening balance sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 dated 17 May 2016 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of

the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; Refer Note 33 to the standalone Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 23 May 2018

Membership Number: 095109

**Annexure A referred to in our Independent Auditor's Report to the members of MPS Limited on the Standalone Financial Statements for the year ended 31 March 2018, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this program, all fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property are held in the name of the Company except for the following:

S. No.	Particulars of immovable property	Net block as at 31 March 2018	Remarks
1	Office space at Building located at 137, Residency Road Bangalore admeasuring 62,349 square feet	INR 1,260.57 Lacs	The title deeds for building and undivided portion of land are held in the name of HMG Ambassador Property Management Private Limited, represented by 14,750,000 equity shares of INR 10 each representing the value of land and buildings with irrevocable right of permanent occupation.
2	Office space at Building located at 135, Brigade Road Bangalore admeasuring 10,000 square feet	INR 51.07 Lacs	The title deeds for building and undivided portion of land admeasuring 10,000 square feet are in the name of Brigade Marketing Company Private Limited, erstwhile Company that was merged with Macmillan India Limited under Section 391 to 394 of the Companies Act, 1956 in terms of the Honorable Karnataka High Court order dated 21 June 2005.

- (ii) The Company is a service company, primarily engaged in the business of providing publishing solutions. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of making investments. The Company has not granted any loans, provided any security or guarantees under section 185 and has not granted any loans or provided any securities or guarantees under section 186 of the Act.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, provisions of Section 185 and 186 of the Act are not applicable to the Company. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Service tax, Sales tax, Value added tax, Cess and other material statutory dues have generally been regularly deposited during

the year by the Company with the appropriate authorities. As explained to us, the provisions relating to Duty of excise and Duty of customs are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable

in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable except the following:

Name of statute	Nature of dues	Amount (INR in Lacs)	Period to which it relates	Due Date	Date of deposit
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	2.44	2003	15th of following month	Not paid

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value added tax, and Service tax, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the dues	Amount (INR in Lacs)*	Period to which the amount relates	Payment under protest in (INR in Lacs)	Forum where dispute is pending
Income tax Act, 1961	Income tax	19.00	AY 2002-03	-	High Court
Income tax Act, 1961	Income tax	31.71	AY 2007-08	-	Assessing officer
Income tax Act, 1961	Income tax	104.78	AY 2008-09	-	High Court
Income tax Act, 1961	Income tax	12.95	AY 2009-10	-	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	174.58	AY 2010-11	77.33	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	229.57	AY 2012-13	-	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	14.05	AY 2016-17	-	Assessing officer
Finance Act, 1994	Service tax	364.58	Financial year 2003-04 to 2008-09	35.00	Customs and Excise Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	718.25	Financial year 2008-09 to 2012-13	53.86	Customs and Excise Service Tax Appellate Tribunal

\* amount as per demand orders including interest and penalty, wherever indicated in the order

- (viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans.
- (x) According to the information and explanations

given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with provisions of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Act and the details have been disclosed in the Standalone Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However, during the year ended 31 March 2015, the Company had raised INR 14,999 Lacs through Qualified Institutional Placement (QIP) pursuant to the provisions of Section 42 of the Companies Act 2013 and the Rules made thereunder and Securities and Exchange

Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The proceeds of the issue (net of issue expenses of INR 219 Lacs) are to augment funds for growth opportunities such as acquisitions and strategic initiatives and general corporate purposes and any other purposes as may be permissible under applicable law. The Company has utilized a sum of INR 2,784 Lacs for the purpose for which these proceeds were raised. Further, the remaining proceeds of INR 11,996 Lacs, pending the utilization for the objects of QIP, have temporarily been invested in interest/dividend bearing liquid instruments, including money market mutual funds.

- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 23 May 2018

Membership Number: 095109

## Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of MPS Limited for the year ended 31 March 2018

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of MPS Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued

by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.


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

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

#### Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal





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

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control

with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

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

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 23 May 2018

Membership Number: 095109

## Balance Sheet as at March 31, 2018

INR in Lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3.1	1,910.32	2,155.52	2,187.98
Capital work in progress	3.1	-	-	5.85
Investment property	3.2	113.94	117.11	139.72
Goodwill	4	50.27	-	-
Other intangible assets	4	985.87	278.68	104.80
<b>Financial assets</b>				
Investments	5 (i)	4,257.39	4,706.65	2,423.96
Loans	6 (i)	154.16	144.59	212.08
Other financial assets	7 (i)	26.14	27.68	27.28
Income tax assets (net)	8	636.64	638.67	405.03
Other non-current assets	9 (i)	370.29	1,459.07	2,037.36
<b>Total non-current assets</b>		<b>8,505.02</b>	<b>9,527.97</b>	<b>7,544.06</b>
<b>Current assets</b>				
<b>Financial assets</b>				
Investments	5 (ii)	28,799.72	20,598.50	16,914.08
Trade receivables	10	3,610.79	3,870.47	3,647.40
Cash and cash equivalents	11	282.19	325.62	423.10
Loans	6 (ii)	5.23	25.25	14.34
Other financial assets	7 (ii)	1,846.86	1,854.26	1,138.86
Other current assets	9 (ii)	841.70	615.78	252.11
<b>Total current assets</b>		<b>35,386.49</b>	<b>27,289.88</b>	<b>22,389.89</b>
<b>TOTAL ASSETS</b>		<b>43,891.51</b>	<b>36,817.85</b>	<b>29,933.95</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12	1,861.69	1,861.69	1,861.69
Other equity		39,330.97	32,572.47	25,696.86
<b>Total equity</b>		<b>41,192.66</b>	<b>34,434.16</b>	<b>27,558.55</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities (net)	13	383.28	265.98	156.10
<b>Total non-current liabilities</b>		<b>383.28</b>	<b>265.98</b>	<b>156.10</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	14	871.08	727.77	751.45
Other financial liabilities	15	370.58	750.50	783.27
Other current liabilities	16	605.37	276.00	267.09
Provisions	17	285.08	235.63	301.85
Income tax liabilities (net)	18	183.46	127.81	115.64
<b>Total current liabilities</b>		<b>2,315.57</b>	<b>2,117.71</b>	<b>2,219.30</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,891.51</b>	<b>36,817.85</b>	<b>29,933.95</b>
Significant accounting policies	2			
Notes to financial statements	3-44			
The accompanying notes form an integral part of financial statements				

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Statement of Profit & Loss for the year ended 31 March 2018

INR in Lacs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	19	21,834.20	22,356.27
Other income	20	2,509.23	1,805.46
<b>Total income</b>		<b>24,343.43</b>	<b>24,161.73</b>
<b>Expenses</b>			
Employee benefits expense	21	9,064.10	9,436.45
Finance costs	22	12.66	17.46
Depreciation and amortization expense	23	753.72	459.69
Other expenses	24	4,456.35	4,184.86
<b>Total expenses</b>		<b>14,286.83</b>	<b>14,098.46</b>
<b>Profit before tax</b>		<b>10,056.60</b>	<b>10,063.27</b>
<b>Tax expense:</b>	25		
Current tax		3,099.51	3,151.73
Reversal of excess provision for tax relating to earlier years		(7.16)	(132.71)
Deferred tax	13	143.06	130.21
<b>Total tax expenses</b>		<b>3,235.41</b>	<b>3,149.23</b>
<b>Profit for the year</b>		<b>6,821.19</b>	<b>6,914.04</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/assets		(88.45)	(58.76)
Income tax relating to items that will not be reclassified to profit or loss		25.76	20.33
<b>Total other comprehensive income for the year , net of tax</b>		<b>(62.69)</b>	<b>(38.43)</b>
<b>Total comprehensive income for the year</b>		<b>6,758.50</b>	<b>6,875.61</b>
<b>Earnings per equity share (nominal value of share INR 10)</b>			
Basic and diluted (earnings per equity share expressed in absolute amount in Indian Rupees)	26	36.64	37.14
Significant accounting policies	2		
Notes to financial statements	3-44		
The accompanying notes form an integral part of financial statements			

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Membership Number: 095109

For and on behalf of the Board of Directors of **MPS Limited**

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Statement of change in equity for the year ended 31 March 2018

### A. Equity share capital

	INR in Lacs
<b>Balance as at 1 April 2016</b>	<b>1,861.69</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2017</b>	<b>1,861.69</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2018</b>	<b>1,861.69</b>

### B. Other equity

INR in Lacs

Particulars	Reserve and Surplus (refer note 1 below)			Other Comprehensive income (refer note 1 below)	Total
	Securities premium account	General reserve	Retained earnings	Remeasurement of defined benefit obligations	
<b>As at 1 April 2016</b>	<b>14,600.33</b>	<b>2,154.31</b>	<b>8,942.22</b>	-	<b>25,696.86</b>
Profit for the year	-	-	6,914.04	-	6,914.04
Other comprehensive income	-	-	-	(38.43)	(38.43)
<b>Total comprehensive income for the year</b>	-	-	<b>6,914.04</b>	<b>(38.43)</b>	<b>6,875.61</b>
Transfer to general reserve	-	695.01	(695.01)	-	-
<b>As at 31 March 2017</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>15,161.25</b>	<b>(38.43)</b>	<b>32,572.47</b>
<b>As at 1 April 2017</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>15,161.25</b>	<b>(38.43)</b>	<b>32,572.47</b>
Profit for the year	-	-	6,821.19	-	6,821.19
Other comprehensive income	-	-	-	(62.69)	(62.69)
<b>Total comprehensive income for the year</b>	-	-	<b>6,821.19</b>	<b>(62.69)</b>	<b>6,758.50</b>
Transfer to general reserve	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>21,982.44</b>	<b>(101.12)</b>	<b>39,330.97</b>

#### Notes:

#### 1 Nature and purpose of other equity:

**Securities premium reserve:** The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**General reserve:** This represents appropriation of profit by the Company and is available for distribution of dividend.

**Remeasurement of defined benefit obligation:** Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

#### 2 Refer note 44

The accompanying notes form an integral part of financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Cash Flow Statement for the year ended 31 March 2018

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>10,056.60</b>	<b>10,063.27</b>
Adjustments:		
Depreciation and amortisation expense	753.72	459.69
Interest income	(2.93)	(14.64)
Dividend income	(135.72)	(813.04)
Net gain on sale of current investment	(494.01)	(122.67)
Finance costs	12.66	17.46
Gain on sale/disposal/discard of property, plant and equipment and investment property (net)	(6.30)	(592.20)
Profit on liquidation of wholly owned subsidiary	(220.55)	-
(Gain)/loss on investment carried at fair value through profit or loss	(923.75)	10.56
Liabilities/provisions no longer required written back	(429.90)	(79.70)
Allowances for expected credit loss	(29.35)	55.30
Bad debts written off/(reversal)	6.45	48.20
Loss allowance for doubtful advances	2.08	5.74
Loans and advances written off	28.27	11.54
Unrealised foreign exchange (gain)/loss (net)	90.04	(79.67)
Unrealised foreign exchange (gain)/loss on mark-to-market on forward contracts	234.99	49.28
<b>Operating cash flows before working capital changes</b>	<b>8,942.30</b>	<b>9,019.13</b>
(Increase)/decrease in trade receivables	299.78	(210.50)
(Increase)/decrease in loans	(18.73)	45.04
(Increase)/decrease in other financial assets	(196.81)	(764.95)
(Increase)/decrease in other current assets	(225.92)	(363.67)
(Increase)/decrease in other non current assets	1,085.45	578.29
(Decrease)/increase in trade payables	156.82	(23.88)
(Decrease)/increase in other financial liabilities	(270.53)	37.25
(Decrease)/increase in other current liabilities	329.77	10.91
(Decrease)/increase in short-term provisions	(43.82)	(120.13)
<b>Cash generated from operations</b>	<b>10,058.31</b>	<b>8,207.49</b>
Income tax paid (net of refund)	(3,035.84)	(3,240.49)
<b>Net cash generated from operating activities (A)</b>	<b>7,022.47</b>	<b>4,967.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work-in-progress)	(155.94)	(350.27)
Purchase other intangible assets	(537.92)	(246.24)
Sale of property, plant and equipment and other intangible assets	43.49	616.05
Acquisition of business (refer note 36)	(428.16)	-
Purchase of non current investments	-	(2,282.70)
Proceeds on liquidation of subsidiary (refer note 5(i))	599.43	-
Purchase of current investments	(42,775.66)	(14,489.33)
Sale of current investments	35,992.20	10,917.01
Dividends received	135.72	813.04
Interest received	3.06	14.51
<b>Net cash used in investing activities (B)</b>	<b>(7,123.78)</b>	<b>(5,007.93)</b>

## Cash Flow Statement for the year ended 31 March 2018

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost	(4.92)	(14.61)
<b>Net cash used in financing activities (C)</b>	<b>(4.92)</b>	<b>(14.61)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(106.23)</b>	<b>(55.54)</b>
Effects of exchange differences on cash and cash equivalents held in foreign currency	62.80	(41.94)
Cash and cash equivalents at the beginning of the year	325.62	423.10
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>282.19</b>	<b>325.62</b>
<b>Components of cash and cash equivalents:</b>		
<b>Cash on hand</b>	-	-
<b>Balances with banks</b>		
- Current accounts	114.66	187.55
- EEFC accounts	107.53	33.07
- Demand deposit accounts (demand deposits and deposits having original maturity of 3 months or less)	60.00	105.00
	<b>282.19</b>	<b>325.62</b>

### Notes:

Statement of Cash Flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

# Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

## 1. CORPORATE INFORMATION

MPS Limited ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956 having its registered office located at RR Towers IV, Super A, 16/17, Thiru-vi-ka Industrial State, Guindy, Chennai-600032. Its equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited. MPS provides platforms and services for content creation, full-service production, and distribution to the world's leading publishers, learning companies, corporate institutions, libraries, and content aggregators.

The Company offers a diverse geographic spread with production facilities in Chennai, Noida, Dehradun, Gurugram and Bengaluru. The Company also operates with editorial and marketing offices in United States. The Company's multi location presence helps it in executing various customer requirements efficiently.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation of financial statements

#### a) Statement of compliance

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

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note 44.

The financial statements of the Company for the year ended 31 March 2018 were approved for issue in accordance with the resolution of the Board of Directors on 23 May 2018.

#### b) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS

- Derivative financial instruments;
- Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- The defined benefit asset/(liability) is recognized as the present value of defined benefit obligation less fair value of plan assets

#### c) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Assessment of useful life of property, plant and equipment and intangible asset – refer note 2.3
- Estimated impairment of financial assets and non-financial assets – refer note 2.5 and 2.6
- Recognition and estimation of tax expense including deferred tax– refer note 13
- Estimation of assets and obligations relating to employee benefits – refer note 28
- Fair value measurement – refer note 29
- Measurement and likelihood of occurrence of provisions and contingencies – refer note 33
- Measurement of consideration and assets acquired as part of business combination – refer note 36
- Assessment of revenue based on the progress of project using percentage of completion method, measured on the basis of effort involved which is akin to output to customer.

### 2.2 Current-non-current classification

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

#### Assets

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

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

#### Liabilities

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

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

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

### 2.3 Property, plant and equipment (PPE), Investment properties and Intangible assets

#### a) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the



## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

### b) Investment Properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property consists of freehold land and building, building is depreciated using the straight line method over their estimated useful life of 60 years.

### c) Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is initially recognised based on the accounting policy for business combinations (refer note 2.4). Goodwill is not amortised but is tested for impairment annually.

### d) Depreciation and amortisation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight-line method based on useful life specified in Part C of Schedule II to the Companies Act.

Freehold land is not depreciated. Leasehold improvements are amortised on a straight line basis over the period of lease or their useful lives, whichever is shorter.

Intangible assets are amortised on a pro-rata basis on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of intangible assets are as follows:

- Software – 2 to 5 years
- Customer relationship- 5 years
- Trademark- 10 years

The residual values, useful lives and method of depreciation/amortisation of property, plant and equipment, investment property and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### e) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

### f) Transition to Ind AS

On transition to Ind AS, the Company has elected to measure all its property, plant and equipment, investment property and intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e., 1 April 2016.

### 2.4 Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016.

### 2.5 Impairment of non-financial assets

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

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

Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, then 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 exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

# Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

## 2.6 Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

#### Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

#### Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

## Notes forming part of Financial Statements

*All amount in INR Lacs, unless otherwise stated*

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

### Impairment of financial assets

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### Transition to Ind AS

Under previous GAAP, the Company has derecognized any assets or liabilities for accounting purposes as and when the asset was written off or liability written back. On transition to Ind AS, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL 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 FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Derivative financial instruments

The Company uses derivative financial instruments primarily forward contract to hedge its currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### 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.

## 2.7 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

# Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

## 2.8 Provisions and Contingent Liabilities

### Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities and commitments are reviewed at each balance sheet date.

## 2.9 Revenue recognition

The Company derives revenue primarily from content solutions, platform solutions and related services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

### a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

### b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method and based on the contractual agreement with the customers.

Earnings in excess of billings are classified as unbilled revenue which is certain for realization while billings in excess earnings are classified as deferred revenue.

Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

### c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract.

When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

### 2.10 Recognition of dividend income and interest income

Dividend income is accounted for when the right to receive it is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Rental income from operating leases is recognised on time proportionate basis over the period of rent.

### 2.11 Employee benefits

**a) Short-term employee benefits:** All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

**b) Post-employment benefits:** Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

- **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for the employees of the Company is funded with an insurance company in the form of a qualifying insurance policy. The gratuity benefit obligation recognised in the balance sheet represents the present value of the obligations as reduced by fair value of assets held by the Insurance Company. Actuarial gain/losses are recognised immediately in the other comprehensive income.
- **Superannuation:** Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.
- **Provident fund:** For employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the provident fund is charged to Statement of Profit and Loss.
- **Employee State Insurance:** For employees in India, Employee State Insurance (ESI) is deposited with Employee State Insurance Corporation. This is treated as defined contribution plan. Company's contribution to the ESI is charged to Statement of Profit and Loss.
- **Social security plans:** For employees outside India, Employees contributions payable to the social security plan, which is a defined contribution scheme, is charged to the statement of profit and loss in the period in which the employee renders services.

**c) Other long-term employee benefits: Compensated absences:**

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made on early retirement, on separation, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of compensated absences is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

### d) Termination benefits:

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### Actuarial valuation

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

## 2.12 Tax Expense

Income tax expense 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 items recognised directly in equity or in OCI.

### a) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously. Any adjustment to the tax payable or receivable in respect of previous year is shown separately.

### b) 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 amounts used for taxation purposes. 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;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the



## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

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; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. 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 only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

### 2.13 Dividend Distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

### 2.14 Foreign currency transactions and translations

#### a) Functional and presentation currency

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency'). All the amount have been rounded-off to the nearest lakhs, unless otherwise stated.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction or at rates that closely approximate the rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

### 2.15 Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

## Notes forming part of Financial Statements

*All amount in INR Lacs, unless otherwise stated*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

### 2.16 Earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

### 2.17 Cash Flow Statement

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

### 2.18 Measurement of fair values

A number of the accounting policies and disclosures require 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).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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 used in preparing these financial statements is included in the respective notes.

### 2.19 New standards and interpretations not yet adopted

The following recently released accounting standards and amendments have not yet been adopted by the Company:

## Notes forming part of Financial Statements

All amount in INR Lacs, unless otherwise stated

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified Ind AS 115, *Revenue from Contracts with Customers* and amended Ind AS 21, *The effect of changes in Foreign Exchange rates* which is effective for annual periods beginning on or after 1 April 2018.

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

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 *Revenue*, Ind AS 11 *Construction Contracts* and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present. The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements which are as follows:

#### **a) Time and materials contracts**

Under the current revenue recognition policy, revenues and costs relating to time and materials contracts are recognized as the related services are rendered. Services rendered under time and material contract are simultaneously received by customer. Accordingly, it satisfies the 'over time' recognition principles of Ind AS 115, resulting in no significant change from in existing revenue recognition policy around time and material contracts.

#### **b) Fixed-price contracts**

Under the current revenue recognition policy, revenues from fixed-price contracts are recognized using the "percentage-of-completion" method and based on the contractual agreement with the customers.

Under Ind As 115, for each performance obligation in a contract, an entity has to first determine whether the performance obligation is satisfied over time – i.e., control of the good or service transfers to the customer over time – using the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, or
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity will apply a method of measuring progress toward the complete satisfaction of that performance obligation. The objective is to depict the transfer of control of the services to the customer. To meet this objective, an entity will select an appropriate output or input method. It then has to apply that method consistently to similar performance obligations and in similar circumstances.

As per the preliminary assessment, the Company meets 'over time' criteria for fixed price contract and the measurement of progress is consistent using input method and contractual agreement with the customers.

#### **c) Maintenance contracts**

Under the current revenue recognition policy, revenue from maintenance contracts is recognized rateably over the period of the contract.

When services are performed through an indefinite number of repetitive acts over a specified period



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of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

Under Ind AS 115, it need to determine whether services transfers to the customer 'over time' or 'at a point in time'. Services that is transferred over time and allows a customer to access services throughout the period of contract such revenue is recognised over time which is in line with the existing revenue policy.

In addition to above, the Company is in the process of assessing the quantitative/qualitative impact of variable consideration including volume discount, set up revenue, set up cost and cost directly attributable to acquiring a customer.

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

### **Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements and does not expect the impact of the adoption of the new amendment to be material.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 3.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

INR in Lacs

Particulars	Freehold land (refer note 1 below)	Buildings (refer note 1 below)	Plant & equipment	Furniture & Fixtures	Vehicles	Leasehold improvements	Capital Work- in-Progress	Total
<b>Gross carrying value</b>								
<b>As at 1 April 2016 (Deemed Cost)</b>	400.00	901.23	829.11	17.70	39.94	-	5.85	2,193.83
Additions	-	-	355.97	0.14	-	-	-	356.11
Disposals/adjustments	-	-	(0.93)	(0.10)	(6.31)	-	(5.85)	(13.19)
<b>As at 31 March 2017</b>	<b>400.00</b>	<b>901.23</b>	<b>1,184.15</b>	<b>17.74</b>	<b>33.63</b>	-	-	<b>2,536.75</b>
Acquisitions through business combinations (refer note 36)	-	-	51.75	3.75	-	7.19	-	62.69
Additions	-	-	154.89	1.05	-	-	-	155.94
Disposals/adjustments	-	-	(73.65)	(0.44)	(33.45)	(7.19)	-	(114.73)
<b>As at 31 March 2018</b>	<b>400.00</b>	<b>901.23</b>	<b>1,317.14</b>	<b>22.10</b>	<b>0.18</b>	-	-	<b>2,640.65</b>
<b>Accumulated depreciation</b>								
<b>As at 1 April 2016</b>	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	20.31	341.95	8.82	12.95	-	-	384.03
Disposals/adjustments	-	-	(0.45)	-	(2.35)	-	-	(2.80)
<b>As at 31 March 2017</b>	-	<b>20.31</b>	<b>341.50</b>	<b>8.82</b>	<b>10.60</b>	-	-	<b>381.23</b>
Depreciation charge for the year	-	20.35	387.70	9.47	1.25	7.19	-	425.96
Disposals/adjustments	-	-	(57.05)	(0.90)	(11.72)	(7.19)	-	(76.86)
<b>As at 31 March 2018</b>	-	<b>40.66</b>	<b>672.15</b>	<b>17.39</b>	<b>0.13</b>	-	-	<b>730.33</b>

Net carrying value	Freehold land (refer note 1 below)	Buildings (refer note 1 below)	Plant & equipment	Furniture & Fixtures	Vehicles	Leasehold improvements	Capital Work- in-Progress	Total
As at 1 April 2016	400.00	901.23	829.11	17.70	39.94	-	5.85	2,193.83
As at 31 March 2017	400.00	880.92	842.65	8.92	23.03	-	-	2,155.52
As at 31 March 2018	400.00	860.57	644.99	4.71	0.05	-	-	1,910.32

Net carrying value	31 March 2018	31 March 2017	1 April 2016
Property, plant and equipment	1,910.32	2,155.52	2,187.98
Capital work in progress	-	-	5.85

- Freehold land and Buildings include property located at Bengaluru (HIMG Ambassador) at a cost of INR 400 Lacs and INR 901.23 Lacs respectively. The title to this property is in the name of HIMG Ambassador Property Management Private Limited, represented by 1,47,50,000 equity shares of INR 10/- each representing the value of land and buildings with irrevocable right of permanent occupation.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 3.2 INVESTMENT PROPERTY

INR in Lacs

Particulars	Freehold land	Buildings	Total
<b>Gross carrying value</b>			
<b>As at 1 April 2016 (Deemed Cost)</b>	5.05	134.67	139.72
Additions	-	-	-
Disposals/adjustments	(0.69)	(19.74)	(20.43)
<b>As at 31 March 2017</b>	<b>4.36</b>	<b>114.93</b>	<b>119.29</b>
Additions	-	-	-
Disposals/adjustments	-	-	-
<b>As at 31 March 2018</b>	<b>4.36</b>	<b>114.93</b>	<b>119.29</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2016</b>	-	-	-
Depreciation charge for the year	-	3.30	3.30
Disposals/adjustments	-	(1.12)	(1.12)
<b>As at 31 March 2017</b>	<b>-</b>	<b>2.18</b>	<b>2.18</b>
Depreciation charge for the year	-	3.17	3.17
Disposals/adjustments	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>5.35</b>	<b>5.35</b>

Net carrying value	Freehold land	Buildings	Total
As at 1 April 2016	5.05	134.67	139.72
As at 31 March 2017	4.36	112.75	117.11
As at 31 March 2018	4.36	109.58	113.94

Amount recognised in profit or loss for Investment property	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	-	-
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(32.88)	(33.40)
<b>Loss arising from investment properties before depreciation</b>	<b>(32.88)</b>	<b>(33.40)</b>
Less: Depreciation for the year	(3.17)	(3.30)
<b>Loss arising from investment properties</b>	<b>(36.05)</b>	<b>(36.70)</b>

Fair value of Investment property	Freehold land and Buildings
As at 1 April 2016	2,140.90
As at 31 March 2017	2,590.39
As at 31 March 2018	2,249.74

- Investment property comprises land and building for basement, ground floor, first floor and eighth floor situated in Bengaluru. The title deeds for land and building for basement, ground floor and first floor are in the name of Brigade Marketing Company Private Limited, erstwhile Company that was merged with Macmillan India Limited (now MPS Limited) in 2001 under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court at Karnataka.
- Land and building (as stated in note-1 above), is kept for capital appreciation and accordingly as on the date of transition to Ind AS (i.e. 1 April 2016) has been transferred from "Property, plant and equipment" to "Investment property".
- The Company's own team has performed the valuation assessment for its investment property based on the

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

rent capitalization method. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. This valuation assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where' basis. All resulting fair value estimates for investment property are included in Level 3. The company has used income approach method to estimate the value of property by taking the net operating income of the rent collected and dividing it by the capitalization rate.

