

AI DRIVEN QUALITY ENGINEERING FOR ENABLING DIGITAL TRANSFORMATION

Annual Report 2018-19



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Cautionary Statement Regarding Forward-Looking Statement

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and other words of similar substance, in connection with any discussions regarding future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe that we have been prudent while making the assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or even otherwise.

AI DRIVEN QUALITY ENGINEERING FOR ENABLING DIGITAL TRANSFORMATION

Standing on a technology-driven operational backbone, digital transformation helps build a connect between innovations and forward vision to ultimately add business value. The digital shift of enterprises is allowing businesses to gain valuable insights to establish a personalized relationship with the customers. Digital transformation is not only about incorporating digital tools but also about engaging novel strategies that employ technology at the very core of the business practices.

For an effective completion of this digital metamorphosis, a Quality Engineering (QE) approach is pivotal. QE in digital transformation empowers enterprises to ensure high standards in their service offerings through pre-emptive monitoring, excellent execution, constant feedback, and continuous integration. This can be achieved through a fine blend of automation and Artificial Intelligence (AI).

According to a new update to the International Data Corporation (IDC) Worldwide Semiannual Cognitive Artificial Intelligence Systems Spending Guide, spending on cognitive and AI systems will reach \$77.6 billion in 2022, more than three times the \$24.0 billion forecast for 2018.

Cigniti is world's largest independent Quality Engineering company, bringing the power of AI into Agile and DevOps to accelerate the digital transformation for global enterprises. Leveraging AI-driven Quality Engineering, Cigniti is assisting the digital transformation efforts of organizations by assuring high quality at high speed.



DIGITAL REVOLUTION IS ALL AROUND US

New age digital businesses require outstanding QE services that are driven by AI and automation and built for a DevOps environment. However, implementing DevOps practices, delivering quality and superior customer experience at high speed, and achieving the benefits of digital transformation initiatives requires a shift-left in the thought process of the C-suite, along with the implementation of agile, continuously collaborative practices.

With every industry vertical being affected by the power of AI and machine learning (ML), it has become crucial to keep up with the trends and deliver on-demand. For sifting through the gigantic volumes of data being generated and for rolling out incremental updates to products on an ongoing basis, there is an indispensable need to leverage the speed of intelligent automation – AI driven automation.

Implementing the best practices of test automation and AI can help organizations move faster towards their goal of 100% automation. Add machine learning to the mix, and you turbo charge the future of automation testing. AI-driven test automation is expected to be very accurate, and also augment most of the current human QA activities. This will also enable QA engineers and testers to focus on more critical tasks such as improving the usability of the product.

In tandem with the rising demands of the modern Agile and DevOps organizations, our tool and technology agnostic test automation frameworks, methodologies and processes ensure efficiency, improve test coverage, enhance test quality, reduce the amount of manual labor required, decrease overall cost of quality and quicken the speed to market.