### 4 INTANGIBLE ASSETS

INR in Lacs

Particulars	Goodwill	Other intangible assets			Total
		Trademark	Customer relationship	Computer software (acquired)	
<b>Gross carrying value</b>					
<b>As at 1 April 2016 (Deemed Cost)</b>	-	-	-	104.80	104.80
Additions	-	-	-	246.24	246.24
Disposals/adjustments	-	-	-	(0.03)	(0.03)
<b>As at 31 March 2017</b>	-	-	-	<b>351.01</b>	<b>351.01</b>
Acquisitions through business combinations (refer note 36)	50.27	28.11	196.71	228.19	503.28
Additions	-	41.01	-	537.92	578.93
Disposals/adjustments	-	-	-	(0.53)	(0.53)
<b>As at 31 March 2018</b>	<b>50.27</b>	<b>69.12</b>	<b>196.71</b>	<b>1,116.59</b>	<b>1,432.69</b>
<b>Accumulated depreciation/amortisation</b>					
<b>As at 1 April 2016</b>	-	-	-	-	-
Amortisation expense for the year	-	-	-	72.36	72.36
Disposals/adjustments	-	-	-	(0.03)	(0.03)
<b>As at 31 March 2017</b>	-	-	-	<b>72.33</b>	<b>72.33</b>
Amortisation expense for the year	-	4.12	39.28	281.19	324.59
Disposals/adjustments	-	-	-	(0.37)	(0.37)
<b>As at 31 March 2018</b>	-	<b>4.12</b>	<b>39.28</b>	<b>353.15</b>	<b>396.54</b>

Net carrying value	Goodwill	Trademark	Customer relationship	Computer software (acquired)	Total
As at 1 April 2016	-	-	-	104.80	104.80
As at 31 March 2017	-	-	-	278.68	278.68
As at 31 March 2018	50.27	65.00	157.43	763.44	1,036.14

Net carrying value	31 March 2018	31 March 2017	1 April 2016
Goodwill	50.27	-	-
Other Intangible assets	985.87	278.68	104.80

#### 4(a) Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the lowest level at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating reportable segments.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

The aggregate carrying amounts of goodwill allocated to platform solutions operating segment as follows:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Content solutions	-	-	-
Platform solutions	50.27	-	-
	<b>50.27</b>	-	-

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the recoverable amount of the above cash generating units based on its value in use. The value in use of this unit was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5 year business plan in all periods presented.
- The terminal growth rate 1% representing management view on the future long-term growth rate.
- Discount rate of 16.29% for the year ended 31 March 2018 was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on past experience and historical industry average weighted-average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.

### 5 (I) NON-CURRENT INVESTMENTS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investments carried at cost :</b>			
Equity instruments of subsidiaries (unquoted) 66,500 Units (31 March 2017: 66,500 Units; 1 April 2016: 40,000 Units) of USD 100 each fully paid up of MPS North America LLC, USA	4,257.39	4,257.39	2,423.96
Nil Shares (31 March 2017: 1000 Shares; 1 April 2016: Nil shares) of SEK 100 each fully paid up of MAG+AB, Sweden (refer note below)	-	449.26	-
	<b>4,257.39</b>	<b>4,706.65</b>	<b>2,423.96</b>

#### Note:

The Board of Directors of the Company at their meeting held on 25 January 2017 approved for liquidation of MAG+AB, Sweden, a subsidiary company. MAG+AB, vide approval of its shareholders at their meeting held on 16 February 2017, had filed for voluntary liquidation procedure in February 2017. MAG+AB, was liquidated in December 2017 and ceased to be a subsidiary of the Company. Residual fund of MAG+AB has been disbursed to the Company in extinguishment of 100 percent shareholding of the Company in MAG+AB. The difference between the net assets and investment value amounting to INR 220.55 lacs has been considered as gain on disposal of investment and presented under the head "other income".



## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 5 (II) NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units in '000	INR in Lacs	Units in '000	INR in Lacs	Units in '000	INR in Lacs
<b>Investment in mutual funds carried at fair value through profit or loss (unquoted, fully paid up)</b>						
Kotak Liquid- Direct Plan- Daily Dividend*	30.50	373.00	16.95	207.24	17.07	208.73
Birla Sun Life Cash Plus-Direct Plan-Growth	-	-	-	-	61.71	150.14
ICICI Prudential Liquid -Direct Plan-Growth	-	-	-	-	89.25	200.17
Reliance Liquid Fund -Treasury Plan-Direct Plan-Growth	18.85	799.07	-	-	5.42	200.18
TATA Money Market Fund-Direct Plan-Daily Dividend Reinvestment	-	-	85.61	857.41	-	-
Reliance Liquid Fund-Treasury Plan-Direct Plan-Weekly Dividend Reinvestment	-	-	43.35	663.40	-	-
DHFL Pramerica Insta Cash Plus Fund- Direct Plan-Weekly Dividend Reinvestment	-	-	251.17	252.79	-	-
Axis Liquid Fund-Direct Plan-Weekly Dividend Reinvestment	-	-	100.64	1,009.32	-	-
TATA Liquid Fund-Direct Plan-Weekly Dividend Reinvestment	-	-	55.09	551.65	-	-
DSP Blackrock Liquidity Fund-Direct Plan Weekly Dividend Reinvestment	-	-	35.35	353.87	-	-
Kotak Floater Short Term- Direct Plan-Weekly Dividend- Reinvestment	-	-	45.33	463.46	-	-
Birla Sun Life Savings Fund - Regular Plan -Weekly Dividend - Reinvestment	-	-	2,038.39	2,044.39	1,926.11	1,932.21
HDFC Liquid Fund -Weekly Dividend - Reinvestment	-	-	230.57	2,379.16	158.84	1,640.01
HDFC Liquid Fund - Weekly Dividend-Reinvestment	-	-	96.25	993.16	219.99	2,271.29
ICICI Prudential Liquid - Weekly Dividend-Reinvestment	-	-	1,686.65	1,690.75	1,608.56	1,613.32
ICICI Prudential Flexible Income-Weekly Dividend Reinvestment	-	-	1,935.56	2,043.89	1,827.37	1,933.07
Reliance Liquid Fund-Treasury Plan-Dividend Weekly- Reinvestment	-	-	110.51	1,691.17	105.33	1,614.15
Axis Liquid Fund-Dividend Weekly-Reinvestment	-	-	168.64	1,691.31	160.84	1,613.80
Kotak Liquid Scheme Plan A-Regular Plan-Dividend Weekly Reinvestment	-	-	168.84	1,689.83	161.06	1,613.26
DSP Blackrock -Liquidity Fund-Institutional Plan-Dividend Weekly Reinvestment	-	-	201.36	2,015.70	192.22	1,923.75
Kotak Floater Short Term-Direct Plan- Growth	12.35	352.29	-	-	-	-
DHFL Pramerica Insta Cash Plus Fund- Direct Plan -Growth	179.27	404.78	-	-	-	-

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 5 (II) NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units in '000	INR in Lacs	Units in '000	INR in Lacs	Units in '000	INR in Lacs
TATA Money Market Fund-Direct Plan-Growth	68.55	1,877.10	-	-	-	-
DSP Blackrock Liquidity Fund-Direct Plan-Growth	50.83	1,263.39	-	-	-	-
Axis Liquid Fund-Direct Plan-Growth	93.53	1,802.83	-	-	-	-
Aditya BSL Floating Rate Fund Short Term Plan-Direct -Growth	1,112.92	2,581.82	-	-	-	-
Aditya Birla Sun Life Savings Fund -Direct Plan-Growth	75.28	258.89	-	-	-	-
ICICI Prudential Flexible Income-Direct Plan-Growth	121.43	406.88	-	-	-	-
Aditya Birla Sun Life Savings Fund- Growth	639.54	2,186.64	-	-	-	-
Reliance Liquid Fund-Treasury Plan- Growth	70.98	2,996.83	-	-	-	-
ICICI Prudential Flexible Income-Growth	654.37	2,181.12	-	-	-	-
Axis Liquid Fund-Growth	121.00	2,324.11	-	-	-	-
Kotak Liquid-Regular Plan-Growth	16.96	595.85	-	-	-	-
Aditya Birla Sun Life Cash Plus -Direct Plan-Growth	490.60	1,370.32	-	-	-	-
HDFC Regular Savings Fund-Direct Plan-Growth	3,699.98	1,303.87	-	-	-	-
ICICI Prudential Regular Savings Fund-Direct Plan-Growth	6,704.80	1,305.71	-	-	-	-
UTI-Income Opportunities Fund-Direct Plan - Growth	8,322.24	1,405.13	-	-	-	-
Franklin India Corporate Bond Oppurtunities Fund-Direct Growth	7,987.73	1,505.14	-	-	-	-
Franklin India Short Term Income Plan Retail Plan-Direct Growth	39.36	1,504.95	-	-	-	-
<b>Total</b>	<b>30,511.07</b>	<b>28,799.72</b>	<b>7,270.26</b>	<b>20,598.50</b>	<b>6,533.77</b>	<b>16,914.08</b>
<b>Aggregate market value of unquoted investments</b>		<b>28,799.72</b>		<b>20,598.50</b>		<b>16,914.08</b>

\*Out of the same mutual fund units i.e., 16.36 (units in thousands) with an NAV of INR 0.012 Lacs as at 31 March 2018 (31 March 2017: Units 16.36 (units in thousands) as at NAV of INR 0.012 Lacs, 1 April 2016: Units 16.36 (units in thousands) as at NAV of INR 0.012 Lacs) have been pledged with Kotak Mahindra Bank Limited as a security towards hedging facilities availed by the Company.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 6 LOANS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Non Current (unsecured, considered good)</b>			
Security deposits (refer note below)	154.16	144.59	212.08
	<b>154.16</b>	<b>144.59</b>	<b>212.08</b>
Note: Includes INR 60.99 Lacs (31 March 2017: INR 56.75 Lacs; 1 April 2016 INR 100 Lacs) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.			
<b>(ii) Current (unsecured)</b>			
Security deposits			
Considered good	1.09	20.46	1.13
Doubtful	-	-	0.14
	1.09	20.46	1.27
Less: Allowances for doubtful deposits	-	-	0.14
	1.09	20.46	1.13
Loans to employees	4.14	4.79	13.21
	<b>5.23</b>	<b>25.25</b>	<b>14.34</b>

### 7 OTHER FINANCIAL ASSETS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Non Current (unsecured, considered good)</b>			
Bank deposits held as margin money or security against guarantees	26.14	27.68	27.28
	<b>26.14</b>	<b>27.68</b>	<b>27.28</b>
<b>(ii) Current (unsecured, considered good)</b>			
Unrealised MTM gain receivable on forward covers	-	200.15	249.43
Unbilled revenue	1,846.39	1,653.51	888.96
Interest accrued on deposits	0.47	0.60	0.47
	<b>1,846.86</b>	<b>1,854.26</b>	<b>1,138.86</b>

### 8 INCOME TAXES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax (net of provisions of INR 7,922.80 Lacs (31 March 2017: INR 4,403.35 Lacs; 1 April 2016 INR 1,242.77 Lacs))	636.64	638.67	405.03
	<b>636.64</b>	<b>638.67</b>	<b>405.03</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 9 OTHER ASSETS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Other non-current assets (Unsecured, Considered Good)</b>			
Security deposits	24.52	24.47	25.13
Prepaid expenses	40.39	13.48	9.15
Balances with government authorities			
- Service tax credit receivable	175.89	1,281.95	1,946.80
- Others	90.39	90.39	36.53
Prepayment rent (refer note below)	39.10	48.78	19.75
	<b>370.29</b>	<b>1,459.07</b>	<b>2,037.36</b>
Note: Includes INR 29.38 Lacs (31 March 2017: INR 33.57 Lacs; 1 April 2016 INR Nil) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.			
<b>(ii) Other current assets (Unsecured, Considered Good)</b>			
Security deposits			
Doubtful	1.13	1.13	1.13
	1.13	1.13	1.13
Less: Allowances for doubtful deposits	1.13	1.13	1.13
	-	-	-
Advances to employees			
Considered good	-	0.85	2.46
Doubtful	27.22	25.14	19.40
	27.22	25.99	21.86
Less: Allowances for doubtful advances to employees	27.22	25.14	19.40
	-	0.85	2.46
Prepaid expenses	322.35	143.04	222.06
Balances with government authorities			
-GST receivable	434.61	-	-
-Others	35.50	7.69	7.67
Others advances (refer note 1 below)	39.36	454.37	13.26
Prepayment rent (refer note 2 below)	9.88	9.83	6.66
	<b>841.70</b>	<b>615.78</b>	<b>252.11</b>

#### Note:

- Includes an advance given of INR 428 Lacs during the year ended 31 March 2017, to acquire certain assets including application platform business from Digital River, Inc. a company based in USA vide asset purchase agreement dated 3 February 2017. The customary condition for consummation of the said acquisition has been completed subsequent to year ended 31 March 2017, i.e. with effect from 1 April 2017.
- Includes INR 7.34 Lacs (31 March 2017: INR 8.39 Lacs; 1 April 2016 INR Nil) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 10 TRADE RECEIVABLES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current</b>			
Trade receivables	3,186.51	3,826.36	3,527.10
Receivables from an subsidiary (refer note 32)	424.28	44.11	120.30
	<b>3,610.79</b>	<b>3,870.47</b>	<b>3,647.40</b>
<b>Break-up for details:</b>			
<b>Trade receivables (Unsecured)</b>			
Considered good	3,610.79	3,870.47	3,647.40
Doubtful	41.29	72.15	20.66
	3,652.08	3,942.62	3,668.06
Less: Expected credit loss allowance (refer note 30)	41.29	72.15	20.66
<b>Total Trade receivables</b>	<b>3,610.79</b>	<b>3,870.47</b>	<b>3,647.40</b>

### 11 CASH AND CASH EQUIVALENTS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
-In Current accounts	114.66	187.55	72.79
-In EEFC accounts	107.53	33.07	290.31
-In demand deposit accounts (demand deposits and deposits having original maturity of 3 months and less)	60.00	105.00	60.00
	<b>282.19</b>	<b>325.62</b>	<b>423.10</b>
<b>Details of bank balances/deposits</b>			
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	60.00	105.00	60.00
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current financial assets' (refer note 7 (i))	26.14	27.68	27.28
	<b>86.14</b>	<b>132.68</b>	<b>87.28</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 12 SHARE CAPITAL

INR in Lacs

(i) Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	INR in Lacs	Number	INR in Lacs	Number	INR in Lacs
<b>Authorised</b>						
20,000,000 equity shares of INR 10 each (31 March 2017: 20,000,000 equity shares; 1 April 2016: 20,000,000 equity shares of INR 10 each)		2,000.00		2,000.00		2,000.00
		<b>2,000.00</b>		<b>2,000.00</b>		<b>2,000.00</b>
<b>Issued, Subscribed &amp; Paid-Up</b>						
18,616,926 equity shares of INR 10 each fully paid up with voting rights (31 March 2017: 18,616,926 equity shares; 1 April 2016: 18,616,926 equity shares of INR 10 each)		1,861.69		1,861.69		1,861.69
		<b>1,861.69</b>		<b>1,861.69</b>		<b>1,861.69</b>

#### (ii) Reconciliation of the equity share outstanding at beginning and at end of the year

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	INR in Lacs	Number	INR in Lacs
Equity shares (with voting rights) outstanding at the beginning of the year	1,86,16,926	1,861.69	1,86,16,926	1,861.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,86,16,926</b>	<b>1,861.69</b>	<b>1,86,16,926</b>	<b>1,861.69</b>

The Company had raised INR 14,780 Lacs from Qualified Institutional Placement ('QIP') (net of issue expenses) during the year ended 31 March 2015. Out of the said proceeds, the Company has utilized a sum of INR 2,784 Lacs for acquisitions of companies and group of assets till 31 March 2018 and the balance proceeds of INR 11,996 Lacs, pending utilization for the objects of QIP-growth opportunities such as acquisitions, strategic initiatives, general corporate purposes and any other purposes as may be permissible under applicable law, remains invested in interest/dividend bearing liquid instruments, including money market mutual funds.

#### (iii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The equity share holders are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amount, if any. The distribution will be in proportion to number of equity shares held by the shareholders.

#### (iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	INR in Lacs	Number	INR in Lacs	Number	INR in Lacs
<b>Equity shares of INR 10 each fully paid up and held by</b>						
ADI BPO Services Limited, the holding company	1,26,16,996	1,261.70	1,26,16,996	1,261.70	1,26,16,996	1,261.70

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### (v) Details of the shareholders holding more than 5% shares of the Company

Class of shares/Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	% holding in that class of shares	Number	% holding in that class of shares	Number	% holding in that class of shares
<b>Equity shares of INR 10 each fully paid up and held by</b>						
ADI BPO Services Limited, the holding company	1,26,16,996	67.77%	1,26,16,996	67.77%	1,26,16,996	67.77%
HDFC Mutual Fund (in different schemes)	-	-	10,04,047	5.39%	-	-

### (vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

There are no bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date.

## 13 DEFERRED TAX

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:

### Deferred tax assets:

INR in Lacs

	Expected credit loss allowance	Expenses allowable for tax purposes when paid	Unrealised MTM loss receivables on forward covers	Others	Total
<b>As at 1 April 2016</b>	7.15	39.92	-	18.52	65.59
(Charged)/credited					
- to statement of profit and Loss	17.82	(50.33)	-	(2.56)	(35.07)
- to other comprehensive income	-	20.33	-	-	20.33
<b>As at 31 March 2017</b>	<b>24.97</b>	<b>9.92</b>	<b>-</b>	<b>15.96</b>	<b>50.85</b>
(Charged)/credited					
- to statement of profit and Loss	(12.94)	(27.76)	-	11.57	(29.13)
- to other comprehensive income	-	25.76	-	-	25.76
- transferred from deferred tax liabilities	-	-	10.15	-	10.15
<b>As at 31 March 2018</b>	<b>12.03</b>	<b>7.92</b>	<b>10.15</b>	<b>27.53</b>	<b>57.63</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 13 DEFERRED TAX (contd...)

#### Deferred tax liabilities:

INR in Lacs

	Difference between book balance and tax balance of property, plant and equipment/ Investment property/ Other intangible assets	Unrealised MTM gain receivables on forward covers	Gains on investment carried at fair value through profit or loss	Total
<b>As at 1 April 2016</b>	(169.56)	(47.90)	(4.23)	(221.69)
(Charged)/credited				
- to statement of profit and Loss	(77.42)	(21.37)	3.65	(95.14)
- to other comprehensive income	-	-	-	-
<b>As at 31 March 2017</b>	<b>(246.98)</b>	<b>(69.27)</b>	<b>(0.58)</b>	<b>(316.83)</b>
(Charged)/credited				
- to statement of profit and Loss	75.55	79.42	(268.90)	(113.93)
- to other comprehensive income	-	-	-	-
- transferred to deferred tax assets	-	(10.15)	-	(10.15)
<b>As at 31 March 2018</b>	<b>(171.43)</b>	<b>-</b>	<b>(269.48)</b>	<b>(440.91)</b>

#### Reflected in the Balance Sheet as follows:

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax assets	57.63	50.85	65.59
Deferred tax liabilities	(440.91)	(316.83)	(221.69)
<b>Deferred tax liabilities (net)</b>	<b>(383.28)</b>	<b>(265.98)</b>	<b>(156.10)</b>

#### Reconciliation of deferred tax asset (net):

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Balance as at the commencement of the year	(265.98)	(156.10)
Expense/(credit) during the year recognised in Statement of profit and loss	143.06	130.21
Expense/(credit) during the year recognised in other comprehensive income	(25.76)	(20.33)
<b>Balance as at the end of the year</b>	<b>(383.28)</b>	<b>(265.98)</b>

DTA has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries and freehold land amounting to INR 391.16 Lacs (31 March 2017: INR 207.44 Lacs; 1 April 2016: INR Nil) and INR 694.81 Lacs (31 March 2017: INR 771.86 Lacs; 1 April 2016: INR 728.89 Lacs) respectively, as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.

### 14 TRADE PAYABLES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables (refer note 27)	871.08	727.77	751.45
	<b>871.08</b>	<b>727.77</b>	<b>751.45</b>



## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 15 OTHER FINANCIAL LIABILITIES (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Book overdraft	53.89	43.79	92.37
Employee payable	281.85	307.31	291.50
Unrealised MTM loss payable on forward covers	34.84	-	-
Others	-	399.40	399.40
	<b>370.58</b>	<b>750.50</b>	<b>783.27</b>

### 16 OTHER CURRENT LIABILITIES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income received in advance (Unearned revenue)	392.97	151.79	151.09
Statutory remittances*	208.97	120.38	110.20
Others	3.43	3.83	5.80
	<b>605.37</b>	<b>276.00</b>	<b>267.09</b>

\*includes GST, Tax deducted at Source, Provident Fund, Employee State Insurance and Sales Tax, etc.

### 17 PROVISIONS (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for service tax (refer note 39)	154.28	149.46	144.63
Provision for compensated absences (refer note 28)	-	13.89	28.58
Provision for gratuity (refer note 28)	130.80	72.28	128.64
	<b>285.08</b>	<b>235.63</b>	<b>301.85</b>

### 18 INCOME TAX LIABILITIES (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for tax (net of advance tax of INR 3,037.33 Lacs (31 March 2017: INR 3,160.84 Lacs; 1 April 2016 INR 9,017.74 Lacs))	183.46	127.81	115.64
	<b>183.46</b>	<b>127.81</b>	<b>115.64</b>

### 19 REVENUE FROM OPERATIONS

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of services		
Exports (earning in foreign currency)	21,817.75	22,335.80
Domestic	16.45	20.47
	<b>21,834.20</b>	<b>22,356.27</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 20 OTHER INCOME

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on:		
Financial assets-carried at amortised cost	-	10.14
Deposits with banks	2.93	4.50
Dividend received on current investment carried at fair value through profit or loss (Mutual funds units)	135.72	813.04
Net gain on sale of current investment carried at fair value through profit or loss	494.01	122.67
Gain on investment carried at fair value through profit or loss	923.75	-
MTM and net gain on foreign currency transactions	256.18	124.13
Other non-operating income (refer note (i) below)	696.64	730.98
	<b>2,509.23</b>	<b>1,805.46</b>

#### Note (i) Other non-operating income comprises:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Liabilities no longer required written back	429.90	79.70
Reversal of allowances for expected credit loss	29.35	-
Bad debts and advances recovered	0.02	2.20
Profit on liquidation of wholly owned subsidiary (refer note 5(ii))	220.55	-
Gain on sale/disposal/discard of property, plant and equipment and Investment property (net)*	6.30	592.20
Miscellaneous income	10.52	56.88
	<b>696.64</b>	<b>730.98</b>

\*During the year ended 31 March 2017, the Company has sold its investment property on second floor of Brigade Towers located in Bengaluru for a consideration of INR 610 Lacs and accounted for a pre tax profit of INR 591 Lacs.