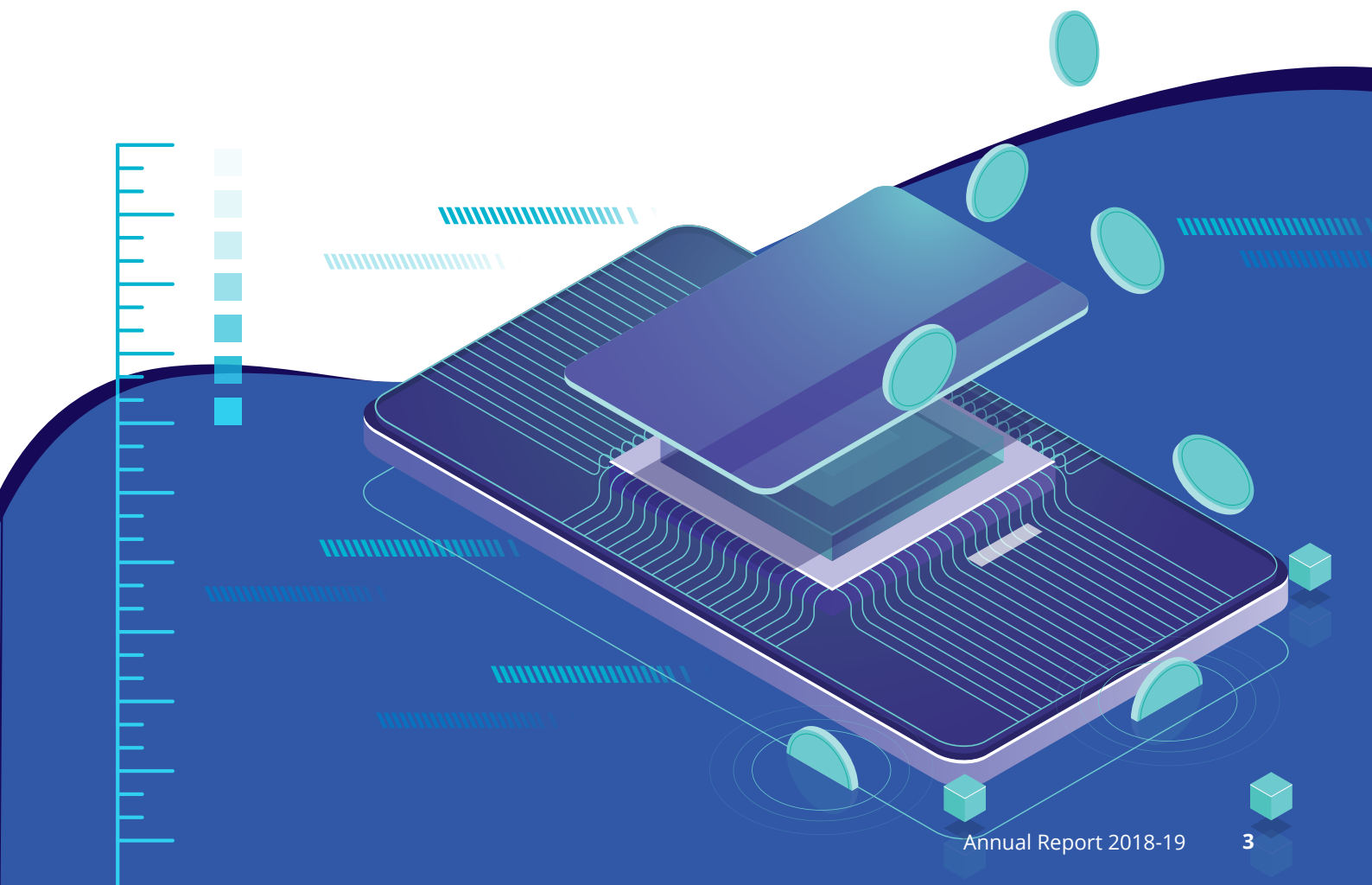
AI DRIVEN DIGITAL ECONOMY

NEED FOR SUPERIOR CUSTOMER EXPERIENCE AT SPEED

AI-powered automation is equipping organizations to gain control over the ongoing digital metamorphosis, while providing business-critical insights through intelligent data analytics and decision making. AI is helping organizations improve the quality of their services, and provide the digital experience required to gain and retain valuable customers.

Cigniti's result-oriented, comprehensive, AI-driven Quality Engineering services assure:

- High-quality & customer experience @ high-speed
- Stable, Agile Tests with fuss-free maintenance
- Self-healing mechanism that eliminates flaky tests
- Independency from physical modules and servers
- Maximum test coverage
- Jumpstarting of test automation initiatives
- Faster turnaround



AI IS STEERING DIGITAL TRANSFORMATION

AI has been a major enabler for taking the performance of businesses to the next level as they transform digitally. With software development and testing getting complicated and the delivery time getting shorter, AI is especially expected to bring substantial value for development teams.

Referring to the contributions by AI to the work process and within the working scenario, Svetlana Sicular, Research Vice President at Gartner states, "Many significant innovations in the past have been associated with a transition period of temporary job loss, followed by recovery, then business transformation and AI will likely follow this route. AI will improve the productivity of many jobs, eliminating millions of middle- and low-level positions, but also creating millions more new positions of highly skilled, management and even the entry-level and low-skilled variety."

The role and contribution of AI in the digital world cannot be questioned and it is continuing to evolve. When it comes to testing, AI gives the added scope to go beyond the traditional mode of testing and adopt AI-enabled automation platforms more rigorously and with much more ease.

Cigniti's practical approach with AI-powered continuous testing platforms provide a strongly differentiated value add to our clients. It also enables testers to pre-train controls and create a technical map to identify the controls and label them. With identification of frequently used controls, testers can even create a hierarchy of the controls to accelerate and streamline the testing process. This holistic approach aids fortification of a software's quality, resulting in a smooth, glitch-free product that generates higher customer satisfaction and greater ROI.



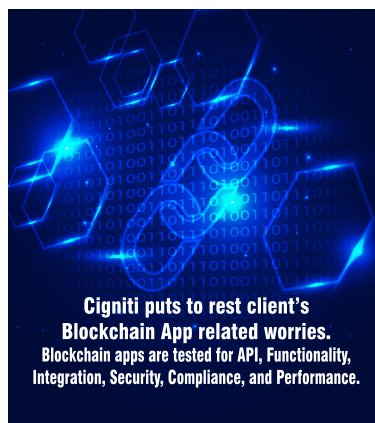
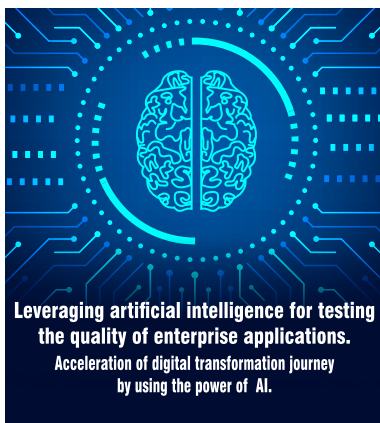
CIGNITI'S NEXT-GEN DIGITAL CAPABILITIES

FOR ENTERPRISES ACROSS INDUSTRY DOMAINS

As every industry is experiencing the wave of digital disruption and moving towards adopting Agile and DevOps application development methodologies in a big way, there is an underlying need for constant and continuous innovation to support their implementation and maintenance. At the core of it is the critical and ever-increasing need for Digital Assurance & Quality Engineering.

Cigniti's continued investment in developing Next-Gen testing platforms acts as a key differentiator and helps an organization to stand out from its competitors. Our state-of-the-art automated testing solutions, patented IP, and labs that imbibe Quality Engineering, continue to help our clients improve their metrics-driven, ROI focused outputs such as reduction in operational costs, testing cycle time, and time to market for their software releases.

3 New Services Launched – AI, Blockchain and IoT



Cigniti's Next-Gen proprietary testing platform, BlueSwan, comprises a customizable Quality Engineering framework with a role-based dashboard that offers predictive insights into state of product releases. The intelligent QE platform, driven by AI algorithms, recommends the best course of action based on multiple parameters including historic data and caters to the needs of diverse stakeholders with a holistic approach. It comes with the ability to analyze data from a descriptive, diagnostic, predictive, and prescriptive viewpoints that helps drive business outcomes, improve predictability, and promote collaboration. The Quality Engineering platform helps align organizational goals with the prevalent trends, assures optimal performance and fast-tracks the digital journey of businesses.

BlueSwan, Cigniti's next-generation and proprietary testing platform, assures impeccable software quality and helps clients deliver truly reliable, robust, scalable, and highly secure applications.



CHAIRMAN'S MESSAGE



Dear Shareholder,

Welcome to the twenty first annual general meeting of Cigniti Technologies Ltd.

I am happy to share that your company has posted a robust result for FY 2019 with healthy margins. In FY 2019 our revenue on consolidated basis is Rs. 816.08 crore v/s. Rs. 693.28 crores in FY 2018 resulting in a growth of 18% year on year basis. The EBITDA for the same period stands at Rs. 132.77 crores v/s. Rs. 52.04 crores in FY 2018 and PAT at Rs. 147.36 crores v/s. Rs. 32.17 crores in FY 2018.

For sustaining our value creation, we have initiated several steps to improve our return on invested capital (ROIC). These initiatives include identifying

and nurturing high margin services and clients, divestment of unviable customers, and geographical expansion. We also continue to improve the average yield per sales person for effective growth.

I thank the team Cigniti for aligning with our organizational vision and making this healthy performance possible.

Operating Scenario

As most of you are aware, we operate in a technologically dynamic environment driven by the advent of emerging technologies and these technologies are transforming our lives at an unprecedented rate. These technical disruptions are enabled by inexpensive computing power, increasing mobility and access to large data sets. Machines are already doing a better job than humans in several areas. 'Intelligence' is moving away from central server farms into devices and things – many of which will soon become part of our everyday lives. These devices will potentially negotiate their own way in our world via 'smart contracts' and without significant human intervention. Perceptual information overlaid on these real-world objects will help us break out of the mobile devices that have captured our attention in this post-internet world. What seems unique about this current moment is the rapid adoption of many of these enabling technologies and their potential to work with each other to change our lives.

With the advent of the digital era, the field of play is being disrupted by both existing and new players



To be an agile company we continuously vary our approach, generating a range of strategic options to test. We carefully select the most successful option to scale up and exploit and as the environment changes, we rapidly iterate on this evolutionary loop to ensure that we continuously renew our advantages.

from different sectors to redefine value, services, and customer experience. In particular, healthcare, travel, and financial services are industries most affected by this convergence. Traditional automotive players are being challenged by the entry of technology players and the ongoing shift towards electrification, autonomous driving, diverse mobility, and connectivity. Leading this transformative age are key emerging technologies such as Artificial Intelligence (AI), IoT, Robotic Process Automation, Robotics, AR/VR and Blockchain. These tools are helping accelerate experimentation, “democratize” innovation, boost agility, and power organizations’ digital transformation journeys.

Ever increasing customer expectations are making enterprises demand application delivery faster than ever. They expect applications to be highly available, reliable and secure. Against this scenario, deployment of Agile and DevOps are rising across organizations for accelerating digital transformation and meeting the fast-evolving needs of the customers. Hence, there is a continuous opportunity for the business of Software Quality Testing/Engineering.