### 21 EMPLOYEE BENEFITS EXPENSE

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages (refer note 28)	8,202.35	8,481.70
Contribution to provident and other funds (refer note 28)	531.64	568.22
Staff welfare expenses	330.11	386.53
	<b>9,064.10</b>	<b>9,436.45</b>

### 22 FINANCE COSTS

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on income tax, service tax & GST	12.66	17.46
	<b>12.66</b>	<b>17.46</b>

### 23 DEPRECIATION AND AMORTIZATION EXPENSE

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 3.1)	425.96	384.03
Depreciation on investment property (refer note 3.2)	3.17	3.30
Amortization on intangible assets (refer note 4)	324.59	72.36
	<b>753.72</b>	<b>459.69</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 24 OTHER EXPENSES

INR in Lacs

	Year ended 31 March 2018		Year ended 31 March 2017	
Consumables		18.40		26.44
Outsourcing cost		1,266.19		1,059.07
Power and fuel		493.44		527.91
Rent (refer note 34 b)		431.68		436.50
Hire charges		11.90		11.36
Repairs and maintenance - buildings		283.97		289.31
Repairs and maintenance - plant and machinery		156.83		209.94
Repairs and maintenance - others		0.83		1.94
Insurance		24.24		29.02
Rates and taxes		72.27		41.72
Communication		410.31		308.25
Travelling and conveyance		373.03		443.55
Expenditure on corporate social responsibility (refer note 35)		191.79		160.75
Legal and professional		270.58		255.65
Directors sitting fees		19.80		21.40
Commission to non-executive directors		60.20		58.60
Payments to auditors (refer note (i) below)		39.35		43.86
Bad debts written off	7.96		52.01	
Less: Allowances for expected credit loss utilised for the above	1.51	6.45	3.80	48.21
Advances written off	-	28.27	-	11.54
Allowances for expected credit loss and doubtful advances		2.08		61.04
Loss on investment carried at fair value through profit or loss		-		10.56
Miscellaneous expenses		294.74		128.24
		<b>4,456.35</b>		<b>4,184.86</b>

INR in Lacs

(i) Payments to the auditors comprises (net of input credit, where applicable):	Year ended 31 March 2018	Year ended 31 March 2017
To Statutory auditors		
for statutory audit	20.00	20.00
for tax audit	2.00	2.00
for other services#	13.00	18.00
for reimbursement of expenses	4.35	3.86
	<b>39.35</b>	<b>43.86</b>

# includes INR 3.50 Lacs in financial year 2016-17 paid to erstwhile statutory auditors for limited review for the quarter ended 30 June 2016.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 25 INCOME TAX

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

	INR in Lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
<b>Current income tax:</b>		
Current income tax charge for the year	3,099.51	3,151.73
Adjustments in respect of current income tax of previous years	(7.16)	(132.71)
	<b>3,092.35</b>	<b>3,019.02</b>
<b>Deferred tax:</b>		
Deferred tax on profits for the year	143.06	130.21
Adjustments in respect of deferred tax of previous years	-	-
	<b>143.06</b>	<b>130.21</b>
Income tax expense reported in the Statement of Profit and Loss	<b>3,235.41</b>	<b>3,149.23</b>
<b>OCI section</b>		
Tax related to items that will not be reclassified to Profit and Loss	25.76	20.33
<b>Income tax charged to OCI</b>	<b>25.76</b>	<b>20.33</b>

### Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:

	INR in Lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
Accounting profit before income tax	10,056.60	10,063.27
At India's statutory income tax rate	34.608%	34.608%
<b>Computed Tax Expense</b>	<b>3,480.39</b>	<b>3,482.69</b>
Change in tax rate	(77.08)	-
Tax exempt income	(182.64)	(281.38)
Non-deductible expenses	37.70	82.24
Others	(15.80)	(1.61)
Tax relating to earlier years	(7.16)	(132.71)
Income tax charged to Statement of Profit and Loss at effective rate of 32.17 % (March 31, 2017: 31.29 %) (refer point (a) below)	<b>3,235.41</b>	<b>3,149.23</b>

(a) Effective tax rate has been calculated on profit before tax.

(b) Income tax rates has reduced from 30% to 25% effective 1 April 2018 for the domestic companies having turnover or gross receipts does not exceed INR 25,000 Lacs. Consequential deferred tax income of INR 77.08 Lacs has been appropriately adjusted in the tax expense for the year ended 31 March 2018.

### 26 EARNINGS PER EQUITY SHARE

	Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year attributable to the owners of the Company (INR in Lacs)	6,821.19	6,914.04
Weighted average number of equity shares outstanding	1,86,16,926	1,86,16,926
Face value per share (INR)	10	10
<b>Earnings Per Share- Basic &amp; Diluted (INR)</b>	<b>36.64</b>	<b>37.14</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 27 MICRO, SMALL AND MEDIUM ENTERPRISES

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at the end of year. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) The principal amount remaining unpaid to any supplier as at the end of the year	14.81	2.66	-
(ii) The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-	-
(iii) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-	-

### 28 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER:

#### (A) Defined Contribution Plans

The Company has certain defined contribution plan such as provident fund, 401(k) plan, superannuation fund and employee state insurance (ESI), scheme for qualifying employees. Under the schemes, the company is required specified percentage of payroll costs to fund the benefits. During the year, the Company has contributed following amounts to:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Employer's contribution to provident fund	397.63	450.80
Employer's contribution to 401(k) plan	27.55	18.20
Employer's contribution to superannuation fund	-	6.30
Employer's contribution to employee state insurance	106.46	92.92
	<b>531.64</b>	<b>568.22</b>

#### (B) Defined Benefit Plans

##### i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.65% p.a. (31 March 2017: 7.51% p.a.; 1 April 2016: 7.56% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 28 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER: (contd...)

The retirement age has been considered at 58 to 65 years (31 March 2017: 58 to 65 years; 1 April 2016: 58 to 65 years) and mortality table is as per IALM (2006-08) (31 March 2017: IALM (2006-08); 1 April 2016: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 6% p.a. (31 March 2017: 6% p.a.; 1 April 2016: 6% p.a.), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for employees of the Company. The expected rate of return on plan assets is 7.65% p.a. (31 March 2017: 7.51% p.a.; 1 April 2016: 7.56% p.a.).

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	INR in Lacs	
	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	589.63	560.60
Current service cost	71.80	67.98
Interest cost	44.28	42.38
Actuarial (gains)/ loss	79.05	0.49
Benefits paid	(161.13)	(81.82)
Present value of obligation at the end of the year	<b>623.63</b>	<b>589.63</b>

#### Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	INR in Lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of obligation at the end of the year	623.63	589.63	560.60
Fair value of plan assets at the end of the year	(492.83)	(517.35)	(432.30)
<b>Net liabilities recognised in the Balance Sheet</b>	<b>130.80</b>	<b>72.28</b>	<b>128.30</b>

#### Fair Value of Plan Assets

Particulars	INR in Lacs	
	As at 31 March 2018	As at 31 March 2017
Plan assets at the beginning of the year	517.35	432.30
Expected return on plan assets	38.85	32.68
Contribution by employer	107.16	132.46
Actual benefits paid	(161.13)	(81.82)
Actuarial gain/ (loss)	(9.40)	1.73
<b>Plan assets at the end of the year</b>	<b>492.83</b>	<b>517.35</b>

Company's best estimate of contribution during next year is INR 203.36 Lacs (31 March 2017: INR 144.78 Lacs)

#### Composition of the plan assets is as follows:

Particulars	INR in Lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Central Government Securities	20.82%	22.94%	22.94%
State Government Securities	45.36%	18.00%	18.00%
Govt. Guaranteed Securities	-	1.37%	1.37%
Debentures and Bonds	27.50%	37.52%	37.52%
Equity Shares	2.01%	4.69%	4.69%
Fixed Deposits	3.65%	14.99%	14.99%
Money Market Instruments	0.66%	0.49%	0.49%

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 28 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER: (contd...)

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

INR in Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	71.80	67.98
Interest cost	5.43	9.70
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>77.23</b>	<b>77.68</b>

Amount recognised in the other comprehensive income:

INR in Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial loss/(gain) due to demographic assumption change	53.83	41.19
Actuarial loss/(gain) due to financial assumption change	(5.20)	(3.98)
Actuarial loss/(gain) due to experience adjustment	30.42	23.28
Actuarial (gain)/loss on plan assets	9.40	(1.73)
<b>Amount recognised in the Other Comprehensive Income</b>	<b>88.45</b>	<b>58.76</b>

Sensitivity analysis

INR in Lacs

Particulars	Year ended 31 March 2018		Year ended 31 March 2018	
	Discount rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(17.89)	18.96	19.17	(18.25)

INR in Lacs

Particulars	Year ended 31 March 2017		Year ended 31 March 2017	
	Discount rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(32.14)	34.98	35.33	(32.73)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

### (C) Other long term benefits (compensated absences):

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of obligation at the end of the year	-	13.89	28.58

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

		INR in Lacs									
		29 FAIR VALUE MEASUREMENTS									
Particulars	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>											
Investments in mutual fund (excluding investment in subsidiaries)	(d)	1	28,799.72	-	-	20,598.50	-	-	16,914.08	-	-
Trade receivables	(a)		-	-	3,610.79	-	-	-	-	-	3,647.40
Loans	(a, b)		-	-	159.39	-	-	-	-	-	226.42
Cash and cash equivalents	(a)		-	-	282.19	-	-	-	-	-	423.10
Derivative financial assets	(c)	2	-	-	-	200.15	-	-	249.43	-	-
Other financial assets	(a, b)		-	-	1,873.00	-	-	-	1,681.79	-	916.71
<b>Total financial assets</b>			<b>28,799.72</b>	<b>-</b>	<b>5,925.37</b>	<b>20,798.65</b>	<b>-</b>	<b>-</b>	<b>6,047.72</b>	<b>17,163.51</b>	<b>5,213.63</b>
<b>Financial liabilities</b>											
Trade payables	(a)		-	-	871.08	-	-	-	727.77	-	751.45
Derivative financial liabilities	(c)	2	34.84	-	-	-	-	-	-	-	-
Other financial liabilities	(a)		-	-	335.74	-	-	-	750.50	-	783.27
<b>Total financial liabilities</b>			<b>34.84</b>	<b>-</b>	<b>1,206.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,478.27</b>	<b>-</b>	<b>1,534.72</b>

### Note:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturity of these instruments.
- Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
- The fair value of the mutual funds are based on net assets value of the funds as at reporting date.



## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 30 FINANCIAL RISK MANAGEMENT

#### Risk management framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

#### i Market risk

Market risk includes foreign exchange risk, pricing risk and interest risk that may 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 returns.

#### Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue and expense are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are USD, EUR, GBP and Others. The Company takes adequate foreign exchange forward covers as per the guidelines approved by the Board to mitigate currency risk.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows: INR in Lacs

Particulars	As at 31 March 2018				As at 31 March 2017				As at 1 April 2016			
	USD	EUR	GBP	Others	USD	EUR	GBP	Others	USD	EUR	GBP	Others
Cash and cash equivalents	158.48	0.51	19.63	-	165.57	2.60	4.04	0.03	156.50	0.07	176.49	0.03
Trade receivables	2,417.18	93.43	1,111.26	23.99	2,343.71	125.46	1,435.22	32.59	2,354.63	78.78	1,106.79	120.16
Trade payables	(150.96)	(21.55)	(0.18)	-	(5.48)	(1.08)	(9.98)	(0.76)	(52.02)	-	(3.55)	-
Other financial liabilities	(59.34)	-	-	-	(58.35)	-	-	-	(37.39)	-	-	-
<b>Net statement of financial position exposure</b>	<b>2,365.36</b>	<b>72.39</b>	<b>1,130.71</b>	<b>23.99</b>	<b>2,445.45</b>	<b>126.98</b>	<b>1,429.28</b>	<b>31.86</b>	<b>2,421.72</b>	<b>78.85</b>	<b>1,279.73</b>	<b>120.19</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EUR and GBP against INR at 31 March would have affected the measurement of financial exposure 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 on forecast revenue and expenses.

	INR in Lacs					
	Profit or Loss (before tax)					
	Year ended 31 March 2018		Year ended 31 March 2017		March 2017	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD (1% movement)	23.65	(23.65)	24.45	(24.45)		
EUR (1% movement)	0.72	(0.72)	1.27	(1.27)		
GBP (1% movement)	11.31	(11.31)	14.29	(14.29)		
Others (1% movement)	0.24	(0.24)	0.32	(0.32)		

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 30 FINANCIAL RISK MANAGEMENT (contd...)

#### Forward covers

The Company takes adequate foreign exchange forward covers to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is bank. These forward covers are value based on quoted prices for similar assets and liabilities in active markets or input that are directly or indirectly observable in the marketplace.

The details in respect of outstanding foreign currency forward contract are as follows:

Forward exchange contract	Buy/Sell	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		FC in Lacs	INR in Lacs	FC in Lacs	INR in Lacs	FC in Lacs	INR in Lacs
USD	Sell	72.00	4,748.55	48.00	3,342.95	72.00	5,031.86
GBP	Sell	21.00	1,933.13	-	-	8.00	846.42

#### Pricing risk:

Pricing pressure is a constant risk due to increased competition. The Company strives to mitigate this risk with existing customers by a trade-off for volumes. Thereon, it is the Company's endeavor to reduce the impact by taking advantage of economies of scale and increasing productivity, as well increasing automation within these processes.

#### Interest rate risk

The Company is not exposed to interest rate risk.

### ii Credit risk

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and if a customer fails to meet its contractual obligations. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Details of concentration of revenue are as follows:

Particulars	INR in Lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top 2 customers (more than 10% revenue individually)	7,644.67	8,900.13
Revenue from top 15 customers	17,261.78	19,079.17

Expanding the customer base is mitigating this risk. Within the current customers, the Company is looking to deepen the partnership by supporting publishers in new areas of outsourcing.

#### Expected credit loss for trade receivables:

The Company based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss.

Movement in the expected credit loss allowance of trade receivables are as follows:

	INR in Lacs	
	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	72.15	20.66
Add: Provided during the year (net of reversal)	(29.35)	55.29
Less: Amount written off	(1.51)	(3.80)
<b>Balance at the end of the year</b>	<b>41.29</b>	<b>72.15</b>

#### Expected credit loss on financial assets other than trade receivables:

With regard to other financial assets with contractual cash flows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no material provision for excepted credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

#### Investments

The Company limits its exposure to credit risk by investing in liquid securities and short term bonds and only with counterparties that have a good credit rating. The Company invests as per the guidelines approved by the Board to mitigate this risk.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 30 FINANCIAL RISK MANAGEMENT (contd...)

#### iii Liquidity risk

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

The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Liquidity situation is reviewed regularly by the management.

#### Exposure to liquidity risk

The following are the details of contractual maturities of financial liabilities at the reporting date:

Particulars	Contractual Cash flows								INR in Lacs	
	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016			
	Carrying Amount	Within 1 year	More than 1 Year	Carrying Amount	Within 1 year	More than 1 Year	Carrying Amount	Within 1 year		More than 1 Year
<b>Non-derivative financial liabilities</b>										
Trade payables	871.08	871.08	-	727.77	727.77	-	751.45	751.45	-	-
Other financial liabilities	335.74	335.73	-	750.50	750.50	-	783.27	783.27	-	-
<b>Derivative financial liabilities</b>										
Other financial liabilities (forward covers)	34.84	34.84	-	-	-	-	-	-	-	-

### 31 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure is as follows:

Particulars	INR in Lacs			
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 1 April 2016
Total equity attributable to the equity share holders of the Company	1,861.69	1,861.69	1,861.69	1,861.69
As percentage of total capital	100%	100%	100%	100%

The Company is equity financed which is evident from the capital structure. Further, the Company has always been a net cash company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 32 RELATED PARTY TRANSACTIONS

The related parties as per the terms of Ind AS-24, "Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are disclosed below:-

#### A Names of related parties and description of relationship:

S.No.	Description of relationship	Names of related parties
1	Holding Company	ADI BPO Services Limited
2	Subsidiary Company	MPS North America LLC MAG+AB, Sweden (refer note 3 below)
3	Downstream Subsidiary Company	Magplus Inc, USA (merged with its holding company w.e.f 10 August 2017)
4	Company Under Common Control	ADI Media Private Limited
5	Key management personnel (KMP)	Mr. Nishith Arora, Non-Executive Chairman w.e.f 15 May 2017 (Executive Chairman and Whole time Director till 14 May 2017) Mr. Rahul Arora, Chief Executive Officer and Whole Time Director Ms. Yamini Tandon, Non- Executive Director Mr. D E Udwadia, Non-Executive Director Mr. Ashish Dalal, Non-Executive Director (till 9 March 2018) Mr. Vijay Sood, Non-Executive Director Mr. Sunit Malhotra, CFO & Company Secretary (Company Secretary w.e.f 23 October 2017) and Director of holding company till 15 January 2018 Mr. Hitesh Jain, Company Secretary till 12 September 2017 Ms. Gagan Sahni Tyagi, Director of holding company Ms. Pooja Singh (appointed as Director of holding company w.e.f 15 January 2018)
6	Firm in which KMP is a partner	M/s Udwadia & Co.

#### B Transactions during the year

INR in Lacs

	Description of transactions:	Name of related party	Relationship	Year ended 31 March 2018	Year ended 31 March 2017
1	<b>Rentals paid</b>	ADI BPO Services Limited	Holding Company	160.20	160.20
		ADI Media Private Limited	Company Under Common Control (refer note 2 below)	3.08	-
2	<b>Infrastructure charges</b>	ADI BPO Services Limited	Holding Company	51.60	51.60
3	<b>Reimbursement of expenses</b>	ADI BPO Services Limited	Holding Company	125.56	122.64
		ADI Media Private Limited	Company Under Common Control	2.33	-
4	<b>Rendering of services</b>	MPS North America LLC	Subsidiary Company	2,043.09	1,455.37
		Magplus Inc	Downstream Subsidiary Company	215.59	-

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 32 RELATED PARTY TRANSACTIONS (contd...)

INR in Lacs

	Description of transactions:	Name of related party	Relationship	Year ended 31 March 2018	Year ended 31 March 2017
5	Equity contribution	MPS North America LLC	Subsidiary Company	-	1,833.43
		MAG+AB, Sweden	Subsidiary Company	-	449.26
6	Net Assets realised pursuant to liquidation of subsidiary	MAG+AB, Sweden	Subsidiary Company	669.81	-
7	Remuneration				
(i)	Short-term employee benefits	Mr. Nishith Arora	KMP	9.20	47.04
		Mr. Rahul Arora	KMP	180.88	161.60
		Mr. Sunit Malhotra	KMP	48.56	44.71
		Mr. Hitesh Jain	KMP	15.21	30.29
		Ms. Gagan Sahni Tyagi	KMP	17.91	16.70
		Ms. Pooja Singh	KMP	5.35	-
(ii)	Post-employment benefits	Mr. Nishith Arora	KMP	-	6.30
		Mr. Sunit Malhotra	KMP	1.45	1.79
		Mr. Hitesh Jain	KMP	-	0.77
		Ms. Gagan Sahni Tyagi	KMP	0.65	0.38
		Ms. Pooja Singh	KMP	0.11	-
8	Director Sitting Fees	Mr. D E Udwadia	KMP	6.00	7.60
		Mr. Ashish Dalal	KMP	4.40	5.00
		Mr. Vijay Sood	KMP	9.40	8.80
9	Commission	Mr. D E Udwadia	KMP	17.84	20.21
		Mr. Ashish Dalal	KMP	13.38	14.14
		Mr. Vijay Sood	KMP	28.98	24.25
10	Professional services rendered	M/s Udwadia & Co.	Firm in which KMP is a partner	4.11	1.86

## 32 RELATED PARTY TRANSACTIONS (contd...)

### C Balances at the year end

INR in Lacs

	Balances at the year end	Name of related party	Relationship	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1	Security deposit placed	ADI BPO Services Limited	Holding Company	60.99	56.75	100.00
		ADI Media Private Limited	Company Under Common Control	0.68	-	-
2	Prepayment rent	ADI BPO Services Limited	Holding Company	36.72	41.96	-
		ADI Media Private Limited	Company Under Common Control	0.19	-	-
3	Trade receivables	MPS North America LLC	Subsidiary Company	424.28	44.11	120.30
4	Trade payables	ADI BPO Services Limited	Holding Company	1.62	-	-
		ADI Media Private Limited	Company Under Common Control	0.26	-	-
5	Projected benefit obligation	Mr. Sunit Malhotra	KMP	7.01	5.43	3.54
		Mr. Hitesh Jain	KMP	-	1.63	0.85
		Ms. Gagan Sahni Tyagi	KMP	1.67	0.99	0.60
		Ms. Pooja Singh	KMP	1.51	-	-

#### Notes:

- 1 No amount has been written off/written back during the year in respect of dues from/to related parties.
- 2 Company has taken one rent free premises at Noida location w.e.f. 1 June 2014 and one rented premises at Gurugram location w.e.f. 1 September 2017.
- 3 The Board of Directors of the Company at their meeting held on 25 January 2017 approved for liquidation of MAG+AB, Sweden, a subsidiary company. MAG+AB, vide approval of its shareholders at their meeting held on 16 February 2017, has filed for voluntary liquidation procedure in February 2017. MAG+AB, was liquidated in December 2017 and ceased to be a subsidiary of the Company. Residual fund of MAG+AB has been disbursed to the Company in extinguishment of 100 percent shareholding of the Company in MAG+AB. The difference between the net assets and investment value amounting to INR 220.55 lacs has been considered as gain on disposal of investment and presented under the head "other income".

### 33 CONTINGENT LIABILITIES TO THE EXTENT NOT PROVIDED FOR:

Claims against Company, disputed by the Company, not acknowledged as debt:

INR in Lacs

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
(a) Income tax	930.87	657.42	702.80
(b) Service tax	280.90	288.25	266.70
(c) Employee State Insurance (ESI) and Provident Fund (PF)	2.44	6.59	6.59
(d) Other claims	194.31	239.82	211.02

The above amounts are based on the notice of demand/Assessment Orders/claims by the relevant authorities /parties and the Company is contesting these claims. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

### 34 COMMITMENTS AS AT YEAR END

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) INR 38.72 Lacs (31 March 2017: INR 68.42 Lacs; 1 April 2016: INR 25.73 Lacs).

#### b) Leases:

- The Company has entered into cancellable and non-cancellable operating leases for office premises. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 410.09 Lacs (31 March 2017: INR 413.19 Lacs) has been included under rent expense in note 24.
- The Company has operating lease arrangements in respect of vehicles which are cancellable, range between 1 years to 5 years. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 21.59 Lacs (31 March 2017: INR 23.31 Lacs) has been included under rent expense in note 24.
- The Company has significant operating lease arrangements which are non-cancellable for a period up to 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

INR in Lacs

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
- not later than one year	211.80	211.80	-
- later than one year and not later than five years	-	211.80	-
- later than five years	-	-	-

### 35 CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSE

As required by Section 135 of the Companies Act 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities include imparting primary education to under privileged girls, computer education to underprivileged children and building intellect and instill higher values of life through education and any other area the Board may find appropriate. Gross amount required to be spent by the Company during the year was INR 191.79 Lacs (for the year ended 31 March 2017; INR 170.53 Lacs).

**Amount spent by the company on its CSR activities are as follows:**

INR in Lacs

Purpose	Year ended	Year ended
	31 March 2018	31 March 2017
Promotion of education and skills	140.46	135.55
Health care	51.33	25.20
<b>Total</b>	<b>191.79</b>	<b>160.75</b>

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 36 BUSINESS COMBINATION:

The Company during the year ended 31 March 2017, had given an purchase consideration of INR 428.16 Lacs in cash to acquire certain assets including application platform business from Digital River, Inc. a company based in USA vide asset purchase agreement dated 3 February 2017 which qualifies for business combination accounting. The customary condition for consummation of the said acquisition has been completed subsequent to year ended 31 March 2017, i.e. with effect from 1 April 2017. The acquisition of THINK Subscription strengthens the Company's platform capabilities to include subscription management and fulfillment solutions.

Following assets and liabilities have been recorded on fair value through business combination accounting by the Company :

Particulars	Note	INR in Lacs
		As at 1 April 2017
Property, plant and equipment	3.1	62.69
Other intangible assets	4	453.01
Trade receivables		168.91
Advance from customers		(306.72)
<b>Net assets</b>		<b>377.89</b>
Purchase consideration		428.16
<b>Goodwill on acquisition</b>	<b>4</b>	<b>50.27</b>

The goodwill of INR 50.27 Lacs comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for income tax purposes.

The company incurred acquisition related cost of INR 5.37 Lacs on legal fees and due diligence costs. These cost have been included in legal and professional fees under the head "other expenses".

### 37 DISCLOSURE ON SPECIFIED BANK NOTES

The Specified bank notes as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November 2016 are no longer in existence. Hence the company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. The disclosure of specified bank notes made in the financial statements for 31 March 2017 are as follows:

Particulars	INR in Lacs		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1.00	0.73	1.73
(+) Permitted receipts	-	2.64	2.64
(-) Permitted payments	-	2.85	2.85
(-) Amount deposited in Banks	1.00	-	1.00
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>0.52</b>	<b>0.52</b>

38 There has been no delay in transferring amounts and shares, required to be transferred, to the Investor Education and Protection Fund by the Company.



# Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 39 DETAILS OF PROVISIONS

The Company has made provision for pending litigation matter based on its assessment of the amount it estimates to incur to meet such obligation, details of which are given below:

	INR in Lacs	
Provision for service tax matter	As at 31 March 2018	As at 31 March 2017
As at commencement of the year	149.46	144.63
Additions	4.82	4.83
Utilisation	-	-
<b>As at end of the year</b>	<b>154.28</b>	<b>149.46</b>
Out of the above following amount are expected to be incurred within year	154.28	149.46

**40** The Board of Directors of the Company have approved the scheme of amalgamation involving amalgamation of ADI BPO Services Limited (post demerger of its 'Infrastructure Management Business Undertaking' into ADI Media Private Limited) into the Company. The scheme has been filed with the stock exchanges for their approval. The Company will file the scheme with NCLT for further process once approved.

**41** Subsequent to year end, the Company has entered into definitive agreements on 24 April 2018 for the acquisition of the enterprise e-Learning business of Tata Interactive Systems in India (a division of Tata Industries Limited, a company incorporated in India having its registered office in Mumbai) and its branches in USA, UK, Canada and UAE and for the entire paid up equity share capital held by Tata Industries Limited in its wholly owned subsidiaries, Tata Interactive Systems AG, Switzerland and Tata Interactive Systems GmbH, Germany. The Company is confident that the transactions will close in the near future on fulfillment of mutually agreed closing conditions.

**42** The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

## 43 DISCLOSURE AS PER PARA A OF SCHEDULE V OF THE LISTING REGULATIONS

There are no loans and advances in the nature of loans given to subsidiaries, associates, firms/companies in which directors are interested.

## 44 FIRST-TIME ADOPTION OF IND AS

### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The significant accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### (A) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### Ind AS optional exemptions

##### 1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 "Business Combinations" prospectively from the

# Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 44 FIRST-TIME ADOPTION OF IND AS (contd...)

transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date.

### 2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets and investment property covered by Ind AS 38 Intangible Assets and Ind AS 40 Investment Property respectively. Accordingly, the Company has elected to measure all of its property, plant and equipment, investment property and intangible assets at their previous GAAP carrying value.

### 3 Investments in subsidiaries

Ind AS 101 permits the first time adopter to measure investment in subsidiaries in accordance with Ind AS 27 at one of the following:

- a) cost determined in accordance with Ind AS 27 or
- b) Deemed cost:
  - (i) fair value at date of transition
  - (ii) previous GAAP carrying amount at that date.

The Company has elected to consider previous GAAP carrying amount of its investments in subsidiaries on the date of transition to Ind AS as its deemed cost for the purpose of determining cost in accordance with principles of Ind AS 27-“Separate financial statements”

## Ind AS mandatory exceptions

### 1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit Loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Fair valuation of financial instruments carried at fair value through profit and loss.

### 2 Classification and measurement of financial assets

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

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

# Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 44 FIRST-TIME ADOPTION OF IND AS (contd...)

### 44 (B). Reconciliations of Balance Sheet 1 April 2016 and as at 31 March 2017

INR in Lacs

Particulars	Note 44(F)	As at 1 April 2016			As at 31 March 2017		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		2,187.98	-	2,187.98	2,155.52	-	2,155.52
Capital work in progress		5.85	-	5.85	-	-	-
Investment property		139.72	-	139.72	117.11	-	117.11
Other intangible assets		104.80	-	104.80	278.68	-	278.68
<b>Financial assets</b>							
Investments		2,423.96	-	2,423.96	4,706.65	-	4,706.65
Loans	1	241.37	(29.29)	212.08	206.99	(62.40)	144.59
Other financial assets		27.28	-	27.28	27.68	-	27.68
Income tax assets (net)		405.03	-	405.03	638.67	-	638.67
Other non-current assets	1	2,017.61	19.75	2,037.36	1,410.29	48.78	1,459.07
<b>Total Non-Current Assets</b>		<b>7,553.60</b>	<b>(9.54)</b>	<b>7,544.06</b>	<b>9,541.59</b>	<b>(13.62)</b>	<b>9,527.97</b>
<b>Current Assets</b>							
<b>Financial assets</b>							
Investments	2	16,901.87	12.21	16,914.08	20,593.11	5.39	20,598.50
Trade receivables	3	3,633.97	13.43	3,647.40	3,876.14	(5.67)	3,870.47
Cash and cash equivalents		423.10	-	423.10	325.62	-	325.62
Loans		14.34	-	14.34	25.25	-	25.25
Other financial assets	4	1,051.79	87.07	1,138.86	1,854.26	-	1,854.26
Other current assets	1	245.45	6.66	252.11	605.95	9.83	615.78
<b>Total current assets</b>		<b>22,270.52</b>	<b>119.37</b>	<b>22,389.89</b>	<b>27,280.33</b>	<b>9.55</b>	<b>27,289.88</b>
<b>TOTAL ASSETS</b>		<b>29,824.12</b>	<b>109.83</b>	<b>29,933.95</b>	<b>36,821.92</b>	<b>(4.07)</b>	<b>36,817.85</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		1,861.69	-	1,861.69	1,861.69	-	1,861.69
Other equity	1 to 5	25,625.05	71.81	25,696.86	32,575.14	(2.67)	32,572.47
<b>Total equity</b>		<b>27,486.74</b>	<b>71.81</b>	<b>27,558.55</b>	<b>34,436.83</b>	<b>(2.67)</b>	<b>34,434.16</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Deferred tax liabilities (net)	5	118.08	38.02	156.10	267.38	(1.40)	265.98
<b>Total non-current liabilities</b>		<b>118.08</b>	<b>38.02</b>	<b>156.10</b>	<b>267.38</b>	<b>(1.40)</b>	<b>265.98</b>
<b>Current Liabilities</b>							
<b>Financial liabilities</b>							
Trade payables		751.45	-	751.45	727.77	-	727.77
Other financial liabilities		783.27	-	783.27	750.50	-	750.50
Other current liabilities		267.09	-	267.09	276.00	-	276.00
Provisions		301.85	-	301.85	235.63	-	235.63
Income tax liabilities (net)		115.64	-	115.64	127.81	-	127.81
<b>Total current liabilities</b>		<b>2,219.30</b>	<b>-</b>	<b>2,219.30</b>	<b>2,117.71</b>	<b>-</b>	<b>2,117.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,824.12</b>	<b>109.83</b>	<b>29,933.90</b>	<b>36,821.92</b>	<b>(4.07)</b>	<b>36,817.85</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purposes of this note.

## Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 44 FIRST-TIME ADOPTION OF IND AS (contd...)

#### 44 (C). Reconciliation Statement of Profit and Loss as previously reported under Previous GAAP to Ind AS

INR in Lacs

Particulars	Note 44(F)	Year ended 31 March 2017		
		IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from operations		22,356.27	-	22,356.27
Other income	1,2,4	1,883.26	(77.80)	1,805.46
<b>Total income</b>		<b>24,239.53</b>	<b>(77.80)</b>	<b>24,161.73</b>
<b>Expenses</b>				
Employee benefits expense	6	9,495.21	(58.76)	9,436.45
Finance costs		17.46	-	17.46
Depreciation and amortization expense		459.69	-	459.69
Other expenses	1,2,3,4	4,148.76	36.10	4,184.86
<b>Total Expenses</b>		<b>14,121.12</b>	<b>(22.66)</b>	<b>14,098.46</b>
<b>Profit before tax</b>		<b>10,118.41</b>	<b>(55.14)</b>	<b>10,063.27</b>
<b>Tax expense:</b>				
Current tax		3,151.73	-	3,151.73
Reversal of excess provision for tax relating to earlier years		(132.71)	-	(132.71)
Deferred tax	5	149.30	(19.09)	130.21
<b>Total tax expenses</b>		<b>3,168.32</b>	<b>(19.09)</b>	<b>3,149.23</b>
<b>Profit for the year</b>		<b>6,950.09</b>	<b>(36.05)</b>	<b>6,914.04</b>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of net defined benefit liability/assets	6	-	(58.76)	(58.76)
Income tax relating to items that will not be reclassified to profit or loss	5	-	20.33	20.33
<b>Total other comprehensive income for the year , net of tax</b>		<b>-</b>	<b>(38.43)</b>	<b>(38.43)</b>
<b>Total comprehensive income for the year</b>		<b>6,950.09</b>	<b>(74.48)</b>	<b>6,875.61</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purposes of this note.

# Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 44 FIRST-TIME ADOPTION OF IND AS (contd...)

### 44 (D) Equity reconciliation

INR in Lacs

	Note 44(F)	As at 31 March 2017	As at 1 April 2016
<b>Reported earlier under Previous GAAP</b>		34,436.83	27,486.74
Impact of fair valuation of current investment	2	5.39	12.21
Impact of fair valuation of forward exchange contracts	4	-	87.07
Impact of expected credit loss	3	(5.67)	13.43
Others (refer note i below)	1	(3.79)	(2.88)
Consequential tax adjustments	5	1.40	(38.02)
<b>Equity reported under Ind AS</b>		<b>34,434.16</b>	<b>27,558.55</b>

i) Others include adjustments resulting from classification of actuarial gain/(loss) to OCI, etc.

**44 (E)** Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

### 44 (F) Notes to the Reconciliations

#### 1 Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by INR 62.40 Lacs as at 31 March 2017 (1 April 2016 INR 29.29 Lacs). The prepaid rent increased by INR 58.61 Lacs as at 31 March 2017 (1 April 2016 INR 26.41 Lacs). Total equity decreased by INR 3.79 Lacs as on 31 March 2017 (1 April 2016 INR 2.88 Lacs). The profit for the year and total equity as at 31 March 2017 decreased by INR 0.91 Lacs due to amortisation of the prepaid rent of INR 10.18 Lacs which is partially off-set by the notional interest income of INR 9.27 Lacs recognised on security deposits.

#### 2 Current Investments

Under the previous GAAP, Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017. Accordingly, total equity has been increased by INR 5.39 Lacs as at 31 March 2017 (1 April 2016 INR 12.21 Lacs) and profit for the year ended 31 March 2017 decreased by INR 6.82 Lacs.

#### 3 Trade Receivables

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased/(decreased) by INR 5.67 Lacs as at 31 March 2017 (1 April 2016 (INR 13.43 Lacs)). Consequently, the total equity as at 31 March 2017 increased/(decreased) by (INR 5.67 Lacs) (1 April 2016 INR 13.43) and profit for the year ended 31 March 2017 decreased by INR 19.10 Lacs.

#### 4 Derivative Instruments - Foreign Exchange Forward Contracts

Under Previous GAAP, unrealised net loss on foreign exchange forward contracts, if any, as at each

# Notes forming part of Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 44 FIRST-TIME ADOPTION OF IND AS (contd...)

Balance Sheet date was provided for. Under Ind AS, foreign exchange forward contracts are mark-to-market as at Balance Sheet date and unrealised net gain or loss is recognised in profit and loss statement.

Unrealised mark-to-market gain of INR 87.07 Lacs on forward contracts are recognised as at 1 April 2016. This amount was realised during the year ended 31 March 2017.

## 5 Deferred Tax

Under previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Also deferred tax have been recognised on the adjustment made on transition to Ind AS.

Consequent to the above, the total equity is increased/(decreased) by INR 1.40 Lacs as at 31 March 2017 (1 April 2016: (INR 38.02 Lacs)) and profit for the year ended 31 March 2017 increased by INR 39.42 Lacs.

## 6 Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit before tax for the year ended 31 March 2017 increased by INR 58.76 Lacs. There is no impact on the total equity as at 1 April 2016 and 31 March 2017.

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As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Membership Number: 095109

For and on behalf of the Board of Directors of **MPS Limited**

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

# Independent Auditor's Report

## To the Members of MPS Limited (Holding Company)

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

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

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

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

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

### Auditor's Responsibility

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit



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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

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

### Other Matters

1. The transition date opening balance sheet as at 1 April 2016 included in these consolidated financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 dated 17 May 2016 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

2. We did not audit the financial statements/financial information of one subsidiary which ceased to exist with effect from 21 December 2017, whose financial statements/financial information reflect total revenues of INR 93.72 Lacs and net cash outflows amounting to INR 87.71 Lacs for the period ended on that date, as considered in the consolidated financial statements. This financial statements/financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.


This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditor under generally accepted auditing standards applicable in their country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements





and the other financial information of subsidiary, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules,

2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of one subsidiary, as noted in the 'Other matter' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 35 to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2018; and
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 23 May 2018

Membership Number: 095109

## Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of MPS Limited for the year ended 31 March 2018

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of MPS Limited (hereinafter referred to as "the Holding Company") as of that date. The Holding Company has subsidiary company incorporated outside India and operating effectiveness of internal financial controls with reference to financial statements is not applicable to such subsidiary company.

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

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

#### Auditor's Responsibility


Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit

of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness with reference to financial statement. Our audit of internal financial controls with reference to financial statement included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide



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

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with

reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 23 May 2018

Membership Number: 095109

## Consolidated Balance Sheet as at March 31, 2018

INR in Lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3.1	1,948.85	2,215.62	2,215.23
Capital work in progress	3.1	-	-	5.85
Investment property	3.2	113.94	117.11	139.72
Goodwill	4	1,794.27	1,708.04	1,123.63
Other Intangible assets	4	1,020.78	818.31	105.01
<b>Financial assets</b>				
Loans	5 (i)	154.16	151.18	224.89
Other financial assets	6 (i)	26.14	27.68	27.28
Income tax assets (net)	7	636.64	658.73	412.93
Other non-current assets	8 (i)	370.29	1,459.07	2,037.36
<b>Total non-current assets</b>		<b>6,065.07</b>	<b>7,155.74</b>	<b>6,291.90</b>
<b>Current assets</b>				
<b>Financial assets</b>				
Investments	9	28,799.72	20,598.50	16,914.08
Trade receivables	10	4,614.54	6,010.00	4,511.28
Cash and cash equivalents	11	2,299.01	1,676.91	1,428.66
Loans	5 (ii)	17.82	30.87	14.34
Other financial assets	6 (ii)	2,435.16	1,926.11	1,190.23
Other current assets	8 (ii)	894.98	743.24	262.54
<b>Total current assets</b>		<b>39,061.23</b>	<b>30,985.63</b>	<b>24,321.13</b>
<b>TOTAL ASSETS</b>		<b>45,126.30</b>	<b>38,141.37</b>	<b>30,613.03</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12	1,861.69	1,861.69	1,861.69
Other equity		40,005.86	32,928.47	26,154.81
<b>Total equity</b>		<b>41,867.55</b>	<b>34,790.16</b>	<b>28,016.50</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities (net)	13	489.75	532.27	205.02
<b>Total non-current liabilities</b>		<b>489.75</b>	<b>532.27</b>	<b>205.02</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	14	1,109.09	1,099.50	830.49
Other financial liabilities	15	493.83	843.99	849.00
Other current liabilities	16	676.04	507.25	289.71
Provisions	17	289.91	240.39	306.67
Income tax liabilities (net)	18	200.13	127.81	115.64
<b>Total current liabilities</b>		<b>2,769.00</b>	<b>2,818.94</b>	<b>2,391.51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,126.30</b>	<b>38,141.37</b>	<b>30,613.03</b>
Significant accounting policies	2			
Notes to financial statements	3-46			

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Consolidated Statement of Profit & Loss for the year ended 31 March 2018

INR in Lacs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	19	26,703.37	28,870.13
Other income	20	2,297.86	1,941.83
<b>Total income</b>		<b>29,001.23</b>	<b>30,811.96</b>
<b>Expenses</b>			
Employee benefits expense	21	11,148.63	12,129.05
Finance costs	22	12.66	17.46
Depreciation and amortization expense	23	804.53	588.45
Other expenses	24	6,849.38	7,410.67
<b>Total expenses</b>		<b>18,815.20</b>	<b>20,145.63</b>
<b>Profit before exceptional items and tax</b>		<b>10,186.03</b>	<b>10,666.33</b>
Exceptional items	25	-	411.40
<b>Profit before tax</b>		<b>10,186.03</b>	<b>10,254.93</b>
<b>Tax expense:</b>			
Current tax	26	3,194.72	3,166.56
Reversal of excess provision for tax relating to earlier years		(7.16)	(132.71)
Deferred tax	13	(22.47)	179.16
<b>Total tax expenses</b>		<b>3,165.09</b>	<b>3,213.01</b>
<b>Profit for the year</b>		<b>7,020.94</b>	<b>7,041.92</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/assets		(88.45)	(58.76)
Income tax relating to items that will not be reclassified to profit or loss		25.76	20.33
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		90.73	(229.83)
<b>Total other comprehensive income for the year , net of tax</b>		<b>28.04</b>	<b>(268.26)</b>
<b>Total comprehensive income for the year</b>		<b>7,048.98</b>	<b>6,773.66</b>
<b>Earnings per equity share (nominal value of share INR 10)</b>			
Basic and diluted (earnings per equity share expressed in absolute amount in Indian Rupees)	27	37.71	37.83
Significant accounting policies	2		
Notes to financial statements	3-46		
The accompanying notes form an integral part of consolidated financial statements			

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Consolidated Statement of change in equity for the year ended 31 March 2018

### A. Equity share capital

	INR in Lacs
<b>Balance as at 1 April 2016</b>	<b>1,861.69</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2017</b>	<b>1,861.69</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2018</b>	<b>1,861.69</b>

### B. Other equity

INR in Lacs

Particulars	Reserve and Surplus (refer note 1 below)			Other Comprehensive income (refer note 1 below)		Total
	Securities premium account	General reserve	Retained earnings	Remeasurement of defined benefit obligations	Foreign currency translation reserve	
<b>As at 1 April 2016</b>	<b>14,600.33</b>	<b>2,154.31</b>	<b>9,400.17</b>	-	-	<b>26,154.81</b>
Profit for the year	-	-	7,041.92	-	-	7,041.92
Other comprehensive income	-	-	-	(38.43)	(229.83)	(268.26)
<b>Total comprehensive income for the year</b>	-	-	<b>7,041.92</b>	<b>(38.43)</b>	<b>(229.83)</b>	<b>6,773.66</b>
Transfer to general reserve	-	695.01	(695.01)	-	-	-
<b>As at 31 March 2017</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>15,747.08</b>	<b>(38.43)</b>	<b>(229.83)</b>	<b>32,928.47</b>
<b>As at 1 April 2017</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>15,747.08</b>	<b>(38.43)</b>	<b>(229.83)</b>	<b>32,928.47</b>
Profit for the year	-	-	7,020.94	-	-	7,020.94
Other comprehensive income	-	-	-	(62.69)	90.73	28.04
Transfer to profit or loss on liquidation of subsidiary	-	-	-	-	28.41	28.41
<b>Total comprehensive income for the year</b>	-	-	<b>7,020.94</b>	<b>(62.69)</b>	<b>119.14</b>	<b>7,077.39</b>
Transfer to general reserve	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>14,600.33</b>	<b>2,849.32</b>	<b>22,768.02</b>	<b>(101.12)</b>	<b>(110.69)</b>	<b>40,005.86</b>

#### Notes:

#### 1 Nature and purpose of other equity:

**Securities premium reserve:** The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**General reserve:** This represents appropriation of profit by the Company and is available for distribution of dividend.

**Remeasurement of defined benefit obligation:** Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

**Foreign currency translation reserve:** Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

#### 2 Refer note 46

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of **MPS Limited**

**Shashank Agarwal**

Partner

Membership Number: 095109

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Consolidated Cash Flow Statement for the year ended 31 March 2018

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>10,186.03</b>	<b>10,254.93</b>
Adjustments:		
Depreciation and amortisation expense	804.53	588.45
Interest income	(2.93)	(14.64)
Dividend income	(135.72)	(813.04)
Net gain on sale of current investment	(494.01)	(122.67)
Finance costs	12.66	17.46
Gain on sale/disposal/discard of property, plant and equipment and investment property (net)	(11.96)	(592.20)
(Gain)/loss on investment carried at fair value through profit or loss	(923.75)	10.56
Liabilities/provisions no longer required written back	(431.80)	(190.94)
Allowances for credit loss	91.78	74.45
Bad debts written off/(reversal)	93.91	120.91
Loss allowance for doubtful advances	2.08	5.74
Loans and advances written off	28.27	11.54
Unrealised foreign exchange (gain)/loss (net)	90.04	(79.67)
Unrealised foreign exchange (gain)/loss on mark-to-market on forward contracts	234.99	49.28
<b>Operating cash flows before working capital changes</b>	<b>9,544.12</b>	<b>9,320.16</b>
(Increase)/decrease in trade receivables	1,226.98	(1,082.27)
(Increase)/decrease in loans	(19.11)	277.81
(Increase)/decrease in other financial assets	(742.63)	(785.56)
(Increase)/decrease in other current assets	(151.74)	(480.70)
(Increase)/decrease in other non current assets	1,085.45	676.70
(Decrease)/increase in trade payables	24.98	(190.49)
(Decrease)/increase in other financial liabilities	(240.76)	(6.99)
(Decrease)/increase in other current liabilities	169.19	129.89
(Decrease)/increase in short-term provisions	(43.75)	(123.59)
<b>Cash generated from operations</b>	<b>10,852.73</b>	<b>7,734.96</b>
Income tax paid (net of refund)	(3,094.32)	(3,267.47)
<b>Net cash generated from operating activities (A)</b>	<b>7,758.41</b>	<b>4,467.49</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work-in-progress)	(166.03)	(380.68)
Purchase other intangible assets	(55.02)	(246.24)
Sale of property, plant and equipment and other intangible assets	50.19	615.88
Acquisition of business# (refer note 38)	(428.16)	(1,221.85)
Purchase of current investments	(42,775.66)	(14,489.32)
Sale of current investments	35,992.20	10,917.01
Dividends received	135.72	813.04
Interest received	3.06	14.64
<b>Net cash used in investing activities (B)</b>	<b>(7,243.70)</b>	<b>(3,977.52)</b>

## Consolidated Cash Flow Statement for the year ended 31 March 2018

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost	(4.92)	(14.61)
<b>Net cash used in financing activities (C)</b>	<b>(4.92)</b>	<b>(14.61)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>509.79</b>	<b>475.36</b>
Impact on cash flow on account of foreign currency translation reserve	49.51	(185.17)
Effects of exchange differences on cash and cash equivalents held in foreign currency	62.80	(41.94)
Cash and cash equivalents at the beginning of the year	1,676.91	1,428.66
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>2,299.01</b>	<b>1,676.91</b>
<b>Components of cash and cash equivalents:</b>		
<b>Cash on hand</b>	-	-
<b>Balances with banks</b>		
- Current accounts	2,131.48	1,538.84
- EEFC accounts	107.53	33.07
- Demand deposit accounts (demand deposits and deposits having original maturity of 3 months or less)	60.00	105.00
	<b>2,299.01</b>	<b>1,676.91</b>

### Notes:

Statement of Cash Flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

# Net of cash and bank balance acquired (refer note 38).

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Membership Number: 095109

For and on behalf of the Board of Directors of **MPS Limited**

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018



# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## 1. CORPORATE INFORMATION

MPS Limited ("the Company" or the "Parent Company") is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956 having its registered office located at RR Towers IV, Super A, 16/17, Thiru-vi-ka Industrial State, Guindy, Chennai-600032. Its equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

MPS provides platforms and services for content creation, full-service production, and distribution to the world's leading publishers, learning companies, corporate institutions, libraries, and content aggregators.

The Company offers a diverse geographic spread with production facilities in Chennai, Noida, Dehradun, Gurugram and Bengaluru. The Company also operates with editorial and marketing offices in United States. The Company's multi location presence helps it in executing various customer requirements efficiently.

The Company has a wholly owned subsidiary namely MPS North America LLC (MPS NA LLC) as a Limited Liability Company under the laws of the State of Florida in the United States of America.

The consolidated financial statements of the Company as at and for the year ended on 31 March 2018 comprise the Company and its subsidiaries (together referred to as "the Group").

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation of financial statements

#### a) Statement of compliance

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

The consolidated financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported consolidated financial position, consolidated financial performance and consolidated cash flows of the Group is provided in note 46.

The consolidated financial statements of the Group for the year ended 31 March 2018 were approved for issue in accordance with the resolution of the Board of Directors on 23 May 2018.

#### b) Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above. The group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The size of Group's holding of voting rights;
- Potential voting rights held by the Group;
- Rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

S. No.	Name	Country of incorporation	Name of Parent	Percentage of ownership
1	MPS North America LLC	USA	MPS Limited	100%
2	MAG+AB, (liquidated w.e.f 21 December 2017)	Sweden	MPS Limited	100%
3	Magplus Inc (merged w.e.f 10 August 2017 with its holding company)	USA	MPS North America LLC	100%

### c) Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## d) Basis of measurement

These consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS

- Derivative financial instruments;
- Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- The defined benefit asset/(liability) is recognized as the present value of defined benefit obligation less fair value of plan assets

## e) Critical estimates and judgements

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Assessment of useful life of property, plant and equipment and intangible asset – refer note 2.3
- Estimated impairment of financial assets and non-financial assets – refer note 2.5 and 2.6
- Recognition and estimation of tax expense including deferred tax– refer note 13
- Estimation of assets and obligations relating to employee benefits – refer note 29
- Fair value measurement – refer note 30
- Measurement and likelihood of occurrence of provisions and contingencies – refer note 35
- Measurement of consideration and assets acquired as part of business combination – refer note 38
- Assessment of revenue based on the progress of project using percentage of completion method, measured on the basis of effort involved which is akin to output to customer.

## 2.2 Current-non-current classification

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

### Assets

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

- it is expected to be realised in, or is intended for sale or consumption in, the group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

### Liabilities

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

- it is expected to be settled in the group's normal operating cycle;

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

- it is held primarily for the purpose of being traded;
- the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

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

### 2.3 Property, plant and equipment (PPE), Investment property and Intangible assets

#### a) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

#### b) Investment Properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property consists of freehold land and building, building is depreciated using the straight line method over their estimated useful life of 60 years.

#### c) Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is initially recognised based on the accounting policy for business combinations (refer note 2.4). Goodwill is not amortised but is tested for impairment annually.

# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## d) Depreciation and amortisation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight-line method based on useful life specified in Part C of Schedule II to the Companies Act.

Freehold land is not depreciated. Leasehold improvements are amortised on a straight line basis over the period of lease or their useful lives, whichever is shorter.

Intangible assets are amortised on a pro-rata basis on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of intangible assets are as follows:

- Software – 2 to 5 years
- Customer relationship- 5 years
- Trademark- 10 years

The residual values, useful lives and method of depreciation/amortisation of property, plant and equipment, investment property and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

## e) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

## f) Transition to Ind AS

On transition to Ind AS, the Group has elected to measure all its property, plant and equipment, investment property and intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e., 1 April 2016.