According to a study by NelsonHall, the current global software testing services market size stands at \$42.6bn and is expected to reach ~\$48bn by 2023. Growth will primarily be led by the adoption of next-gen testing, non-functional, and other specialized testing services.

How Cigniti has been evolving

As I mentioned in the beginning of this letter, Cigniti works in a technology driven environment which is neither predictable nor malleable. When prediction is hard and advantages are short lived, the only shield against continuous disruption is to remain agile - which is readiness to repeatedly change oneself. To be an agile company we continuously vary our approach, generating a range of strategic options to test. We carefully select the most successful ones to scale up and exploit and as the environment changes, we rapidly iterate on this evolutionary loop to ensure that we constantly renew our advantages.

In this annual report, in the relevant sections, we have elaborated in detail the crucial phases adopted by the company in sustaining and achieving the growth rates.

Cigniti as a global leader in independent software testing industry has been helping its clients across thirteen countries to assimilate their digital transformation journey. We offer a wide variety of QA & QE services including Testing Advisory & consulting services, leveraging our IP (BlueSwan) for Digital transformation. As on date we have 200+ active customers including 50+ Fortune 500 Customers.

Awards and Recognitions

Everest Group, for the 4th consecutive year, has positioned Cigniti as the ‘Major Contender’ in Everest

Group PEAK Matrix™, 2018. Cigniti Technologies Limited is appraised at CMMI-SVC v1.3(Staged): Maturity Level 5, for the second time. Leadership development at all levels is our people strategy. I take this opportunity to congratulate Srikanth Chakkilam, our CEO for winning “CEO of the Year” Award for 2018 at the Future Leaders Summit & Awards 2018.

Governance & Responsibility

With respect to governance we are led by an experienced and dynamic Board of Directors and our senior management team. With focus on best sustainable practices we have been building a culture of transparency in the organization along with people, industry and social responsibility.

As a leader in software testing and digital assurance segments, Cigniti continues to strengthen its position by disseminating industry insights through researched articles, webinars, blogs, white papers, events, magazines and other publications to provide deep insights for the readers especially for people aspiring for a career in the testing industry.

On the CSR front, Cigniti has associated with GMR Varalakshmi Foundation, a CSR arm of the GMR Group. We have supported school children of a Govt. Girls High School and a Govt. Primary school, near Hyderabad, by building toilets, developing Kids smart centre, upgrading computer and science labs, etc.

Outlook & Concluding remarks

Software Testing Services has become a mission crucial board room topic. By 2023 software testing is going to be a \$48 billion industry and with all the new age technologies and devices entering the market, QE and QA business is poised to grow further. Enterprises can no longer ignore quality aspects of products and applications before they are released. Globally specialized software testing services (STS) is growing faster and the traditional testing services are declining.

At Cigniti we continue to see a positive outlook for the sector and are poised to benefit from these emerging trends.

We continue to progress by forging partnerships with leading software testing tool vendors which in turn helps us offer a wide variety of solutions to our clients.

On behalf of Cigniti’s Board of Directors I take this opportunity to thank our clients, technology partners, shareholders, various governmental organizations and statutory bodies for their continued support and guidance.

Yours truly,

C V Subramanyam

Chairman & Managing Director

REVIEW BY CEO



Dear Shareholders,

The year 2018-19 has been very good for Cigniti as we marched closer towards our vision of becoming the world's largest quality engineering services company. This year, NelsonHall also recognized Cigniti as one of the top two largest testing services pureplay globally.

To be able to play a bigger role and gain a larger share of the quality engineering space, we should be able to cater to the needs of the large global enterprises, by delivering services at scale, and by providing tangible business value and ROI to our clients' investments into Quality Engineering initiatives. We are making significant investments into strengthening our delivery and differentiation using proprietary IP, backed by deep industry domain experience and AI driven quality engineering, powering automation. We are significantly increasing our footprints within the Fortune 500 and Global 2000 companies worldwide and our client list continues to grow.

Since the time we rolled out multiple strategic initiatives in 2017, we have seen positive outcomes and our key performance indicators have improved. The EBITDA for 2018 & 2019 has improved drastically.

Strategic Focus

Our focus is on enabling digital transformation that assures quality at higher speed to market and greater customer centricity. One of the key growth drivers for the company has been IP led quality engineering services powered by Cigniti's proprietary next-gen AI powered software testing platform - BlueSwan. More than 30 of our clients leverage BlueSwan to achieve reductions in software product life cycle and higher returns on their QE investments. Understanding the market trends, we also launched new service offerings this year on IoT testing & Testing leveraging AI, RPA Testing, and Blockchain testing.