## 2.4 Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward as at the date of transition to Ind AS.

## 2.5 Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into

# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

## 2.6 Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## Notes forming part of Consolidated Financial Statements

*All amount in INR Lacs, unless otherwise stated*

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

### **Debt instrument at FVOCI**

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

### **Debt instrument at FVPL**

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### **Impairment of financial assets**

The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### Transition to Ind AS

Under previous GAAP, the Group has derecognized any assets or liabilities for accounting purposes as and when the asset was written off or liability written back. On transition to Ind AS, the Group has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL 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 FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.



# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## Derivative financial instruments

The Group uses derivative financial instruments primarily forward contract to hedge its currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## Offsetting

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

## 2.7 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.8 Provisions and Contingent Liabilities

### Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities and commitments are reviewed at each balance sheet date.

## 2.9 Revenue recognition

The Group derives revenue primarily from content solutions, platform solutions and related services. The Group recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

### a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

### b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method and based on the contractual agreement with the customers.

Earnings in excess of billings are classified as unbilled revenue which is certain for realization while billings in excess earnings are classified as deferred revenue.

Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

### c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract.

When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

## 2.10 Recognition of dividend income and interest income

Dividend income is accounted for when the right to receive it is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Rental income from operating leases is recognised on time proportionate basis over the period of rent.

## 2.11 Employee benefits

**a) Short-term employee benefits:** All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

**b) Post-employment benefits:** Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

● **Gratuity:** The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for the employees of the Group is funded with an insurance company in the form of a qualifying insurance policy. The gratuity benefit obligation recognised in the balance sheet represents the present value of the obligations as reduced by fair value of assets held by the Insurance Group. Actuarial gain/losses are recognised immediately in the other comprehensive income.

● **Superannuation:** Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

- **Provident fund:** For employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Group's contribution to the provident fund is charged to Statement of Profit and Loss.
  - **Employee State Insurance:** For employees in India, Employee State Insurance (ESI) is deposited with Employee State Insurance Corporation. This is treated as defined contribution plan. Group's contribution to the ESI is charged to Statement of Profit and Loss.
  - **Social security plans:** For employees outside India, Employees contributions payable to the social security plan, which is a defined contribution scheme, is charged to the statement of profit and loss in the period in which the employee renders services.
- c) Other long-term employee benefits: Compensated absences:**  
As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made on early retirement, on separation, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Group's liability in respect of compensated absences is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- d) Termination benefits:**  
Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### Actuarial valuation

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

### 2.12 Tax Expense

Income tax expense 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 items recognised directly in equity or in OCI.

# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## a) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously. Any adjustment to the tax payable or receivable in respect of previous year is shown separately.

## b) 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 amounts used for taxation purposes. 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;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

## 2.13 Dividend Distributions

The Group recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

## 2.14 Foreign currency transactions and translations

### a) Functional and presentation currency

The consolidated financial statements are presented in INR, which is also the Parent Company's functional currency. Items included in the consolidated financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency'). All the amount have been rounded-off to the nearest lakhs, unless otherwise stated.

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction or at rates that closely approximate the rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

### c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Share capital and opening reserves and surplus are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.
- Profit and Loss items are translated at the respective monthly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- Contingent liabilities are translated at the closing rates at Balance sheet date.
- All resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of Consolidated Cash Flow Statement are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

### d) Transition to Ind AS

On transition to Ind AS, as per Ind AS 1, the Group has deemed the cumulative translation differences for all foreign operation to be zero as at the date of transition to Ind AS that is 1 April 2016, by transferring cumulative differences to retained earnings.

## 2.15 Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

# Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

## 2.16 Earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

## 2.17 Cash Flow Statement

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

## 2.18 Measurement of fair values

A number of the accounting policies and disclosures require 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).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes.

## 2.19 New standards and interpretations not yet adopted

The following recently released accounting standards and amendments have not yet been adopted by the Group:

## Notes forming part of Consolidated Financial Statements

All amount in INR Lacs, unless otherwise stated

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified Ind AS 115, *Revenue from Contracts with Customers* and amended Ind AS 21, *The effect of changes in Foreign Exchange rates* which is effective for annual periods beginning on or after 1 April 2018.

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

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 *Revenue*, Ind AS 11 *Construction Contracts* and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present. The Group has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements which are as follows:

#### **a) Time and materials contracts**

Under the current revenue recognition policy, revenues and costs relating to time and materials contracts are recognized as the related services are rendered. Services rendered under time and material contract are simultaneously received by customer. Accordingly, it satisfies the 'over time' recognition principles of Ind AS 115, resulting in no significant change from in existing revenue recognition policy around time and material contracts.

#### **b) Fixed-price contracts**

Under the current revenue recognition policy, revenues from fixed-price contracts are recognized using the "percentage-of-completion" method and based on the contractual agreement with the customers.

Under Ind AS 115, for each performance obligation in a contract, an entity has to first determine whether the performance obligation is satisfied over time – i.e., control of the good or service transfers to the customer over time – using the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, or
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity will apply a method of measuring progress toward the complete satisfaction of that performance obligation. The objective is to depict the transfer of control of the services to the customer. To meet this objective, an entity will select an appropriate output or input method. It then has to apply that method consistently to similar performance obligations and in similar circumstances.

As per the preliminary assessment, the Group meets 'over time' criteria for fixed price contract and the measurement of progress is consistent using input method and contractual agreement with the customers.

#### **c) Maintenance contracts**

Under the current revenue recognition policy, revenue from maintenance contracts is recognized rateably over the period of the contract.

## Notes forming part of Consolidated Financial Statements

*All amount in INR Lacs, unless otherwise stated*

When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

Under Ind AS 115, it need to determine whether services transfers to the customer 'over time' or 'at a point in time'. Services that is transferred over time and allows a customer to access services throughout the period of contract such revenue is recognised over time which is in line with the existing revenue policy.

In addition to above, the Group is in the process of assessing the quantitative/qualitative impact of variable consideration including volume discount, set up revenue, set up cost and cost directly attributable to acquiring a customer.

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

### **Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements and does not expect the impact of the adoption of the new amendment to be material.



## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

3.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS										INR in Lacs
Particulars	Freehold land (refer note 1 below)	Buildings (refer note 1 below)	Plant & equipment	Furniture & Fixtures	Vehicles	Leasehold improvements	Capital Work- in-Progress	Total		
<b>Gross carrying value</b>										
<b>As at 1 April 2016 (Deemed Cost)</b>										
Acquisitions through business combinations (refer note 38)	400.00	901.23	855.06	19.00	39.94	-	5.85	2,221.08		
Additions	-	-	88.70	-	-	-	-	88.70		
Disposals/adjustments	-	-	366.22	17.10	-	3.21	-	386.53		
Foreign currency translation reserve	-	-	(0.93)	(0.10)	(6.31)	-	(5.85)	(13.19)		
	-	-	(6.12)	(0.09)	-	-	-	(6.21)		
<b>As at 31 March 2017</b>	<b>400.00</b>	<b>901.23</b>	<b>1,302.93</b>	<b>35.91</b>	<b>33.63</b>	<b>3.21</b>	<b>-</b>	<b>2,676.91</b>		
Acquisitions through business combinations (refer note 38)	-	-	51.75	3.75	-	7.19	-	62.69		
Additions	-	-	158.40	1.05	-	6.58	-	166.03		
Disposals/adjustments	-	-	(81.12)	(0.44)	(33.45)	(7.19)	-	(122.20)		
Foreign currency translation reserve	-	-	0.88	0.10	-	0.02	-	1.00		
<b>As at 31 March 2018</b>	<b>400.00</b>	<b>901.23</b>	<b>1,432.84</b>	<b>40.37</b>	<b>0.18</b>	<b>9.81</b>	<b>-</b>	<b>2,784.43</b>		
<b>Accumulated depreciation</b>										
<b>As at 1 April 2016</b>										
Acquisitions through business combinations (refer note 38)	-	-	-	-	-	-	-	-		
Depreciation charge for the year	-	20.31	376.13	10.01	12.95	0.35	-	419.75		
Disposals/adjustments	-	-	(0.45)	-	(2.35)	-	-	(2.80)		
Foreign currency translation reserve	-	-	(4.65)	(0.40)	-	(0.06)	-	(5.11)		
<b>As at 31 March 2017</b>	<b>-</b>	<b>20.31</b>	<b>420.48</b>	<b>9.61</b>	<b>10.60</b>	<b>0.29</b>	<b>-</b>	<b>461.29</b>		
Depreciation charge for the year	-	20.35	413.32	11.47	1.25	10.10	-	456.49		
Disposals/adjustments	-	-	(63.47)	(0.90)	(11.72)	(7.19)	-	(83.28)		
Foreign currency translation reserve	-	-	(5.29)	4.64	-	1.73	-	1.08		
<b>As at 31 March 2018</b>	<b>-</b>	<b>40.66</b>	<b>765.04</b>	<b>24.82</b>	<b>0.13</b>	<b>4.93</b>	<b>-</b>	<b>835.58</b>		
<b>Net carrying value</b>										
	Freehold land (refer note 1 below)	Buildings (refer note 1 below)	Plant & equipment	Furniture & Fixtures	Vehicles	Leasehold improvements	Capital Work- in-Progress	Total		
As at 1 April 2016	400.00	901.23	855.06	19.00	39.94	-	5.85	2,221.08		
As at 31 March 2017	400.00	880.92	882.45	26.30	23.03	2.92	-	2,215.62		
As at 31 March 2018	400.00	860.57	667.80	15.55	0.05	4.88	-	1,948.85		
<b>Net carrying value</b>										
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>1 April 2016</b>							
Property, plant and equipment	1,948.85	2,215.62	2,215.23							
Capital work in progress	-	-	5.85							

1. Freehold land and Buildings include property located at Bengaluru (HMG Ambassador) at a cost of INR 400 Lacs and INR 901.23 Lacs respectively. The title to this property is in the name of HMG Ambassador Property Management Private Limited, represented by 1,47,50,000 equity shares of INR 10/- each representing the value of land and buildings with irrevocable right of permanent occupation.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 3.2 INVESTMENT PROPERTY

INR in Lacs

Particulars	Freehold land	Buildings	Total
<b>Gross carrying value</b>			
<b>As at 1 April 2016 (Deemed Cost)</b>	5.05	134.67	139.72
Additions	-	-	-
Disposals/adjustments	(0.69)	(19.74)	(20.43)
<b>As at 31 March 2017</b>	<b>4.36</b>	<b>114.93</b>	<b>119.29</b>
Additions	-	-	-
Disposals/adjustments	-	-	-
<b>As at 31 March 2018</b>	<b>4.36</b>	<b>114.93</b>	<b>119.29</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2016</b>	-	-	-
Depreciation charge for the year	-	3.30	3.30
Disposals/adjustments	-	(1.12)	(1.12)
<b>As at 31 March 2017</b>	<b>-</b>	<b>2.18</b>	<b>2.18</b>
Depreciation charge for the year	-	3.17	3.17
Disposals/adjustments	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>5.35</b>	<b>5.35</b>

Net carrying value	Freehold land	Buildings	Total
As at 1 April 2016	5.05	134.67	139.72
As at 31 March 2017	4.36	112.75	117.11
As at 31 March 2018	4.36	109.58	113.94

Amount recognised in profit or loss for Investment property	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	-	-
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(32.88)	(33.40)
<b>Loss arising from investment properties before depreciation</b>	<b>(32.88)</b>	<b>(33.40)</b>
Less: Depreciation for the year	(3.17)	(3.30)
<b>Loss arising from investment properties</b>	<b>(36.05)</b>	<b>(36.70)</b>

Fair value of Investment property	Freehold land and Buildings
As at 1 April 2016	2,140.90
As at 31 March 2017	2,590.39
As at 31 March 2018	2,249.74

- Investment property comprises land and building for basement, ground floor, first floor and eighth floor situated in Bengaluru. The title deeds for land and building for basement, ground floor and first floor are in the name of Brigade Marketing Company Private Limited, erstwhile Company that was merged with Macmillan India Limited

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

(now MPS Limited) in 2001 under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court at Karnataka.

- Land and building (as stated in note-1 above), is kept for capital appreciation and accordingly as on the date of transition to Ind AS (i.e. 1 April 2016) has been transferred from "Property, plant and equipment" to "Investment property".
- The Company's own team has performed the valuation assessment for its investment property based on the rent capitalization method. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. This valuation assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where' basis. All resulting fair value estimates for investment property are included in Level 3. The company has used income approach method to estimate the value of property by taking the net operating income of the rent collected and dividing it by the capitalization rate.

#### 4 INTANGIBLE ASSETS

INR in Lacs

Particulars	Goodwill	Other intangible assets			Total
		Trademark	Customer relationship	Computer software (acquired)	
<b>Gross carrying value</b>					
<b>As at 1 April 2016 (Deemed Cost)</b>	1,123.63	-	-	105.01	1,228.64
Acquisitions through business combinations (refer note 38)	571.94	88.42	-	620.18	1,280.54
Additions	-	-	-	246.24	246.24
Disposals/adjustments	-	-	-	(0.03)	(0.03)
Foreign currency translation reserve	12.47	(7.60)	-	(73.27)	(68.40)
<b>As at 31 March 2017</b>	<b>1,708.04</b>	<b>80.82</b>	<b>-</b>	<b>898.13</b>	<b>2,686.99</b>
Acquisitions through business combinations (refer note 36)	50.27	28.11	196.71	228.19	503.28
Additions	-	-	-	55.02	55.02
Disposals/adjustments	-	-	-	(0.53)	(0.53)
Foreign currency translation reserve	35.96	2.64	-	41.60	80.20
<b>As at 31 March 2018</b>	<b>1,794.27</b>	<b>111.57</b>	<b>196.71</b>	<b>1,222.41</b>	<b>3,324.96</b>
<b>Accumulated depreciation/amortisation</b>					
<b>As at 1 April 2016</b>	-	-	-	-	-
Amortisation charge for the year	-	6.34	-	159.06	165.40
Disposals/adjustments	-	-	-	(0.03)	(0.03)
Foreign currency translation reserve	-	(0.28)	-	(4.45)	(4.73)
<b>As at 31 March 2017</b>	<b>-</b>	<b>6.06</b>	<b>-</b>	<b>154.58</b>	<b>160.64</b>
Amortisation expense for the year	-	11.13	39.28	294.46	344.87
Disposals/adjustments	-	-	-	(0.37)	(0.37)
Foreign currency translation reserve	-	0.22	-	4.55	4.77
<b>As at 31 March 2018</b>	<b>-</b>	<b>17.41</b>	<b>39.28</b>	<b>453.22</b>	<b>509.91</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

Net carrying value	Goodwill	Trademark	Customer relationship	Computer software (acquired)	Total
As at 1 April 2016	1,123.63	-	-	105.01	1,228.64
As at 31 March 2017	1,708.04	74.76	-	743.55	2,526.35
As at 31 March 2018	1,794.27	94.16	157.43	769.19	2,815.05

Net carrying value	31 March 2018	31 March 2017	1 April 2016
Goodwill	1,794.27	1,708.04	1,123.63
Other Intangible assets	1,020.78	818.31	105.01

### 4(a) Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the lowest level at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating reportable segments.

The aggregate carrying amounts of goodwill allocated to content solution and platform solutions operating segments as follows:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Content solutions	1,141.61	1,136.10	1,123.63
Platform solutions	652.66	571.94	-
	<b>1,794.27</b>	<b>1,708.04</b>	<b>1,123.63</b>

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the recoverable amount of the above cash generating units based on its value in use. The value in use of these units was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.
- The terminal growth rate 1% for the year ended 31 March 2018 (31 March 2017: 1%; 1 April 2016: 1%) representing management view on the future long-term growth rate.
- Discount rate ranging from 9% to 16.29% for the year ended 31 March 2018 (31 March 2017: ranging from 9% to 11.90%; 1 April 2016: 9%) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on past experience and historical industry average weighted-average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 5 LOANS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Non Current (unsecured, considered good)</b>			
Security deposits (refer note below)	154.16	151.18	224.89
	<b>154.16</b>	<b>151.18</b>	<b>224.89</b>
Note: Includes INR 60.99 Lacs (31 March 2017: INR 56.75 Lacs; 1 April 2016 INR 100 Lacs) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.			
<b>(ii) Current (unsecured)</b>			
Security deposits			
Considered good	13.68	26.08	1.13
Doubtful	-	-	0.14
	13.68	26.08	1.27
Less: Allowances for doubtful deposits	-	-	0.14
	13.68	26.08	1.13
Loans to employees	4.14	4.79	13.21
	<b>17.82</b>	<b>30.87</b>	<b>14.34</b>

### 6 OTHER FINANCIAL ASSETS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Non Current (unsecured, considered good)</b>			
Bank deposits held as margin money or security against guarantees	26.14	27.68	27.28
	<b>26.14</b>	<b>27.68</b>	<b>27.28</b>
<b>(ii) Current (unsecured, considered good)</b>			
Unrealised MTM gain receivable on forward covers	-	200.15	249.43
Unbilled revenue	2,434.69	1,725.36	940.33
Interest accrued on deposits	0.47	0.60	0.47
	<b>2,435.16</b>	<b>1,926.11</b>	<b>1,190.23</b>

### 7 INCOME TAXES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax (net of provisions of INR 7,922.80 Lacs (31 March 2017: INR 4,403.35 Lacs; 1 April 2016 INR 1,242.77 Lacs))	636.64	658.73	412.93
	<b>636.64</b>	<b>658.73</b>	<b>412.93</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 8 OTHER ASSETS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(i) Other non-current assets (Unsecured, Considered Good)</b>			
Security deposits	24.52	24.47	25.13
Prepaid expenses	40.39	13.48	9.15
Balances with government authorities			
- Service tax credit receivable	175.89	1,281.95	1,946.80
- Others	90.39	90.39	36.53
Prepayment rent (refer note below)	39.10	48.78	19.75
	<b>370.29</b>	<b>1,459.07</b>	<b>2,037.36</b>
Note: Includes INR 29.38 Lacs (31 March 2017: INR 33.57 Lacs; 1 April 2016 INR Nil) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.			
<b>(ii) Other current assets (Unsecured, Considered Good)</b>			
Security deposits			
Doubtful	1.13	1.13	1.13
	1.13	1.13	1.13
Less: Allowances for doubtful deposits	1.13	1.13	1.13
	-	-	-
Advances to employees			
Considered good	-	0.85	2.46
Doubtful	27.22	25.14	19.40
	27.22	25.99	21.86
Less: Allowances for doubtful advances to employees	27.22	25.14	19.40
	-	0.85	2.46
Prepaid expenses	375.63	249.08	229.53
Balances with government authorities			
-GST receivable	434.61	-	-
-Others	35.50	17.11	7.67
Others advances (refer note 1 below)	39.36	466.37	16.22
Prepayment rent (refer note 2 below)	9.88	9.83	6.66
	<b>894.98</b>	<b>743.24</b>	<b>262.54</b>

#### Note:

- Includes an advance given of INR 428 Lacs during the year ended 31 March 2017, to acquire certain assets including application platform business from Digital River, Inc. a company based in USA vide asset purchase agreement dated 3 February 2017. The customary condition for consummation of the said acquisition has been completed subsequent to year ended 31 March 2017, i.e. with effect from 1 April 2017.
- Includes INR 7.34 Lacs (31 March 2017: INR 8.39 Lacs; 1 April 2016 INR Nil) to holding company (ADI BPO Services Ltd.) as a deposit for premises and infrastructure facility taken on rent.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 9 CURRENT INVESTMENTS

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units in '000	INR in Lacs	Units in '000	INR in Lacs	Units in '000	INR in Lacs
<b>Investment in mutual funds carried at fair value through profit or loss (unquoted, fully paid up)</b>						
Kotak Liquid- Direct Plan- Daily Dividend*	30.50	373.00	16.95	207.24	17.07	208.73
Birla Sun Life Cash Plus-Direct Plan-Growth	-	-	-	-	61.71	150.14
ICICI Prudential Liquid -Direct Plan-Growth	-	-	-	-	89.25	200.17
Reliance Liquid Fund -Treasury Plan-Direct Plan-Growth	18.85	799.07	-	-	5.42	200.18
TATA Money Market Fund-Direct Plan-Daily Dividend Reinvestment	-	-	85.61	857.41	-	-
Reliance Liquid Fund-Treasury Plan-Direct Plan-Weekly Dividend Reinvestment	-	-	43.35	663.40	-	-
DHFL Pramerica Insta Cash Plus Fund- Direct Plan-Weekly Dividend Reinvestment	-	-	251.17	252.79	-	-
Axis Liquid Fund-Direct Plan-Weekly Dividend Reinvestment	-	-	100.64	1,009.32	-	-
TATA Liquid Fund-Direct Plan-Weekly Dividend Reinvestment	-	-	55.09	551.65	-	-
DSP Blackrock Liquidity Fund-Direct Plan Weekly Dividend Reinvestment	-	-	35.35	353.87	-	-
Kotak Floater Short Term- Direct Plan-Weekly Dividend- Reinvestment	-	-	45.33	463.46	-	-
Birla Sun Life Savings Fund - Regular Plan -Weekly Dividend - Reinvestment	-	-	2,038.39	2,044.39	1,926.11	1,932.21
HDFC Liquid Fund -Weekly Dividend - Reinvestment	-	-	230.57	2,379.16	158.84	1,640.01
HDFC Liquid Fund - Weekly Dividend-Reinvestment	-	-	96.25	993.16	219.99	2,271.29
ICICI Prudential Liquid - Weekly Dividend-Reinvestment	-	-	1,686.65	1,690.75	1,608.56	1,613.32
ICICI Prudential Flexible Income-Weekly Dividend Reinvestment	-	-	1,935.56	2,043.89	1,827.37	1,933.07
Reliance Liquid Fund-Treasury Plan-Dividend Weekly- Reinvestment	-	-	110.51	1,691.17	105.33	1,614.15
Axis Liquid Fund-Dividend Weekly-Reinvestment	-	-	168.64	1,691.31	160.84	1,613.80
Kotak Liquid Scheme Plan A-Regular Plan-Dividend Weekly Reinvestment	-	-	168.84	1,689.83	161.06	1,613.26
DSP Blackrock -Liquidity Fund-Institutional Plan-Dividend Weekly Reinvestment	-	-	201.36	2,015.70	192.22	1,923.75
Kotak Floater Short Term-Direct Plan- Growth	12.35	352.29	-	-	-	-
DHFL Pramerica Insta Cash Plus Fund- Direct Plan -Growth	179.27	404.78	-	-	-	-

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units in '000	INR in Lacs	Units in '000	INR in Lacs	Units in '000	INR in Lacs
TATA Money Market Fund-Direct Plan-Growth	68.55	1,877.10	-	-	-	-
DSP Blackrock Liquidity Fund-Direct Plan-Growth	50.83	1,263.39	-	-	-	-
Axis Liquid Fund-Direct Plan-Growth	93.53	1,802.83	-	-	-	-
Aditya BSL Floating Rate Fund Short Term Plan-Direct -Growth	1,112.92	2,581.82	-	-	-	-
Aditya Birla Sun Life Savings Fund -Direct Plan-Growth	75.28	258.89	-	-	-	-
ICICI Prudential Flexible Income-Direct Plan-Growth	121.43	406.88	-	-	-	-
Aditya Birla Sun Life Savings Fund- Growth	639.54	2,186.64	-	-	-	-
Reliance Liquid Fund-Treasury Plan- Growth	70.98	2,996.83	-	-	-	-
ICICI Prudential Flexible Income-Growth	654.37	2,181.12	-	-	-	-
Axis Liquid Fund-Growth	121.00	2,324.11	-	-	-	-
Kotak Liquid-Regular Plan-Growth	16.96	595.85	-	-	-	-
Aditya Birla Sun Life Cash Plus -Direct Plan-Growth	490.60	1,370.32	-	-	-	-
HDFC Regular Savings Fund-Direct Plan-Growth	3,699.98	1,303.87	-	-	-	-
ICICI Prudential Regular Savings Fund-Direct Plan-Growth	6,704.80	1,305.71	-	-	-	-
UTI-Income Opportunities Fund-Direct Plan - Growth	8,322.24	1,405.13	-	-	-	-
Franklin India Corporate Bond Oppurtunities Fund-Direct Growth	7,987.73	1,505.14	-	-	-	-
Franklin India Short Term Income Plan Retail Plan-Direct Growth	39.36	1,504.95	-	-	-	-
<b>Total</b>	<b>30,511.07</b>	<b>28,799.72</b>	<b>7,270.26</b>	<b>20,598.50</b>	<b>6,533.77</b>	<b>16,914.08</b>
<b>Aggregate market value of unquoted investments</b>		<b>28,799.72</b>		<b>20,598.50</b>		<b>16,914.08</b>

\*Out of the same mutual fund units i.e., 16.36 (units in thousands) with an NAV of INR 0.012 Lacs as at 31 March 2018 (31 March 2017: Units 16.36 (units in thousands) as at NAV of INR 0.012 Lacs, 1 April 2016: Units 16.36 (units in thousands) as at NAV of INR 0.012 Lacs) have been pledged with Kotak Mahindra Bank Limited as a security towards hedging facilities availed by the Group.



## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 10 TRADE RECEIVABLES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current</b>			
Trade receivables	4,614.54	6,010.00	4,511.28
	<b>4,614.54</b>	<b>6,010.00</b>	<b>4,511.28</b>
<b>Break-up for details:</b>			
<b>Trade receivables (Unsecured)</b>			
Considered good	4,614.54	6,010.00	4,511.28
Doubtful	68.64	90.06	20.93
	4,683.18	6,100.06	4,532.21
Less: Expected credit loss allowance (refer note 31)	68.64	90.06	20.93
<b>Total Trade receivables</b>	<b>4,614.54</b>	<b>6,010.00</b>	<b>4,511.28</b>

### 11 CASH AND CASH EQUIVALENTS

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
-In Current accounts	2,131.48	1,538.84	1,078.35
-In EEFC accounts	107.53	33.07	290.31
-In demand deposit accounts (demand deposits and deposits having original maturity of 3 months and less)	60.00	105.00	60.00
	<b>2,299.01</b>	<b>1,676.91</b>	<b>1,428.66</b>
<b>Details of bank balances/deposits</b>			
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	60.00	105.00	60.00
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current financial assets' (refer note 6 (i))	26.14	27.68	27.28
	<b>86.14</b>	<b>132.68</b>	<b>87.28</b>

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 12 SHARE CAPITAL

INR in Lacs

(i) Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Authorised</b>			
20,000,000 equity shares of INR 10 each (31 March 2017: 20,000,000 equity shares; 1 April 2016: 20,000,000 equity shares of INR 10 each)	2,000.00	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, Subscribed &amp; Paid-Up</b>			
18,616,926 equity shares of INR 10 each fully paid up with voting rights (31 March 2017: 18,616,926 equity shares; 1 April 2016: 18,616,926 equity shares of INR 10 each)	1,861.69	1,861.69	1,861.69
	<b>1,861.69</b>	<b>1,861.69</b>	<b>1,861.69</b>

### (ii) Reconciliation of the equity share outstanding at beginning and at end of the year

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	INR in Lacs	Number	INR in Lacs
Equity shares (with voting rights) outstanding at the beginning of the year	1,86,16,926	1,861.69	1,86,16,926	1,861.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,86,16,926</b>	<b>1,861.69</b>	<b>1,86,16,926</b>	<b>1,861.69</b>

The Company had raised INR 14,780 Lacs from Qualified Institutional Placement ('QIP') (net of issue expenses) during the year ended 31 March 2015. Out of the said proceeds, the Company has utilized a sum of INR 2,784 Lacs for acquisitions of companies and group of assets till 31 March 2018 and the balance proceeds of INR 11,996 Lacs, pending utilization for the objects of QIP-growth opportunities such as acquisitions, strategic initiatives, general corporate purposes and any other purposes as may be permissible under applicable law, remains invested in interest/dividend bearing liquid instruments, including money market mutual funds.

### (iii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The equity share holders are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amount, if any. The distribution will be in proportion to number of equity shares held by the shareholders.

### (iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	INR in Lacs	Number	INR in Lacs	Number	INR in Lacs
<b>Equity shares of INR 10 each fully paid up and held by</b>						
ADI BPO Services Limited, the holding company	1,26,16,996	1,261.70	1,26,16,996	1,261.70	1,26,16,996	1,261.70

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### (v) Details of the shareholders holding more than 5% shares of the Company

Class of shares/Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	% holding in that class of shares	Number	% holding in that class of shares	Number	% holding in that class of shares
<b>Equity shares of INR 10 each fully paid up and held by</b>						
ADI BPO Services Limited, the holding company	1,26,16,996	67.77%	1,26,16,996	67.77%	1,26,16,996	67.77%
HDFC Mutual Fund (in different schemes)	-	-	10,04,047	5.39%	-	-

### (vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

There are no bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date.

### 13 DEFERRED TAX

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:

#### Deferred tax assets:

INR in Lacs

	Expected credit loss allowance	Expenses allowable for tax purposes when paid	Unrealised MTM loss receivables on forward covers	Others	Total
<b>As at 1 April 2016</b>	7.74	39.92	-	18.52	66.18
(Charged)/credited					
- to statement of profit and Loss	22.01	(50.33)	-	12.82	(15.50)
- to other comprehensive income	-	20.33	-	-	20.33
- to foreign currency translation reserve	(0.55)	-	-	(0.23)	(0.78)
<b>As at 31 March 2017</b>	<b>29.20</b>	<b>9.92</b>	<b>-</b>	<b>31.11</b>	<b>70.23</b>
(Charged)/credited					
- to statement of profit and Loss	(10.06)	(27.76)	-	(3.28)	(41.10)
- to other comprehensive income	-	25.76	-	-	25.76
- to foreign currency translation reserve	(0.17)	-	-	(0.29)	(0.46)
- transferred from deferred tax liabilities	-	-	10.15	-	10.15
<b>As at 31 March 2018</b>	<b>18.97</b>	<b>7.92</b>	<b>10.15</b>	<b>27.54</b>	<b>64.58</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 13 DEFERRED TAX (contd...)

#### Deferred tax liabilities:

INR in Lacs

	Expenses allowable for tax purposes when paid	Difference between book balance and tax balance of property, plant and equipment/ Investment property/ Other intangible assets	Unrealised MTM loss receivables on forward covers	Gains on investment carried at fair value through profit or loss	Total
<b>As at 1 April 2016</b>	(1.00)	(218.07)	(47.90)	(4.23)	(271.20)
(Charged)/credited					
-Addition due to business combination	-	(189.05)	-	-	(189.05)
- to statement of profit and Loss	(33.71)	(112.23)	(21.37)	3.65	(163.66)
- to other comprehensive income	-	-	-	-	-
- to foreign currency translation reserve	0.57	20.84	-	-	21.41
<b>As at 31 March 2017</b>	<b>(34.14)</b>	<b>(498.51)</b>	<b>(69.27)</b>	<b>(0.58)</b>	<b>(602.50)</b>
(Charged)/credited					
- to statement of profit and Loss	24.20	228.85	79.42	(268.90)	63.57
- to other comprehensive income	-	-	-	-	-
- to foreign currency translation reserve	0.25	(5.49)	-	-	(5.24)
- transferred to deferred tax assets	-	-	(10.15)	-	(10.15)
<b>As at 31 March 2018</b>	<b>(9.69)</b>	<b>(275.15)</b>	<b>-</b>	<b>(269.48)</b>	<b>(554.32)</b>

#### Reflected in the Balance Sheet as follows:

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax assets	64.58	70.23	66.18
Deferred tax liabilities	(554.32)	(602.50)	(271.20)
<b>Deferred tax liabilities (net)</b>	<b>(489.74)</b>	<b>(532.27)</b>	<b>(205.02)</b>

#### Reconciliation of deferred tax asset (net):

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Balance as at the commencement of the year	(532.27)	(205.02)
Addition due to business combination (refer note 38)	-	(189.05)
Expense/(credit) during the year recognised in Statement of profit and loss	(22.47)	179.16
Expense/(credit) during the year recognised in OCI	(25.76)	(20.33)
Foreign currency translation reserve	5.70	(20.63)
<b>Balance as at the end of the year</b>	<b>(489.74)</b>	<b>(532.27)</b>

DTA has not been recognized on temporary differences in relation to indexation benefit of freehold land amounting to INR 694.81 Lacs (31 March 2017: INR 771.86 Lacs; 1 April 2016: INR 728.89 Lacs) respectively, as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.

### 14 TRADE PAYABLES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables (refer note 28)	1,109.09	1,099.50	830.49
	<b>1,109.09</b>	<b>1,099.50</b>	<b>830.49</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 15 OTHER FINANCIAL LIABILITIES (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Book overdraft	53.89	43.79	92.37
Employee payable	405.10	400.73	357.23
Unrealised MTM loss payable on forward covers	34.84	-	-
Others	-	399.47	399.40
	<b>493.83</b>	<b>843.99</b>	<b>849.00</b>

### 16 OTHER CURRENT LIABILITIES

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income received in advance (Unearned revenue)	419.16	248.94	151.09
Statutory remittances*	253.45	252.55	132.82
Others	3.43	5.76	5.80
	<b>676.04</b>	<b>507.25</b>	<b>289.71</b>

\*includes GST, Tax deducted at Source, Provident Fund, Employee State Insurance and Sales Tax, etc.

### 17 PROVISIONS (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for service tax (refer note 41)	154.28	149.46	144.63
Provision for compensated absences (refer note 29)	4.83	18.65	33.40
Provision for gratuity (refer note 29)	130.80	72.28	128.64
	<b>289.91</b>	<b>240.39</b>	<b>306.67</b>

### 18 INCOME TAX LIABILITIES (CURRENT)

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for tax (net of advance tax of INR 3,037.33 Lacs (31 March 2017: INR 3,160.84 Lacs; 1 April 2016 INR 9,017.74 Lacs))	200.13	127.81	115.64
	<b>200.13</b>	<b>127.81</b>	<b>115.64</b>

### 19 REVENUE FROM OPERATIONS

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of services		
Exports (earning in foreign currency)	26,686.92	28,849.66
Domestic	16.45	20.47
	<b>26,703.37</b>	<b>28,870.13</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 20 OTHER INCOME

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on:		
Financial assets-carried at amortised cost	-	10.14
Deposits with banks	2.93	4.50
Dividend received on current investment carried at fair value through profit or loss (Mutual funds units)	135.72	813.04
Net gain on sale of current investment carried at fair value through profit or loss	494.01	122.67
Gain on investment carried at fair value through profit or loss	923.75	-
MTM and net gain on foreign currency transactions	256.18	116.27
Other non-operating income (refer note (i) below)	485.27	875.21
	<b>2,297.86</b>	<b>1,941.83</b>

#### Note (i) Other non-operating income comprises:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Liabilities no longer required written back	431.80	190.94
Reversal of allowances for expected credit loss	29.35	-
Bad debts and advances recovered	0.02	2.20
Gain on sale/disposal/discard of property, plant and equipment and Investment property (net)*	11.96	592.20
Miscellaneous income	12.14	89.87
	<b>485.27</b>	<b>875.21</b>

\*During the previous year, the Company has sold its investment property on second floor of Brigade Towers located in Bengaluru for a consideration of INR 610 Lacs and accounted for a pre tax profit of INR 591 Lacs.

### 21 EMPLOYEE BENEFITS EXPENSE

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages (refer note 29)	10,143.82	11,020.58
Contribution to provident and other funds (refer note 29)	666.83	719.81
Staff welfare expenses	337.98	388.66
	<b>11,148.63</b>	<b>12,129.05</b>

### 22 FINANCE COSTS

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on:		
Interest expense on income tax and service tax	12.66	17.46
	<b>12.66</b>	<b>17.46</b>

### 23 DEPRECIATION AND AMORTIZATION EXPENSE

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 3.1)	456.49	419.75
Depreciation on investment property (refer note 3.2)	3.17	3.30
Amortization on intangible assets (refer note 4)	344.87	165.40
	<b>804.53</b>	<b>588.45</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 24 OTHER EXPENSES

INR in Lacs

	Year ended 31 March 2018		Year ended 31 March 2017	
Consumables		18.40		29.26
Outsourcing cost		2,767.99		3,225.96
Power and fuel		496.14		533.65
Loss on foreign currency transactions		44.66		8.65
Rent (refer note 36(b) )		562.32		667.62
Hire charges		12.99		11.89
Repairs and maintenance - buildings		295.76		301.53
Repairs and maintenance - plant and machinery		164.71		217.49
Repairs and maintenance - others		4.80		6.52
Insurance		31.73		36.00
Rates and taxes		73.24		49.34
Communication		466.59		385.06
Travelling and conveyance		468.92		577.53
Expenditure on corporate social responsibility (refer note 37)		191.79		160.75
Legal and professional		335.40		296.32
Directors sitting fees		19.80		21.40
Commission to non-executive directors		60.20		58.60
Payments to auditors (refer note (i) below)		44.44		48.51
Bad debts written off	208.52		124.71	
Less: Allowances for expected credit loss utilised for the above	114.61	93.91	3.80	120.91
Advances written off	-	28.27	-	11.54
Allowances for expected credit loss and doubtful advances		123.20		80.19
Loss on investment carried at fair value through profit or loss		-		10.56
Miscellaneous expenses		544.12		551.39
		<b>6,849.38</b>		<b>7,410.67</b>

INR in Lacs

(i) Payments to the auditors comprises (net of iput credit, where applicable):	Year ended 31 March 2018	Year ended 31 March 2017
To Statutory auditors		
for statutory audit	25.09	24.65
for tax audit	2.00	2.00
for other services#	13.00	18.00
for reimbursement of expenses	4.35	3.86
	<b>44.44</b>	<b>48.51</b>

# includes INR 3.50 Lacs in financial year 2016-17 paid to erstwhile statutory auditors for limited review for the quarter ended 30 June 2016.

### 25 EXCEPTIONAL ITEMS\*

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Employee related severance pay	-	404.45
Other expenses	-	6.95
	<b>-</b>	<b>411.40</b>

\*The group during the year ended 31 March 2017, decided to re-structure part of its operations. Accordingly, an amount of INR 411.40 Lacs pertaining to severance pay and other expenses had been disclosed as an exceptional item.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 26 INCOME TAX

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Current income tax:</b>		
Current income tax charge for the year	3,194.72	3,166.56
Adjustments in respect of current income tax of previous years	(7.16)	(132.71)
	<b>3,187.56</b>	<b>3,033.85</b>
<b>Deferred tax:</b>		
Deferred tax on profits for the year	(22.47)	179.16
Adjustments in respect of deferred tax of previous years	-	-
	<b>(22.47)</b>	<b>179.16</b>
Income tax expense reported in the Statement of Profit and Loss	<b>3,165.09</b>	<b>3,213.01</b>
<b>OCI section</b>		
Tax related to items that will not be reclassified to Profit and Loss	25.76	20.33
<b>Income tax charged to OCI</b>	<b>25.76</b>	<b>20.33</b>

### Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Accounting profit before income tax	10,186.03	10,254.93
At India's statutory income tax rate	34.608%	34.608%
<b>Computed Tax Expense</b>	<b>3,525.18</b>	<b>3,549.03</b>
Change in tax rate	(127.27)	-
Tax exempt income	(182.64)	(281.38)
Non-deductible expenses	40.42	85.23
Others	(83.44)	(7.16)
Tax relating to earlier years	(7.16)	(132.71)
Income tax charged to Statement of Profit and Loss at effective rate of 31.07% (March 31, 2017: 31.33 %) (refer note below)	<b>3,165.09</b>	<b>3,213.01</b>

(a) Effective tax rate has been calculated on profit before tax.

(b) In India, Income tax rates has reduced from 30% to 25% effective 1 April 2018 for the domestic companies having turnover or gross receipts does not exceed INR 25,000 Lacs. Consequential deferred tax income of INR 77.08 Lacs has been appropriately adjusted in the tax expense for the year ended 31 March 2018.

(c) The US tax reforms has reduced federal tax rates from 34% to 21% effective 1 January 2018 amongst other measures. Consequential deferred tax income of INR 50.19 Lacs has been appropriately adjusted in the tax expense for the year ended 31 March 2018.

### 27 EARNINGS PER EQUITY SHARE

	Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year attributable to the owners of the Group (INR in Lacs)	7,020.94	7,041.92
Weighted average number of equity shares outstanding	1,86,16,926	1,86,16,926
Face value per share (INR)	10	10
<b>Earnings Per Share- Basic &amp; Diluted (INR)</b>	<b>37.71</b>	<b>37.83</b>



## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 28 MICRO, SMALL AND MEDIUM ENTERPRISES

There are no Micro, Small and Medium Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at the end of year. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) The principal amount remaining unpaid to any supplier as at the end of the year	14.81	2.66	-
(ii) The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-	-
(iii) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-	-

### 29 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER:

#### (A) Defined Contribution Plans

The Group has certain defined contribution plan such as provident fund, 401(k) plan, superannuation fund and employee state insurance (ESI), scheme for qualifying employees. Under the schemes, the Group is required specified percentage of payroll costs to fund the benefits. During the year, the Group has contributed following amounts to:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Employer's contribution to provident fund	397.63	450.80
Employer's contribution to 401(k) plan	162.74	169.79
Employer's contribution to superannuation fund	-	6.30
Employer's contribution to employee state insurance	106.46	92.92
	<b>666.83</b>	<b>719.81</b>

#### (B) Defined Benefit Plans

##### i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.65% p.a. (31 March 2017: 7.51% p.a.; 1 April 2016: 7.56% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds.

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 29 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER: (contd...)

The retirement age has been considered at 58 to 65 years (31 March 2017: 58 to 65 years; 1 April 2016: 58 to 65 years) and mortality table is as per IALM (2006-08) (31 March 2017: IALM (2006-08); 1 April 2016: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 6% p.a. (31 March 2017: 6% p.a.; 1 April 2016: 6% p.a.), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for employees of the Group. The expected rate of return on plan assets is 7.65% p.a. (31 March 2017: 7.51% p.a.; 1 April 2016: 7.56% p.a.).

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

INR in Lacs

Particulars	As at	As at
	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	589.63	560.60
Current service cost	71.80	67.98
Interest cost	44.28	42.38
Actuarial (gains)/loss	79.05	0.49
Benefits paid	(161.13)	(81.82)
<b>Present value of obligation at the end of the year</b>	<b>623.63</b>	<b>589.63</b>

### Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

INR in Lacs

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
Present value of obligation at the end of the year	623.63	589.63	560.60
Fair value of plan assets at the end of the year	(492.83)	(517.35)	(432.30)
<b>Net liabilities recognised in the Balance Sheet</b>	<b>130.80</b>	<b>72.28</b>	<b>128.30</b>

### Fair Value of Plan Assets

INR in Lacs

Particulars	As at	As at
	31 March 2018	31 March 2017
Plan assets at the beginning of the year	517.35	432.30
Expected return on plan assets	38.85	32.68
Contribution by employer	107.16	132.46
Actual benefits paid	(161.13)	(81.82)
Actuarial gain/ (loss)	(9.40)	1.73
<b>Plan assets at the end of the year</b>	<b>492.83</b>	<b>517.35</b>

Group best estimate of contribution during next year is INR 203.36 Lacs (31 March 2017: INR 144.78 Lacs)

### Composition of the plan assets is as follows:

INR in Lacs

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
Central Government Securities	20.82%	22.94%	22.94%
State Government Securities	45.36%	18.00%	18.00%
Govt. Guaranteed Securities	-	1.37%	1.37%
Debentures and Bonds	27.50%	37.52%	37.52%
Equity Shares	2.01%	4.69%	4.69%
Fixed Deposits	3.65%	14.99%	14.99%
Money Market Instruments	0.66%	0.49%	0.49%

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 29 EMPLOYEE BENEFITS IN RESPECT OF THE COMPANY HAVE BEEN CALCULATED AS UNDER: (contd...)

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

INR in Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	71.80	67.98
Interest cost	5.43	9.70
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>77.23</b>	<b>77.68</b>

Amount recognised in the other comprehensive income:

INR in Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial loss/(gain) due to demographic assumption change	53.83	41.19
Actuarial loss/(gain) due to financial assumption change	(5.20)	(3.98)
Actuarial loss/(gain) due to experience adjustment	30.42	23.28
Actuarial (gain)/loss on plan assets	9.40	(1.73)
<b>Amount recognised in the Other Comprehensive Income</b>	<b>88.45</b>	<b>58.76</b>

Sensitivity analysis

INR in Lacs

Particulars	Year ended 31 March 2018		Year ended 31 March 2018	
	Discount rate		Future salary increase	
Assumptions	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity level				
Impact on defined benefit	(17.89)	18.96	19.17	(18.25)

INR in Lacs

Particulars	Year ended 31 March 2017		Year ended 31 March 2017	
	Discount rate		Future salary increase	
Assumptions	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity level				
Impact on defined benefit	(32.14)	34.98	35.33	(32.73)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

### (C) Other long term benefits (compensated absences):

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of obligation at the end of the year	4.83	18.65	33.40

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

		INR in Lacs											
		30 FAIR VALUE MEASUREMENTS											
Particulars	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016				
			FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost		
<b>Financial assets</b>													
Investments in mutual fund (excluding investment in subsidiaries)	(d)	1	28,799.72	-	-	20,598.50	-	-	16,914.08	-	-	-	-
Trade receivables	(a)		-	-	4,614.54	-	-	6,010.00	-	-	-	4,511.28	-
Loans	(a, b)		-	-	171.98	-	-	182.05	-	-	-	239.23	-
Cash and cash equivalents	(a)		-	-	2,299.01	-	-	1,676.91	-	-	-	1,428.66	-
Derivative financial assets	(c)	2	-	-	-	200.15	-	-	249.43	-	-	-	-
Other financial assets	(a, b)		-	-	2,461.30	-	-	1,753.64	-	-	-	968.08	-
<b>Total financial assets</b>			<b>28,799.72</b>	<b>-</b>	<b>9,546.83</b>	<b>20,798.65</b>	<b>-</b>	<b>9,622.60</b>	<b>17,163.51</b>	<b>-</b>	<b>-</b>	<b>7,147.25</b>	<b>-</b>
<b>Financial liabilities</b>													
Trade payables	(a)		-	-	1,109.09	-	-	1,099.50	-	-	-	830.49	-
Derivative financial liabilities	(c)	2	34.84	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	(a)		-	-	458.99	-	-	843.99	-	-	-	849.00	-
<b>Total financial liabilities</b>			<b>34.84</b>	<b>-</b>	<b>1,568.08</b>	<b>-</b>	<b>-</b>	<b>1,943.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,679.49</b>	<b>-</b>

### Note:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturity of these instruments.
- (b) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (c) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
- (d) The fair value of the mutual funds are based on net assets value of the funds as at reporting date.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 31 FINANCIAL RISK MANAGEMENT

#### Risk management framework

The Group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

#### i Market risk

Market risk includes foreign exchange risk, pricing risk and interest risk that may affect the Group 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 returns.

#### Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue and expense are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are USD, EUR, GBP and Others. The Group takes adequate foreign exchange forward covers as per the guidelines approved by the Board to mitigate currency risk.

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Particulars	As at 31 March 2018				As at 31 March 2017				As at 1 April 2016					
	USD		GBP		USD		GBP		USD		EUR		GBP	
	USD	EUR	GBP	Others	USD	EUR	GBP	Others	USD	EUR	GBP	Others	EUR	GBP
Cash and cash equivalents	158.48	0.51	19.63	-	167.12	2.60	4.04	0.03	156.50	0.07	176.49	0.03	0.07	176.49
Trade receivables	2,417.18	93.43	1,111.26	23.99	2,424.85	125.46	1,435.22	32.59	2,354.63	78.78	1,106.79	120.16	78.78	1,106.79
Trade payables	(150.96)	(21.55)	(0.18)	-	(5.48)	(1.08)	(9.98)	(0.76)	(52.02)	-	(3.55)	-	-	(3.55)
Other financial liabilities	(59.34)	-	-	-	(58.35)	-	-	-	(37.39)	-	-	-	-	-
<b>Net statement of financial position exposure</b>	<b>2,365.36</b>	<b>72.39</b>	<b>1,130.71</b>	<b>23.99</b>	<b>2,528.14</b>	<b>126.98</b>	<b>1,429.28</b>	<b>31.86</b>	<b>2,421.72</b>	<b>78.85</b>	<b>1,279.73</b>	<b>120.19</b>	<b>78.85</b>	<b>1,279.73</b>

INR in Lacs

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EUR and GBP against INR at 31 March would have affected the measurement of financial exposure 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 on forecast revenue and expenses.

	Profit or Loss (before tax)					
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2017	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD (1% movement)	23.65	(23.65)	25.28	(25.28)	25.28	(25.28)
EUR (1% movement)	0.72	(0.72)	1.27	(1.27)	1.27	(1.27)
GBP (1% movement)	11.31	(11.31)	14.29	(14.29)	14.29	(14.29)
Others (1% movement)	0.24	(0.24)	0.32	(0.32)	0.32	(0.32)

INR in Lacs

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 31 FINANCIAL RISK MANAGEMENT (contd...)

### Forward covers

The Group takes adequate foreign exchange forward covers to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is bank. These forward covers are value based on quoted prices for similar assets and liabilities in active markets or input that are directly or indirectly observable in the marketplace.

The details in respect of outstanding foreign currency forward contract are as follows:

Forward exchange contract	Buy/Sell	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		FC in Lacs	INR in Lacs	FC in Lacs	INR in Lacs	FC in Lacs	INR in Lacs
USD	Sell	72.00	4,748.55	48.00	3,342.95	72.00	5,031.86
GBP	Sell	21.00	1,933.13	-	-	8.00	846.42

### Pricing risk:

Pricing pressure is a constant risk due to increased competition. The Group strives to mitigate this risk with existing customers by a trade-off for volumes. Thereon, it is the Group's endeavor to reduce the impact by taking advantage of economies of scale and increasing productivity, as well increasing automation within these processes.

### Interest rate risk

The Group is not exposed to interest rate risk.

## ii Credit risk

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and if a customer fails to meet its contractual obligations. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Details of concentration of revenue are as follows:

Particulars	INR in Lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from 4 customers (Previous year 3 customers) (more than 10% revenue individually)	13,406.60	13,818.05
Revenue from top 15 customers	21,326.43	24,469.83

Expanding the customer base is mitigating this risk. Within the current customers, the Group is looking to deepen the partnership by supporting publishers in new areas of outsourcing.

### Expected credit loss for trade receivables:

The Group based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss.

Movement in the expected credit loss allowance of trade receivables are as follows:

Particulars	INR in Lacs	
	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	90.06	20.93
Add: Provided during the year (net of reversal)	91.78	74.43
Less: Amount written off	(114.61)	(3.80)
Less: Impact of foreign currency translation	1.41	(1.50)
<b>Balance at the end of the year</b>	<b>68.64</b>	<b>90.06</b>

### Expected credit loss on financial assets other than trade receivables:

With regard to other financial assets with contractual cash flows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no material provision for excepted credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

### Investments

The Group limits its exposure to credit risk by investing in liquid securities and short term bonds and only with counterparties that have a good credit rating. The Group invests as per the guidelines approved by the Board to mitigate this risk.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 31 FINANCIAL RISK MANAGEMENT (contd...)

#### iii Liquidity risk

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

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Liquidity situation is reviewed regularly by the management.

#### Exposure to liquidity risk

The following are the details of contractual maturities of financial liabilities at the reporting date:

Particulars	Contractual Cash Flow								INR in Lacs	
	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016			
	Carrying Amount	Within 1 year	More than 1 Year	Carrying Amount	Within 1 year	More than 1 Year	Carrying Amount	Within 1 year		More than 1 Year
<b>Non-derivative financial liabilities</b>										
Trade payables	1,109.09	1,109.09	-	1,099.50	1,099.50	-	830.49	830.49	-	-
Other financial liabilities	458.99	458.99	-	843.99	843.99	-	849.00	849.00	-	-
<b>Derivative financial liabilities</b>										
Other financial liabilities (forward covers)	34.84	34.84	-	-	-	-	-	-	-	-

### 32 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure is as follows:

Particulars	INR in Lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total equity attributable to the equity share holders of the Group	1,861.69	1,861.69	1,861.69
As percentage of total capital	100%	100%	100%

The Group is equity financed which is evident from the capital structure. Further, the Group has always been a net cash group with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds.

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 33 SEGMENT INFORMATION

### Operating Segments

The CEO and Whole Time Director of the Group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of each segment and to make decision about allocation of resources. Accordingly, the Group has determined reportable segment by nature of its product and service, accordingly following are the reportable segments:

- (a) **Content Solutions:** Content solutions mean creating and developing content for print and digital delivery. It includes content authoring/development, content production, content transformation, fulfillment and customer support services.
- (b) **Platform Solutions:** Platform solutions means developing and implanting various software and technology services programs.

The Group has aggregated its operating segment into Content and Platform operating reportable segment, which is consistent with aggregation criteria defined under Ind AS 108 i.e. similar economic characteristics, similar nature of the production process, similar type or class of customer for their products and services and similar method used to distribute their product or provide their services.

Accordingly, operating segment i.e. books, journals, customer fulfillment and others are aggregated into content operating segment and technology and software related services aggregated into platform operating segment.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

- (i) Revenue and expenses which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue/expenses'. Details are as follows:

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Segment revenue</b>		
Content solutions	21,976.96	24,857.23
Platform solutions	4,726.41	4,012.90
<b>Total revenue from operations</b>	<b>26,703.37</b>	<b>28,870.13</b>
<b>Segment results</b>		
Content solutions	8,142.14	8,867.30
Platform solutions	1,584.97	1,149.44
<b>Total</b>	<b>9,727.11</b>	<b>10,016.74</b>
Add: Interest income	2.93	14.64
Less: Finance cost	12.66	17.46
Less: Un-allocable expenditure (net of un-allocable income)	(468.65)	(241.01)
<b>Profit before tax</b>	<b>10,186.03</b>	<b>10,254.93</b>
Tax expense	3,165.09	3,213.01
<b>Profit for the year</b>	<b>7,020.94</b>	<b>7,041.92</b>

- (ii) Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between segments and the management believes that it is not practicable to provide segment disclosures relating to total assets and liabilities.



## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 33 SEGMENT INFORMATION (contd...)

#### (c) Geographical informations:

The geographical information analysis the Group's revenue and non-current assets by the holding Company's country of domicile (i.e. India) and other countries. In presenting the geographical information segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

#### (i) Revenue by geographical markets

INR in Lacs

	Year ended 31 March 2018	Year ended 31 March 2017
India (country of domicile)	16.45	20.47
Europe	10,661.93	11,196.46
USA	15,212.19	16,275.74
Rest of the World	812.80	1,377.46
<b>Total</b>	<b>26,703.37</b>	<b>28,870.13</b>

#### (ii) Non-current assets (by geographical location of assets)\*

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
India (country of domicile)	3,873.53	4,860.65	5,102.09
USA	2,191.54	1,786.66	1,189.81
Rest of the World	-	508.43	-
<b>Total</b>	<b>6,065.07</b>	<b>7,155.74</b>	<b>6,291.90</b>

### 34 RELATED PARTY TRANSACTIONS

The related parties as per the terms of Ind AS-24, "Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are disclosed below:-

#### A Names of related parties and description of relationship:

S.No.	Description of relationship	Names of related parties
1	Holding Company	ADI BPO Services Limited
2	Subsidiary Company	MPS North America LLC MAG+AB, Sweden (refer note 3 below)
3	Downstream Subsidiary Company	Magplus Inc, USA (merged with its holding company w.e.f 10 August 2017)
4	Company Under Common Control	ADI Media Private Limited
5	Key management personnel (KMP)	Mr. Nishith Arora, Non-Executive Chairman w.e.f 15 May 2017 (Executive Chairman and Whole time Director till 14 May 2017) Mr. Rahul Arora, Chief Executive Officer and Whole Time Director Ms. Yamini Tandon, Non- Executive Director Mr. D E Udawadia, Non-Executive Director Mr. Ashish Dalal, Non-Executive Director (till 9 March 2018) Mr. Vijay Sood, Non-Executive Director Mr. Sunit Malhotra, CFO & Company Secretary (Company Secretary w.e.f 23 October 2017) and Director of holding company till 15 January 2018 Mr. Hitesh Jain, Company Secretary till 12 September 2017 Ms. Gagan Sahni Tyagi, Director of holding company Ms. Pooja Singh (appointed as Director of holding company w.e.f 15 January 2018)
6	Firm in which KMP is a partner	M/s Udawadia & Co.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 34 RELATED PARTY TRANSACTIONS (contd...)

#### B Transactions during the year

INR in Lacs

	Description of transactions:	Name of related party	Relationship	Year ended 31 March 2018	Year ended 31 March 2017
1	Rentals paid	ADI BPO Services Limited	Holding Company	160.20	160.20
		ADI Media Private Limited	Company Under Common Control (refer note 2 below)	3.08	-
2	Infrastructure charges	ADI BPO Services Limited	Holding Company	51.60	51.60
3	Reimbursement of expenses	ADI BPO Services Limited	Holding Company	125.56	122.64
		ADI Media Private Limited	Company Under Common Control	2.33	-
4	Remuneration				
(i)	Short-term employee benefits	Mr. Nishith Arora	KMP	9.20	47.04
		Ms. Yamini Tandon	KMP	119.75	89.67
		Mr. Rahul Arora	KMP	180.88	161.60
		Mr. Sunit Malhotra	KMP	48.56	44.71
		Mr. Hitesh Jain	KMP	15.21	30.29
		Ms. Gagan Sahni Tyagi	KMP	17.91	16.70
		Ms. Pooja Singh	KMP	5.35	-
(ii)	Post-employment benefits	Mr. Nishith Arora	KMP	-	6.30
		Mr. Sunit Malhotra	KMP	1.45	1.79
		Mr. Hitesh Jain	KMP	-	0.77
		Ms. Gagan Sahni Tyagi	KMP	0.65	0.38
		Ms. Pooja Singh	KMP	0.11	-
5	Director Sitting Fees	Mr. D E Udawadia	KMP	6.00	7.60
		Mr. Ashish Dalal	KMP	4.40	5.00
		Mr. Vijay Sood	KMP	9.40	8.80
6	Commission	Mr. D E Udawadia	KMP	17.84	20.21
		Mr. Ashish Dalal	KMP	13.38	14.14
		Mr. Vijay Sood	KMP	28.98	24.25
7	Professional services rendered	Mr. D E Udawadia	Firm in which KMP is a partner	4.11	1.86

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 34 RELATED PARTY TRANSACTIONS (contd...)

### C Balances at the year end

INR in Lacs

	Description of transactions:	Name of related party	Relationship	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1	Security deposit placed	ADI BPO Services Limited	Holding Company	60.99	56.75	100.00
		ADI Media Private Limited	Company Under Common Control	0.68	-	-
2	Prepayment rent	ADI BPO Services Limited	Holding Company	36.72	41.96	-
		ADI Media Private Limited	Company Under Common Control	0.19	-	-
3	Trade payables	ADI BPO Services Limited	Holding Company	1.62	-	-
		ADI Media Private Limited	Company Under Common Control	0.26	-	-
4	Projected benefit obligation	Mr. Sunit Malhotra	KMP	7.01	5.43	3.54
		Mr. Hitesh Jain	KMP	-	1.63	0.85
		Ms. Gagan Sahni Tyagi	KMP	1.67	0.99	0.60
		Ms.Pooja Singh	KMP	1.51	-	-

#### Notes:

- No amount has been written off/written back during the year in respect of dues from/to related parties.
- Group has taken one rent free premises at Noida location w.e.f. 1 June 2014 and one rented premises at Gurugram location w.e.f 1 September 2017.
- The Board of Directors of the Company at their meeting held on 25 January 2017 approved for liquidation of MAG+AB, Sweden, a subsidiary company. MAG+AB, vide approval of its shareholders at their meeting held on 16 February 2017, had filed for voluntary liquidation procedure in February 2017. MAG+AB, was liquidated in December 2017 and ceased to be a subsidiary of the Company. Residual fund of MAG+AB has been disbursed to the Company in extinguishment of 100 percent shareholding of the Company in MAG+AB.

## 35 CONTINGENT LIABILITIES TO THE EXTENT NOT PROVIDED FOR:

### Claims against Company, disputed by the Company, not acknowledged as debt:

INR in Lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Income tax	930.87	657.42	702.80
(b) Service tax	280.90	288.25	266.70
(c) Employee State Insurance (ESI) and Provident Fund (PF)	2.44	6.59	6.59
(d) Other claims	194.31	239.82	211.02

The above amounts are based on the notice of demand/Assessment Orders/claims by the relevant authorities/parties and the Group is contesting these claims. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Group's rights for future appeals before the judiciary. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 36 COMMITMENTS AS AT YEAR END

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) INR 38.72 Lacs (31 March 2017: INR 68.42 Lacs; 1 April 2016: INR 25.73 Lacs).

#### b) Leases:

(i) The Group has entered into cancellable and non-cancellable operating leases for office premises. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 540.73 Lacs (31 March 2017: INR 644.31 Lacs) has been included under rent expense in note 24.

(ii) The Group has operating lease arrangements in respect of vehicles which are cancellable, range between 1 years to 5 years. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 21.59.Lacs (31 March 2017: INR 23.31 Lacs) has been included under rent expense in note 24.

(iii) The Group has significant operating lease arrangements which are non-cancellable for a period up to 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

Particulars	INR in Lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- not later than one year	211.80	211.80	-
- later than one year and not later than five years	-	211.80	-
- later than five years	-	-	-

### 37 CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSE

As required by Section 135 of the Companies Act 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities include imparting primary education to under privileged girls, computer education to underprivileged children and building intellect and instill higher values of life through education and any other area the Board may find appropriate. Gross amount required to be spent by the Company during the year was INR 191.79 Lacs (for the year ended 31 March 2017; INR 170.53 Lacs).

**Amount spent by the company on its CSR activities are as follows:**

Purpose	INR in Lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
Promotion of education and skills	140.46	135.55
Health care	51.33	25.20
<b>Total</b>	<b>191.79</b>	<b>160.75</b>

### 38 BUSINESS COMBINATION:

**Summary of acquisitions are as given below:**

(a) The Group during the year ended 31 March 2017, had given purchase consideration of INR 428.16 Lacs in cash to acquire certain assets including application platform business from Digital River, Inc. a company based in USA vide asset purchase agreement dated 3 February 2017 which qualifies for business combination accounting. The customary condition for consummation of the said acquisition has been completed subsequent to year ended 31 March 2017, i.e. with effect from 1 April 2017. The acquisition of THINK Subscription strengthens the Company's platform capabilities to include subscription management and fulfillment solutions.

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 38 BUSINESS COMBINATION (contd...)

Following assets and liabilities have been recorded on fair value through business combination accounting by the Group :

	Notes	As at 1 April 2017
Property, plant and equipment	3.1	62.69
Other intangible assets	4	453.01
Trade receivables		168.91
Advance from customers		(306.72)
<b>Net assets</b>		<b>377.89</b>
Purchase consideration		428.16
<b>Goodwill on acquisition</b>	4	<b>50.27</b>

The goodwill of INR 50.27 Lacs comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for income tax purposes.

The group incurred acquisition related cost of INR 5.37 Lacs on legal fees and due diligence costs. These cost have been included in legal and professional fees under the head "other expenses".

- (b) The Group had acquired MAG+AB, a Company based in Sweden and Mag Plus Inc., a Company based in USA vide share purchase agreement dated 1 July 2016. Mag Plus Inc. had been acquired through MPS North America LLC. In accordance with the share purchase agreement, the group has paid a purchase consideration of INR 1,726.40 Lacs in cash as at 1 July 2016. The acquisition of Mag+ has enhanced platform capabilities and expanded reach into newer publishing markets including enterprises and magazine publishers.

Following assets and liabilities have been recorded on fair value through business combination accounting by the Group :

	Notes	As at 1 July 2016		
		Mag Plus Inc.	MAG+AB	Total
Property, plant and equipment	3.1	36.03	3.22	39.25
Other intangible assets	4	36.65	671.95	708.60
Trade receivables		490.22	5.50	495.72
Cash and cash equivalents		222.25	282.30	504.55
Loans		14.50	-	14.50
Other current assets		38.05	287.82	325.87
Trade payables		(97.01)	(221.48)	(318.49)
Deferred tax liabilities	13	(14.66)	(174.39)	(189.05)
Other liabilities		(40.88)	(385.61)	(426.49)
<b>Net assets</b>		<b>685.15</b>	<b>469.31</b>	<b>1,154.46</b>
Purchase consideration				1,726.40
<b>Goodwill on acquisition</b>	4			<b>571.94</b>

The goodwill of INR 571.94 Lacs comprises value of acquired workforce and expected synergies arising from the acquisition.

Goodwill is deductible for income tax purposes.

If the acquisition had occurred on 1 April 2016, management estimates that consolidated revenue for the Company would have been INR 2150 Lacs and the profit after taxes would have been INR 12 Lacs for twelve months ended 31 March 2017. The pro-forma amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on date indicated or that may result in the future.

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 39 DISCLOSURE ON SPECIFIED BANK NOTES

The Specified bank notes as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November 2016 are no longer in existence. Hence the group has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. The disclosure of specified bank notes made in the financial statements for 31 March 2017 are as follows:

INR in Lacs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1.00	0.73	1.73
(+) Permitted receipts	-	2.64	2.64
(-) Permitted payments	-	2.85	2.85
(-) Amount deposited in Banks	1.00	-	1.00
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>0.52</b>	<b>0.52</b>

40 There has been no delay in transferring amounts and shares, required to be transferred, to the Investor Education and Protection Fund by the Group.

## 41 DETAILS OF PROVISIONS

The Company has made provision for pending litigation matter based on its assessment of the amount it estimates to incur to meet such obligation, details of which are given below:

INR in Lacs

Provision for service tax matter	As at 31 March 2018	As at 31 March 2017
As at commencement of the year	149.46	144.63
Additions	4.82	4.83
Utilisation	-	-
<b>As at end of the year</b>	<b>154.28</b>	<b>149.46</b>
Out of the above following amount are expected to be incurred within year	154.28	149.46

42 The Board of Directors of the Company have approved the scheme of amalgamation involving amalgamation of ADI BPO Services Limited (post demerger of its 'Infrastructure Management Business Undertaking' into ADI Media Private Limited) into the Company. The scheme has been filed with the stock exchanges for their approval. The Company will file the scheme with NCLT for further process once approved.

43 Subsequent to year end, the Company has entered into definitive agreements on 24 April 2018 for the acquisition of the enterprise e-Learning business of Tata Interactive Systems in India (a division of Tata Industries Limited, a company incorporated in India having its registered office in Mumbai) and its branches in USA, UK, Canada and UAE and for the entire paid up equity share capital held by Tata Industries Limited in its wholly owned subsidiaries, Tata Interactive Systems AG, Switzerland and Tata Interactive Systems GmbH, Germany. The Company is confident that the transactions will close in the near future on fulfillment of mutually agreed closing conditions.

## 44 DISCLOSURE AS PER PARA A OF SCHEDULE V OF THE LISTING REGULATIONS

There are no loans and advances in the nature of loans given to subsidiaries, associates, firms/companies in which directors are interested.

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 45 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY

INR in Lacs

S. N.	Name of Enterprises	Net Assets (Total assets - Total liabilities)		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	INR in Lacs	As % of consolidated profit/(loss)	INR in Lacs	As % of Consolidated other comprehensive income	INR in Lacs	As % of Consolidated total comprehensive income	INR in Lacs
	<b>Parent</b>								
	MPS Limited	98.39%	41,192.66	97.15%	6,821.18	(223.60%)	(62.69)	95.88%	6,758.49
	<b>Subsidiaries</b>								
	<b>Foreign</b>								
1	MPS North America LLC	11.72%	4,906.02	5.77%	404.91	167.52%	46.97	6.41%	451.88
2	Magplus Inc (merged w.e.f 10 August 2017 with its holding company)	-	-	(1.93%)	(135.59)	7.31%	2.05	(1.89%)	(133.54)
3	MAG+AB (liquidated w.e.f 21 December 2017)	-	-	1.87%	130.94	112.52%	31.55	2.30%	162.49
	Total elimination	(10.11%)	(4,231.13)	(2.86%)	(200.50)	36.25%	10.16	(2.70%)	(190.34)
	<b>Total</b>	<b>100.00%</b>	<b>41,867.55</b>	<b>100.00%</b>	<b>7,020.94</b>	<b>100.00%</b>	<b>28.04</b>	<b>100.00%</b>	<b>7,048.98</b>

## 46 FIRST-TIME ADOPTION OF IND AS

### Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The significant accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

### (A) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### Ind AS optional exemptions

##### 1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 "Business Combinations" prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combination occurring prior to the transition date have not been restated.

##### 2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS,

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 46 FIRST-TIME ADOPTION OF IND AS (contd...)

measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets and investment property covered by Ind AS 38 Intangible Assets and Ind AS 40 Investment Property respectively. Accordingly, the Company has elected to measure all of its property, plant and equipment, investment property and intangible assets at their previous GAAP carrying value.

### 3 Investments in subsidiaries

Ind AS 101 permits the first time adopter to measure investment in subsidiaries in accordance with Ind AS 27 at one of the following:

- a) cost determined in accordance with Ind AS 27 or
- b) Deemed cost:
  - (i) fair value at date of transition
  - (ii) previous GAAP carrying amount at that date.

The Company has elected to consider previous GAAP carrying amount of its investments in subsidiaries on the date of transition to Ind AS as its deemed cost for the purpose of determining cost in accordance with principles of Ind AS 27-“Separate financial statements”

- 4 Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. The group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

## Ind AS mandatory exceptions

### 1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit Loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Fair valuation of financial instruments carried at fair value through profit and loss.

### 2 Classification and measurement of financial assets

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

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



# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 46 FIRST-TIME ADOPTION OF IND AS (contd...)

### 46 (B). Reconciliations of Balance Sheet 1 April 2016 and as at 31 March 2017

INR in Lacs

Particulars	Note 46(F)	As at 1 April 2016			As at 31 March 2017		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		2,215.23	-	2,215.23	2,215.62	-	2,215.62
Capital work in progress		5.85	-	5.85	-	-	-
Investment property		139.72	-	139.72	117.11	-	117.11
Goodwill	7	1,123.63	-	1,123.63	1,786.68	(78.64)	1,708.04
Other Intangible assets	7	105.01	-	105.01	620.25	198.06	818.31
<b>Financial assets</b>							
Loans	1	254.18	(29.29)	224.89	213.58	(62.40)	151.18
Other financial assets		27.28	-	27.28	27.68	-	27.68
Income tax assets (net)		412.93	-	412.93	658.73	-	658.73
Other non-current assets	1	2,017.61	19.75	2,037.36	1,410.29	48.78	1,459.07
<b>Total Non-Current Assets</b>		<b>6,301.44</b>	<b>(9.54)</b>	<b>6,291.90</b>	<b>7,049.94</b>	<b>105.80</b>	<b>7,155.74</b>
<b>Current Assets</b>							
<b>Financial assets</b>							
Investments	2	16,901.87	12.21	16,914.08	20,593.11	5.39	20,598.50
Trade receivables	3	4,496.55	14.73	4,511.28	6,015.36	(5.36)	6,010.00
Cash and cash equivalents		1,428.66	-	1,428.66	1,676.91	-	1,676.91
Loans		14.34	-	14.34	30.87	-	30.87
Other financial assets		1,103.16	87.07	1,190.23	1,926.11	-	1,926.11
Other current assets	1	255.88	6.66	262.54	733.41	9.83	743.24
<b>Total current assets</b>		<b>24,200.46</b>	<b>120.67</b>	<b>24,321.13</b>	<b>30,975.77</b>	<b>9.86</b>	<b>30,985.63</b>
<b>TOTAL ASSETS</b>		<b>30,501.90</b>	<b>111.13</b>	<b>30,613.03</b>	<b>38,025.71</b>	<b>115.66</b>	<b>38,141.37</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		1,861.69	-	1,861.69	1,861.69	-	1,861.69
Other equity	1 to 7	26,081.70	73.11	26,154.81	32,845.14	83.33	32,928.47
<b>Total equity</b>		<b>27,943.39</b>	<b>73.11</b>	<b>28,016.50</b>	<b>34,706.83</b>	<b>83.33</b>	<b>34,790.16</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Deferred tax liabilities (net)	5, 7	167.00	38.02	205.02	499.94	32.33	532.27
<b>Total non-current liabilities</b>		<b>167.00</b>	<b>38.02</b>	<b>205.02</b>	<b>499.94</b>	<b>32.33</b>	<b>532.27</b>
<b>Current Liabilities</b>							
<b>Financial liabilities</b>							
Trade payables		830.49	-	830.49	1,099.50	-	1,099.50
Other financial liabilities		849.00	-	849.00	843.99	-	843.99
Other current liabilities		289.71	-	289.71	507.25	-	507.25
Provisions		306.67	-	306.67	240.39	-	240.39
Income tax liabilities (net)		115.64	-	115.64	127.81	-	127.81
<b>Total current liabilities</b>		<b>2,391.51</b>	<b>-</b>	<b>2,391.51</b>	<b>2,818.94</b>	<b>-</b>	<b>2,818.94</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,501.90</b>	<b>111.13</b>	<b>30,613.03</b>	<b>38,025.71</b>	<b>115.66</b>	<b>38,141.37</b>

## Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

### 46 FIRST-TIME ADOPTION OF IND AS (contd...)

#### 46 (C). Reconciliation Statement of Profit and Loss as previously reported under Previous GAAP to Ind AS

INR in Lacs

Particulars	Note 46(F)	Year ended 31 March 2017		
		IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from operations		28,870.13	-	28,870.13
Other income	1,2,4	2,019.63	(77.80)	1,941.83
<b>Total income</b>		<b>30,889.76</b>	<b>(77.80)</b>	<b>30,811.96</b>
<b>Expenses</b>				
Employee benefits expense	6	12,187.81	(58.76)	12,129.05
Finance costs		17.46	-	17.46
Depreciation and amortization expense	7	667.90	(79.45)	588.45
Other expenses	1,2,3,4	7,373.58	37.09	7,410.67
<b>Total Expenses</b>		<b>20,246.75</b>	<b>(101.12)</b>	<b>20,145.63</b>
<b>Profit before exceptional items and tax</b>		<b>10,643.01</b>	<b>23.32</b>	<b>10,666.33</b>
Exceptional items		411.40	-	411.40
<b>Profit before tax</b>		<b>10,231.61</b>	<b>23.32</b>	<b>10,254.93</b>
<b>Tax expense:</b>				
Current tax		3,166.56	-	3,166.56
Reversal of excess provision for tax relating to earlier years		(132.71)	-	(132.71)
Deferred tax	5	201.83	(22.67)	179.16
<b>Total tax expenses</b>		<b>3,235.68</b>	<b>(22.67)</b>	<b>3,213.01</b>
<b>Profit for the year</b>		<b>6,995.93</b>	<b>45.99</b>	<b>7,041.92</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of net defined benefit liability/assets	6	-	(58.76)	(58.76)
Income tax relating to items that will not be reclassified to profit or loss	5	-	20.33	20.33
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		-	(229.83)	(229.83)
<b>Total other comprehensive income for the year , net of tax</b>		<b>-</b>	<b>(268.26)</b>	<b>(268.26)</b>
<b>Total comprehensive income for the year</b>		<b>6,995.93</b>	<b>(222.27)</b>	<b>6,773.66</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purposes of this note.

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 46 FIRST-TIME ADOPTION OF IND AS (contd...)

### 46 (D) Equity reconciliation

INR in Lacs

	Note 46(F)	As at 31 March 2017	As at 1 April 2016
<b>Reported earlier under Previous GAAP</b>		34,706.83	27,943.39
Impact of fair valuation of current investment	2	5.39	12.21
Impact of fair valuation of forward exchange contracts	4	-	87.07
Impact of expected credit loss	3	(5.36)	14.73
Impact of depreciation due to business combination accounting	7	79.45	-
Others (refer note i below)	1	(1.13)	(2.88)
Consequential tax adjustments	5	4.98	(38.02)
<b>Equity reported under Ind AS</b>		<b>34,790.16</b>	<b>28,016.50</b>

i) Others include adjustments resulting from classification of actuarial gain/(loss) to OCI, etc.