We have significantly augmented our industry domain capabilities through the last 10 quarters, which is helping us deliver business value to our clients in terms of accelerated product releases, while increasing automation coverage and lowering the total cost of quality. Banking on the experience gained while working with clients from diverse industries, Cigniti has built accelerators in travel, banking and financial services, insurance, and other industries. We are continuing to hire domain experts and are investing in industry specific training and certifications which is helping us in winning large enterprise deals.

We aim to work with more enterprise accounts and do more business with the existing enterprise customers. In the process, we let go of a few accounts which were not yielding healthy margins and also did not have great growth prospects.

Use cases of AI have been evolving. We at Cigniti are strengthening our IP and leveraging AI to augment capabilities of BlueSwan to offer AI driven Quality Engineering and Automation. Cigniti's practical approach with AI-powered continuous testing platforms provide a strongly differentiated value add to our clients. In the recent years we have significantly enhanced Cigniti Enterprise Sentiment Analyser (CESA) powered by AI as well, which is helping our clients to understand end-client sentiments to better their products and be more responsive to their changing needs.

With these initiatives we are confident of achieving robust growth in the coming years.

Srikanth Chakkilam
Chief Executive Officer

Our focus is on enabling digital transformation that assures quality at higher speed to market and greater customer centricity.



KEY PERFORMANCE INDICATORS

(In ₹ Lakhs)

Revenue from Ops

2019		81,608
2018		69,328
2017		61,926
2016		59,484

Total Expenses

2019		68,331
2018		66,123
2017		67,438
2016		51,422

Profit Before Tax

2019		14,223
2018		3,291
2017		-38,697
2016		8,403

Profit After Tax

2019		14,736
2018		3,217
2017		-39,483
2016		4,968

EBITDA

2019		13,277
2018		5,173
2017		-2,207
2016		9,794

EBITDA Margin

2019		16.2%
2018		7.5%
2017		-3.6%
2016		16.5%

Revenue Concentration FY19

Top Client		4%
Top 5		17%
Top 10		29%
Top 20		47%

Revenue by Verticals FY19

Travel+		22.3%
BFSI		16.1%
Energy+		4.5%
Others		20.2%
Health+		10.8%
ISV		16.9%
Retail+		9.1%

Socio-Economic Value Added

CSR Outlay FY19

₹ **43** LEmployee
Benefit Expenses₹ **47536** L

THE WORLD OF CIGNITI

Cigniti Technologies is one of the top two largest testing services pureplay globally as per NelsonHall in its NEAT report 2019. The concluded year was very eventful and encouraging for the company as it has set a strong footing for the company for the years to come. While Cigniti continues to get recognized in multiple global reports of the industry leading analyst firms of the world, we also increasingly focus on offering diverse solutions leveraging trending technologies such as Intelligent Automation leveraging AI, Internet of Things and more.

CMMi Level 5



Cigniti Technologies Limited is now re-appraised at CMMI-SVC v1.3(Staged): Maturity Level 5. This is the highest maturity level of the CMMI Institute's Capability Maturity Model Integration (CMMI)®.

This is a significant achievement as this benchmarks Cigniti's service delivery capabilities with global vendors and service providers and also offers assurance to clients on consistency and reliability of service delivery from Cigniti, across geographic regions and across industry domains. This also helps us position ourselves strongly with larger enterprises globally and showcase our strengths especially in high maturity process areas. As always, this appraisal continues to reinforce our commitment to deliver world class Independent software testing services with our Integrated Process Management System (IPMS) and also demonstrates that our teams are executing proven processes that align to the business objectives and deliver business value to our clients.

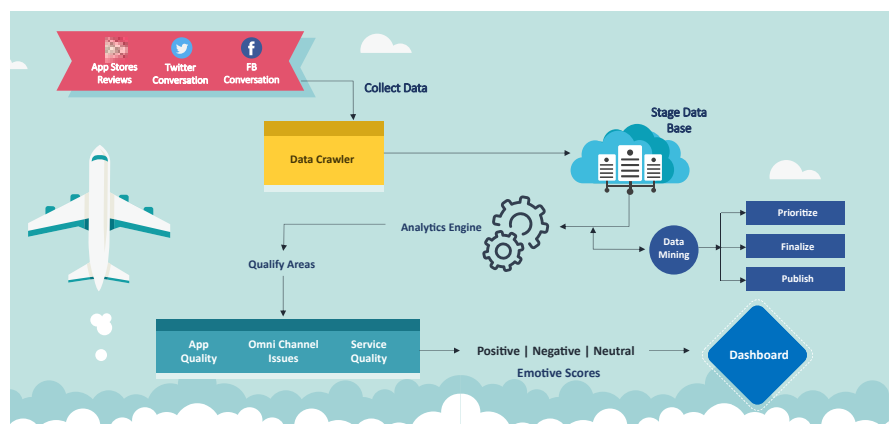
IP & Innovation

Cigniti received a global patent for Smart Remediation Engine for Cesta, one of the critical components of Cigniti's proprietary IP - BlueSwan. The Smart Remediation Engine intelligently analyzes the test assets to migrate and develops a path that will eventually reduce the overall effort (refactoring) to migrate test assets from one technology stack to the other. Applications for 2 more patents have been accepted by USPTA for further processing.

We have continued to invest in R&D and have upgraded our next-gen software testing platform with more features to help the enterprise accounts in their digital transformation journey.

Cigniti Sentiment Analyzer

Cigniti's Sentiment Analyzer is an AI & ML-powered customer experience sentiment analysis & monitoring tool for gathering reviews or customer feedback. It helps Product, Marketing & Support teams improve customer experience by providing them with insights from the publicly available feedback sources including app stores, websites and social media channels.



Sentiment Analyzer Workflow

BUSINESS OVERVIEW

50+

Fortune 500 Companies

FORTUNE
500

80+

Global 2000 Companies

Forbes2019
**GLOBAL
2000**

13

Countries



220+

Active Clients



2200+

Employees



US Patent

for Smart
Remediation Engine



AI-BASED SOFTWARE TESTING ASSURES QUALITY & OPTIMIZES PERFORMANCE OF IOT ENABLED ENTERPRISE APPS

Quality and performance form the keystone of AI and IoT-based devices to function and interconnect seamlessly. With Gartner predicting that AI technologies will be in almost every new software product by 2020, it has become a business need of organizations to thoroughly test these apps. Add to this the competitive markets that are pushing the industry towards daily deployments and DevOps transformation, organizations also need to automate the test requirement traceability and versioning to accelerate the QA cycle and reduce overheads in test management and provide superior quality governance.

Keeping abreast with these demands, Cigniti has made successful efforts in grooming a team of verified domain testers for crowd testing and collaborative tool development & testing. Cigniti's experience in IoT app Testing as a Service (TaaS), a team of IoT-skilled testers, and a robust IoT testing infrastructure (labs, simulators, test racks etc..) support real-time testing of Big Data, Compatibility, IoT Security, Performance, Pilot, Regulatory, Reliability, Upgrade, Usability, and smart devices in a dynamic environment (RFID, Sensors).

Additionally, our team of professionals are experienced in using multiple IoT Network Protocols such as Bluetooth, Zigbee, Z-Wave, 6LoWPAN, Thread, Wi-Fi, Cellular, NFC, SIGFOX, Neul, LoRaWAN, and more. Organizations utilize our skills to overcome their IoT testing challenges and move ahead successfully in their digital transformation journey.

That said, today, Cigniti's Intelligent Test Case Management Strategy provides organizations assured benefits of:

- Faster deployments
- One integrated platform
- Matured governance over test data and test suite
- Better traceability with backward & forward integration
- Holistic approach with early feedback with unattended execution
- Templated use cases – based on real time streaming of data from devices/sensors
- Testing in real time using virtualization (for example, in an intelligent parking management system)
- Simulators of various devices, vehicles etc. that help testing smart things in a dynamic environment (RFIDS, Sensors, and Devices)



SUCCESS STORY

Leading Global Consumer Robot Company Utilized Cigniti's Automation Testing Expertise & Reduced Test Execution Efforts by 90%

About the Client

iRobot, a leading global consumer robot company, designs and builds robots that empower people to do more both inside and outside of the home. iRobot's products, including the award-winning Roomba® Vacuuming Robot and the Braava® family of mopping robots, have been welcomed into millions of homes around the world and are hard at work every day helping people to get more done.

Key Requirements

iRobot manufactures multiple robots, where some are used for cleaning the floor, some are for mopping the floor and some for grass plucking. These robots exist in a variety of versions like Elpaso, Laredo, Marconi, that can vary in terms of cost, performance etc.

As these robots are used across the globe, the key requirement was to test the robots for multiple languages like Chinese, Japanese, German etc.