**46 (E)** Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

### 46 (F) Notes to the Reconciliations

#### 1 Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by INR 62.40 Lacs as at 31 March 2017 (1 April 2016 INR 29.29 Lacs). The prepaid rent increased by INR 58.61 Lacs as at 31 March 2017 (1 April 2016 INR 26.41 Lacs). Total equity decreased by INR 3.79 Lacs as on 31 March 2017 (1 April 2016 INR 2.88 Lacs). The profit for the year and total equity as at 31 March 2017 decreased by INR 0.91 Lacs due to amortisation of the prepaid rent of INR 10.18 Lacs which is partially off-set by the notional interest income of INR 9.27 Lacs recognised on security deposits.

#### 2 Current Investments

Under the previous GAAP, Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017. Accordingly, total equity has been increased by INR 5.39 Lacs as at 31 March 2017 (1 April 2016 INR 12.21 Lacs) and profit for the year ended 31 March 2017 decreased by INR 6.82 Lacs.

#### 3 Trade Receivables

As per Ind AS 109, the group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased/(decreased) by INR 5.36 Lacs as at 31 March 2017 (1 April 2016 (INR 14.73 Lacs)). Consequently, the total equity as at 31 March 2017 increased/(decreased) by (INR 5.36 Lacs) (1 April 2016 INR 14.73) and profit for the year ended 31 March 2017 decreased by INR 20.09 Lacs.

#### 4 Derivative Instruments - Foreign Exchange Forward Contracts

Under Previous GAAP, unrealised net loss on foreign exchange forward contracts, if any, as at each

# Notes forming part of Consolidated Financial Statements

INR in Lacs, except share and per share data, unless otherwise stated

## 46 FIRST-TIME ADOPTION OF IND AS (contd...)

Balance Sheet date was provided for. Under Ind AS, foreign exchange forward contracts are mark-to-market as at Balance Sheet date and unrealised net gain or loss is recognised in profit and loss statement.

Unrealised mark-to-market gain of INR 87.07 Lacs on forward contracts are recognised as at 1 April 2016. This amount was realised during the year ended 31 March 2017.

## 5 Deferred Tax

Under previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Also deferred tax have been recognised on the adjustment made on transition to Ind AS.

Consequent to the above, the total equity is increased/(decreased) by INR 4.98 Lacs as at 31 March 2017 (1 April 2016: (INR 38.02 Lacs)) and profit for the year ended 31 March 2017 increased by INR 43.00 Lacs.

## 6 Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit before tax for the year ended 31 March 2017 increased by INR 58.76 Lacs. There is no impact on the total equity as at 1 April 2016 and 31 March 2017.

## 7 Business Combination

Intangible assets and deferred tax assets/liabilities in relation to business combination, which were included with in Goodwill under previous GAAP, have been recognized separately under Ind AS with corresponding adjustment to total comprehensive income for giving effect of amortization expense and exchange gain and losses.

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

Partner

Membership Number: 095109

For and on behalf of the Board of Directors of **MPS Limited**

**Rahul Arora**

Chief Executive Officer & Whole Time Director

DIN: 05353333

**Vijay Sood**

Director

DIN: 01473455

**Sunit Malhotra**

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

Place: Gurugram

Date : 23 May 2018

## Form AOC – 1

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

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

₹ in Lacs

Name of the subsidiary	MPS North America, LLC, USA	MAG+AB, Sweden**	MagPlus Inc. USA***
Reporting year/period for the subsidiary concerned	Financial Year 2017-18	Period 01 April 2017 to 21 December 2017	Period 01 April 2017 to 10 August 2017
Reporting currency and exchange rate as on the Financial Year ended on 31 March 2018	INR 65.175 = USD 1	Not Applicable	Not Applicable
Share capital	4,213.59	Not Applicable	Not Applicable
Reserves & surplus	692.43	Not Applicable	Not Applicable
Total assets	5,878.07	Not Applicable	Not Applicable
Total liabilities	5,878.07	Not Applicable	Not Applicable
Investments	Nil	Not Applicable	Not Applicable
Turnover	6,600.47*	93.72*	526.87*
Profit/(loss) before taxation	495.28*	(8.19)*	(135.59)*
Provision for taxation	90.38*#	(139.13)*	-#
Profit/(loss) after taxation	404.91*	130.94*	(135.59)*
Other comprehensive income	46.97*	31.55*	2.05*
Total comprehensive income	451.88*	162.49*	(133.54)*
Proposed Dividend	Nil	Nil	Nil
% of shareholding	100%	Not Applicable	Not Applicable

\*Converted at monthly average exchange rates.

\*\*MAG+ AB a wholly owned subsidiary, at Sweden was liquidated and ceased to be a subsidiary of the Company w.e.f 21 December 2017.

\*\*\*MagPlus Inc., USA a downstream subsidiary has been merged with its holding company i.e. MPS North America LLC, USA w.e.f 10 August 2017.

#MPS North America LLC has opted for Group Corporate Tax filings therefore provision for Taxation for combined group has been considered in MPS North America LLC.

For and on behalf of the Board of Directors of **MPS Limited**

#### Rahul Arora

Chief Executive Officer & Whole Time Director  
DIN: 05353333

#### Vijay Sood

Director  
DIN: 01473455

#### Sunit Malhotra

Chief Financial Officer & Company Secretary

Place: Gurugram

Date : 23 May 2018

## NOTICE

NOTICE is hereby given that the 48th ANNUAL GENERAL MEETING OF THE MEMBERS OF MPS LIMITED ('MPS or the Company') will be held on **Friday, July 27, 2018 at 2:30 p.m.** at The Raintree Hotels, 636 Anna Salai, Teynampet, Chennai 600 035, Tamil Nadu to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 including Balance Sheet as at March 31, 2018 and Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, both on standalone and consolidated basis, along with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Ms. Yamini Tandon (DIN: 06937633) who retires by rotation, and being eligible, offers herself for re-appointment.
3. To consider and, if thought fit, to convey assent or dissent to the following **Ordinary Resolution:**  
  
To declare dividend of INR 12 per equity share of INR 10/- each for the financial year 2017-2018.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to convey assent or dissent to the following **Ordinary Resolution:**  
  
**"RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the "Act") as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force) and applicable Regulation(s) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the appointment by the Board of Directors of Mr. Ambarish Raghuvanshi (DIN:00233858), who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation and in respect of whom the company has received a notice in writing from a member under Section 160 (1) of the Act proposing his candidature for the office of Independent Director of the company be and is hereby appointed as an independent director of the company for a term of five years commencing from May 01 2018 to April 30 2023.

**By Order of the Board of Directors**

Place: Gurugram  
Date: May 23, 2018

**Sunit Malhotra**  
**Chief Financial Officer &**  
**Company Secretary**

**Registered Office:**  
RR Towers IV, Super A,  
16/17, T V K Industrial Estate,  
Guindy, Chennai - 600 032, Tamil Nadu  
CIN: L22122TN1970PLC005795  
**E-mail: [investors@mpslimited.com](mailto:investors@mpslimited.com)**

## Notes

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 (“Act”), setting out the material facts concerning the Special Business to be transacted at the Annual General Meeting (“AGM”) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

A blank proxy form is enclosed herewith. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the AGM.

Proxies submitted on behalf of corporates (limited companies, societies etc.), must be supported by appropriate resolutions/authority, as applicable.
3. Corporate members intending to send their duly authorised representatives to attend the AGM are requested to send a certified copy of the board resolution together with their specimen signatures to the Company, authorising their representative to attend and vote on their behalf at the AGM.
4. Members are requested to bring their copies of the Annual Report at the time of attending the AGM as no copy of Annual Report shall be made available at the AGM venue.
5. Members/Proxies/Authorised Representatives should bring and handover the duly signed attendance slips at the entrance of the AGM venue to record their attendance. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
6. In terms of Section 152 of the Act, Ms. Yamini Tandon (DIN: 06937633) retires by rotation at the AGM and being eligible, offers herself for re-appointment. The Board of Directors commends her re-appointment.

Brief resume of Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, name of the companies in which they hold Directorships and Memberships/ Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, are provided in the Annexure to this Notice.
7. All relevant documents referred to in the accompanying Notice and statement under Section 102 of the Act shall be available for inspection at the Registered Office of the Company on all working days during business hours (10:00 a.m. to 5:00 p.m.) up to the date of the AGM and at the AGM venue during the meeting.
8. Members desiring any information regarding the Financial Statements are requested to write to the Company at least 7 days before the AGM, so as to enable the management to keep the information ready.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday, July 25, 2018 to Friday, July 27, 2018** (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. Subject to the provisions of the Act, Dividend, as recommended by the Board of Directors, if declared at the AGM, will be paid within 30 days from the date of declaration:
  - a) To all the beneficial owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central

Depository Services (India) Limited (CDSL) as of the close of business hours on Tuesday, 24th July, 2018.

- b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of valid transfer requests lodged with the Company as of the close of business hours on Tuesday, 24th July, 2018.
11. As per the provisions of Section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ("**IEPF Rules, 2016**"), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("**IEPF**"), constituted by the Central Government. Further, as per IEPF Rules 2016, shares in respect of which shareholders do not claim any unclaimed/unpaid dividends for the past consecutive seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016 or such other extended date as may be notified.

The Company has been sending reminders to those Members having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/unclaimed dividend are also uploaded on the website of the Company viz. [www.mpslimited.com](http://www.mpslimited.com) under "Investors Section". Details of the unpaid/unclaimed dividend updated as on the date of last AGM held on July 19, 2017, were also uploaded on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in).

During the financial year 2017-18, unpaid/unclaimed dividend for the year 2009 was transferred to the Investors Education and Protection Fund account of the Central Government. Members, who have not yet encashed their dividend pertaining to the period starting from year ended December 31, 2010, are advised to write to the Company or its Registrar and Share Transfer Agent, Cameo Corporate Services Limited ("**RTA**"), immediately claiming their un-encashed dividends. All amounts transferred

to the Unpaid/Unclaimed Dividend Account of the Company for dividends declared prior to the year ended December 31, 2010 and remaining unclaimed for a period of seven years from the date of such transfer, has been transferred to the IEPF along with the shares for which these dividends was not claimed. Members shall not be able to prefer their claims with the Company/RTA in respect of their un-encashed dividend with regard to the above dividend.

12. Members are advised to avail the Electronic Clearing Service ("**ECS**") facility for receiving dividends. To avail this facility, members holding shares in demat mode are requested to provide the details to National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**"), as the case may be, through their respective Depository Participant ("**DP**"). Members holding shares in physical form, are requested to contact the Company's RTA, Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai 600 002.
- i. Members holding shares in the demat mode are requested to notify any change in their address/bank account details/ECS particulars to their respective DP and ensure that such changes are recorded by them correctly.
- ii. Members holding shares in physical form are requested to notify immediately any change in their address/bank account details/ECS particulars to the Company's RTA.
13. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act are requested to write to the Company's RTA.
14. The Securities and Exchange Board of India ("**SEBI**") has made Permanent Account Number ("**PAN**") as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction and has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit



their PAN to their DP with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN to the Company/RTA.

15. Electronic copy of the Notice of the 48th AGM of the Company *inter alia* indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and the Annual Report of the Company for the financial year 2017-18 is being sent to all the Members whose e-mail ids are registered with the Company/DP for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of the Notice of the 48th AGM of the Company *inter alia* indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and the Annual Report of the Company for the financial year 2017-18 is being sent through permitted mode of dispatch.

16. **Members, who have not registered their e-mail address so far, are requested to register their e-mail address with the Company's (RTA)/DP for receiving all communications including Annual Reports, Notices, etc. from the Company electronically.**

17. Members may also note that the Notice of the 48th AGM and the Annual Report for the financial year 2017-18 is also available on the Company's website [www.mpslimited.com](http://www.mpslimited.com) for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's RTA.

18. **Voting through electronic means**

- a. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management

and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members facility to exercise their right to vote at the 48th AGM by electronic means and the business mentioned in the Notice may be transacted through remote e-voting. The facility of casting the votes by the Members using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by CDSL.

- b. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- c. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

### INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY

The instructions for Members voting electronically are as under:

- i) **The voting period begins on Tuesday, July 24, 2018 (9:00 AM) (IST) and ends on Thursday, July 26, 2018, (5:00 PM) (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, July 20, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- ii) The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders.
- iv) Now enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form

should enter Folio Number registered with the Company.

- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii) After entering these details appropriately, click on "SUBMIT" tab.

ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN '**180531009**' of MPS Limited.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can**

**be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

19. **The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date, i.e., Friday, July 20, 2018.**

20. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote

e-voting as well as voting at the AGM through ballot paper.

21. Any person, who becomes member of the Company after the dispatch of the Notice of the AGM and would be holding shares of the Company as on the cut-off date, may obtain the User ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [investor@cameoindia.com](mailto:investor@cameoindia.com).

22. Mr. R Sridharan, Practicing Company Secretary (Membership No. FCS 4775) of R Sridharan & Associates, Company Secretaries, Chennai, has been appointed as the Scrutinizer to scrutinize the voting process, (remote e-voting and physical voting) in a fair and transparent manner.

23. The Chairman shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer by use of ballot paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

24. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the Result of the voting forthwith.

25. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website, [www.mpslimited.com](http://www.mpslimited.com) and on the website of CDSL immediately after the results are declared and communicated to the Stock Exchanges where the shares of the Company are listed, viz. BSE Limited and National Stock Exchange of India Limited.

26. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM, i.e., Friday, July 27, 2018.

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice.

### Item no. 4

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (the "Act") read with Schedule IV and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the vacancy caused by the resignation of Mr. Ashish Dalal, who was an Independent Director of the Company, the Board is required to fill up this vacancy within 3 Months from the date of Mr. Ashish Dalal resignation on 9th March 2018 or next Board Meeting whichever is later.

The Board of Directors (the "Board") in its Meeting held on 17th April 2018, based on the recommendation of Nomination and Remuneration Committee and subject to the approval of the shareholders in the 48th Annual General Meeting of the Company and pursuant to the provisions of Section 149 of the Companies Act, 2013 (the "Act") read with Schedule IV and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, had appointed Mr. Ambarish Raghuvanshi (DIN:00233858) as an Non-Executive Independent Director of the Company not liable to retire by rotation to hold office for a period of five (5) years with effect from May 01, 2018 to April 30, 2023. The company has in terms of 160(1) of the Act, received in writing a notice from a member proposing his candidature for the office of a director.

Mr. Ambarish Raghuvanshi is graduated from St Xavier's College, Calcutta and completed his MBA (Finance & Marketing) from XLRI Jamshedpur. He is also an Associate Member of The Institute of Chartered Accountants of India.

Additional Information, required under Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standard on General Meetings,

issued by the Institute of Company Secretaries of India, is given in Annexure to this Notice.

The company has received a declaration from Mr. Ambarish Raghuvanshi to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Board is of the opinion that Mr. Ambarish Raghuvanshi expertise and experience will be beneficial to the Company.

The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM.

None of the Directors and Key Managerial Personnel and any of their relatives is concerned or interested in the passing of this resolution, except Mr. Ambarish Raghuvanshi himself insofar as it relates to his appointment.

The Board recommends the Ordinary Resolution at Item no. 4 of the accompanying Notice, for the approval of the Members.

**By Order of the Board of Directors**

Place: Gurugram  
Date: May 23, 2018

**Sunit Malhotra**  
**Chief Financial Officer &**  
**Company Secretary**

**Registered Office:**

RR Towers IV, Super A,  
16/17, T V K Industrial Estate,  
Guindy, Chennai - 600 032, Tamil Nadu  
CIN: L22122TN1970PLC005795

**E-mail: [investors@mpslimited.com](mailto:investors@mpslimited.com)**

## Annexure

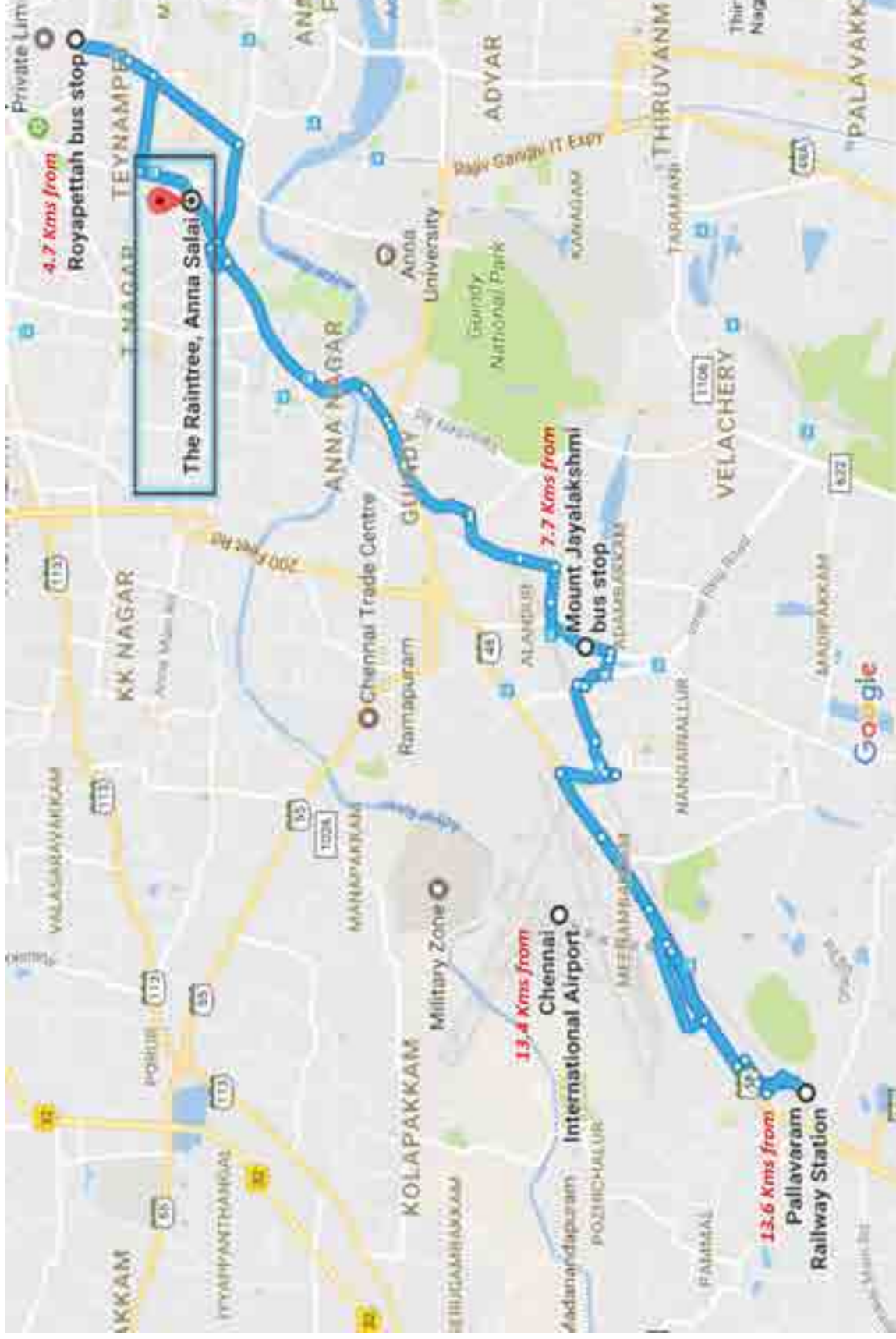
(For Items No. 2 & 4)

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2):

Particulars	Mr. Ambarish Raghuvanshi	Ms. Yamini Tandon
Date of Appointment	1st May 2018	August 03, 2015
Age	56 years	32 years
Last gross remuneration (paid during the financial year 2017-18)	Nil	During the financial year 2017-18, Ms. Yamini Tandon was not paid any salary from the Company instead she was paid remuneration from the MPS NA LLC, wholly owned Subsidiary of the Company.
Qualifications	He is graduate from St Xavier's College, Calcutta and completed his MBA (Finance & Marketing) from XLRI Jamshedpur. He is also an Associate Member of The Institute of Chartered Accountant of India.	Graduation in Political Science from Lady Shri Ram College for Women, New Delhi, Post Graduate Program in Management from Indian School of Business, Hyderabad with specialization in Marketing and Strategy.
Expertise in specific functional area	Mr. Ambarish Raghuvanshi is an Angel Investor and mentor to various start-ups and also engaged on the Advisory Board of Info Edge (India) Ltd. Mr. Ambarish has 30 years of experience with specialization in Finance, Marketing and Investment.	Ms. Tandon has 9 years of experience with specialization in Marketing and Strategy.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Mr. Nishith Arora – Father in law Mr. Rahul Arora – Spouse
Number of Meetings of the Board attended during the year	NIL	2 Meetings
Directorships held in other Public Limited Companies in India	Nil	ADI BPO Services Limited
*Chairmanships/Memberships of Committees in other Public Limited Companies in India.	Nil	NIL
Shareholding in the Company (No. of shares)	Nil	NIL

\*Committees considered for the purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.

ROUTE MAP FOR THE VENUE OF THE ANNUAL GENERAL MEETING



# MPS LIMITED

Registered Office: RR Towers IV, Super A, 16/17 Thiru-vi-ka Industrial Estate,  
Guindy, Chennai – 600 032, Tamil Nadu  
Phone: +91- 44-49162222, Fax: +91-44-49162225  
Corporate Office: C-35, Sector 62, Noida – 201 307, U.P.  
Phone: +91-120-4599754; CIN: L22122TN1970PLC005795,  
Email ID: investors@mpslimited.com, Website: www.mpslimited.com

## ATTENDANCE SLIP

Name and Address:		
Joint Holders:		
Email-Id:		
Folio No./DP ID:		Client ID:

I/We hereby certify that I/We am/are registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 48th Annual General Meeting of the Company to be held on Friday, July 27, 2018 at 2:30 p.m. at The Raintree Hotels, 636 Anna Salai, Teynampet, Chennai – 600 035, Tamil Nadu or at any adjournment thereof in respect of such resolutions as mentioned in the Notice.

Name of the Registered Holder/Proxy/Authorized Representative (IN BLOCK LETTERS)	Signature of the Registered Holder/Proxy/Authorized Representative

NOTE: Members/Proxies to Members are requested to fill in the details, sign and handover this slip at the entrance of the venue of the 48th Annual General Meeting.



# MPS LIMITED

Registered Office: RR Towers IV, Super A, 16/17 Thiru-vi-ka Industrial Estate,  
Guindy, Chennai – 600 032, Tamil Nadu  
Phone: +91- 44-49162222, Fax: +91-44-49162225  
Corporate Office: C-35, Sector 62, Noida – 201 307, U.P.  
Phone: +91-120-4599754; CIN: L22122TN1970PLC005795,  
Email ID: investors@mpslimited.com, Website: www.mpslimited.com

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name and Address:		
Joint Holders:		
Email-Id:		
Folio No./DP ID:		Client ID:

I/We, being the Member(s), of ..... shares of the above named Company, hereby appoint :

- Name: ..... Address:.....  
E-mail Id: ..... Signature: ....., or failing him/her;
- Name: ..... Address:.....  
E-mail Id: ..... Signature: ....., or failing him/her;
- Name: ..... Address:.....  
E-mail Id: ..... Signature: ....., or failing him/her;

And whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 48th Annual General Meeting of the Company to be held on Friday, July 27, 2018 at 2:30 p.m. at The Raintree Hotels, 636 Anna Salai, Teynampet, Chennai – 600 035, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

Sr. No.	Resolutions	*Optional	
		For	Against
1	Receive, consider and adopt the Audited Financial Statement (Standalone and Consolidated), Reports of the Board of Directors and Auditors thereon.		
2	Re-appointment of Ms. Yamini Tandon (06937633), who retires by rotation, and being eligible, offers herself for re-appointment.		
3	To declare dividend of INR 12 per equity share of INR 10/- each for the financial year ended March 31, 2018.		
4	Appointment of Mr. Ambarish Raghuvanshi as a Non – Executive Independent Director of the Company.		

Signed this..... day of..... 2018

Signature of shareholder:.....



Signature of Proxy holder(s): .....

**Notes:**

1. This form of proxy in order to be effective should be duly completed, signed, stamped and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 48th Annual General Meeting.

\*It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.







## OUR PLATFORMS



**digiCore**

### Smart, Cloud-based Digital Publishing Platform

DigiCore helps streamline, automate, and optimize the author to reader workflow. The platform has been powered in a modular manner using open source technologies that allows seamless integration with existing architecture.



**mag+**

### Make Publishing Magic

mag+ makes it easy to publish your content to your own mobile app. From text to video to interactive elements, no matter the source, the mag+ software lets you bring your content to life on tablets and phones with no coding and no hassles.



**THINK360**

### Cloud-based Order Management

The THINK platform suite offers a unified digital ecosystem that powers order management, content management and delivery, ecommerce and hosting, and rich analytics including COUNTER 5 compliant reporting.

**MPS Limited**  
**REGISTERED OFFICE**

RR Towers IV, Super A, 16/17, TVK Industrial Estate,  
Guindy, Chennai-600 032, Tamil Nadu, India  
CIN: L22122TN1970PLC005795  
W: [www.mpslimited.com](http://www.mpslimited.com)  
T: +91-44-4916222 F: +91-44-49162225