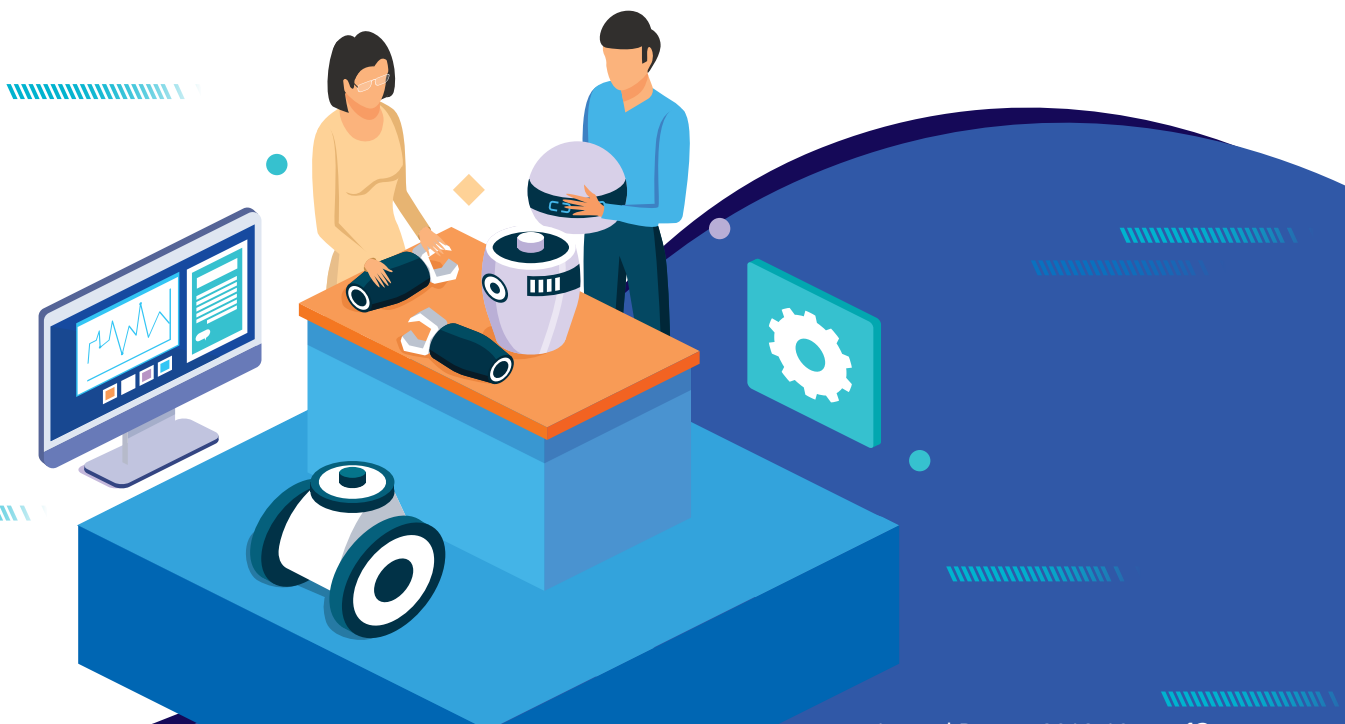
The Approach Used

Cigniti's experienced teams planned and executed multiple projects in parallel. We worked closely with the iRobot team and performed localization testing for maximum requirements coverage.

Results & Key Benefits Delivered

The approach used by Cigniti ensured 100% tracking of the daily progress through KT dashboards, and provided the following key benefits:

- 90% reduction in test execution efforts
- 50% improvement in automation coverage
- 40% reduction in the automation script development effort
- 15% reduction in rework through improved process standardization
- 10% improvement in application quality
- Reduced the manual regression effort by running automation scripts in multiple languages, & also reduced 3 days of manual effort



GLOBAL ANALYST MENTIONS

Cigniti Technologies was mentioned in several leading analyst reports this year. Getting mentioned in these reports benchmarks our service delivery capabilities, our technical expertise and reiterates our ability to drive quality engineering initiatives for large and medium enterprises across the globe. Such mentions also highlight our differentiation, ability to take up large sized projects and help us in winning new enterprise clients globally.

Gartner

Cigniti Technologies is positioned as a “Niche Player” in 2018 Gartner Magic Quadrant for Application Testing Services, worldwide. This makes it the 4th consecutive year in a row when Gartner has positioned Cigniti in its Magic Quadrant for Application Testing Services.

Cigniti has created a strong portfolio of Testing Intellectual Property (IP), including its core next-generation testing platform BlueSwan. Cigniti delivers a large portion of its services from offshore locations in India in combination with a good set of automation tools.



NelsonHall

NelsonHall has positioned Cigniti as a “Leader” in the Mobile Testing Capability market segment, in its 2019 NEAT charts. NelsonHall also recognized Cigniti as one of the top two largest testing services pureplay globally.

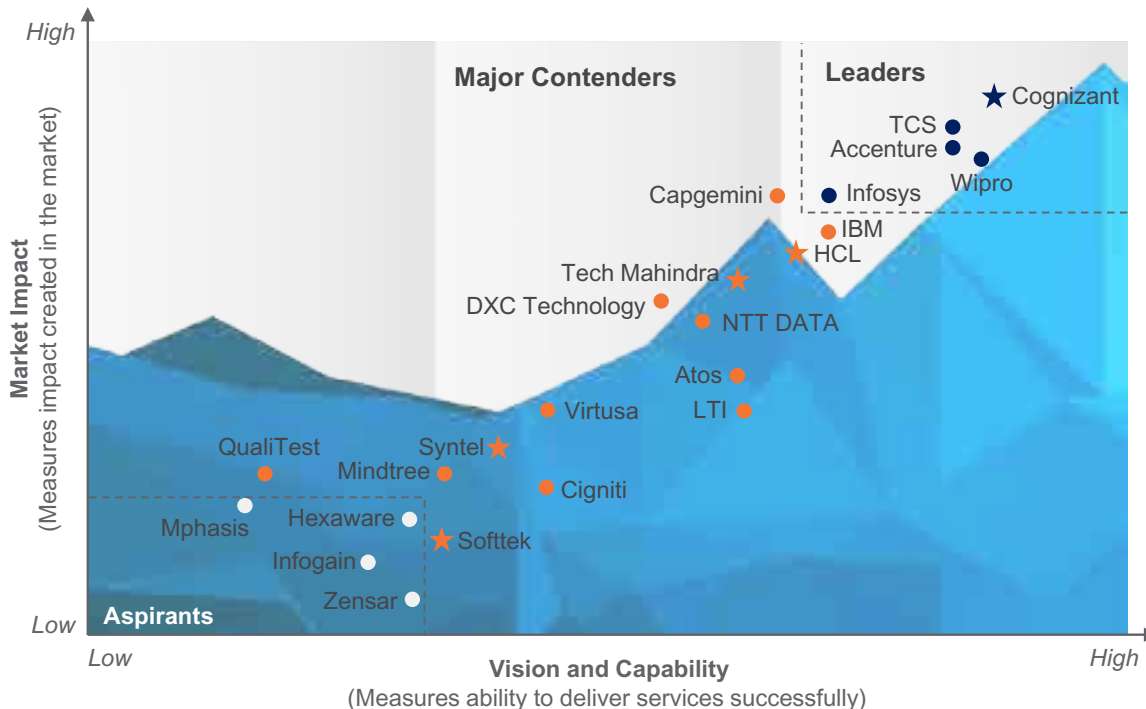
In its report, NelsonHall has also mentioned that Cigniti’s Mobile Test Automation Framework which is part of its BlueSwan family, and the pay-per-use model allows it to offer cost-effective services to its clients.

Everest Group

Everest Group, for the 4th consecutive year, has positioned Cigniti as the “Major Contender” in Everest Group PEAK Matrix™ Assessment 2018: Quality Assurance to Brand Assurance: AI Driving the Evolution.

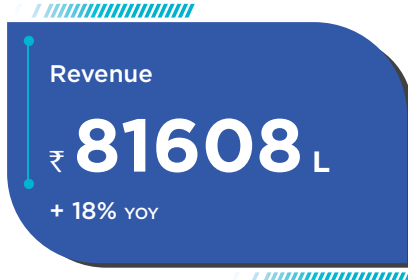


Everest Group Enterprise QA Services PEAK Matrix™ Assessment 2018: Quality Assurance to Brand Assurance: AI Driving the Evolution



- Leaders
- Major Contenders
- Aspirants
- ☆ Star Performers

KEY HIGHLIGHTS OF FY19



Inauguration of New Global Delivery Center

Cigniti witnessed yet another milestone with the inauguration of new Global Delivery Center at the 9th Floor, Atria at Ascendas IT Park, Hyderabad. This brand new facility, which has 37,000 square feet of office space, can accommodate around 400 Cignitians.



Our Chairman & MD, Mr. Subramanyam inaugurated the new facility. Chief Technology Officer of one of our prestigious client (UK based bank) graced the inauguration ceremony, along with Cigniti's leadership team.

Cigniti Software Testing MeetUp

Dono Greef, QA Head at ClearBank shared ClearBank's QA transformation journey at a MeetUp session organized by Cigniti in London on 14th March. The session saw participation from the QA community across the city.



Cigniti CEO wins "CEO of the Year" Award for 2018



The Future Leaders Summit & Awards recognize and honor remarkable leaders for their continuous commitment to excellence, developing best practices, and innovative strategies. Srikanth, responsible for developing the company's strategy in-line with the vision, mission and the values of the organization believes in building a sustainable and agile organization.

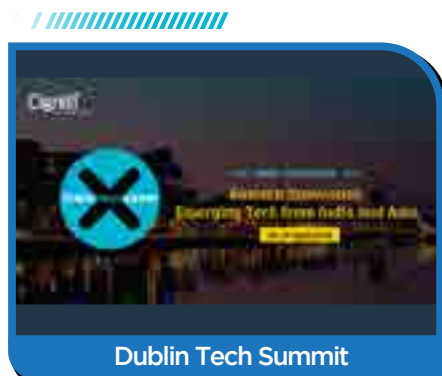
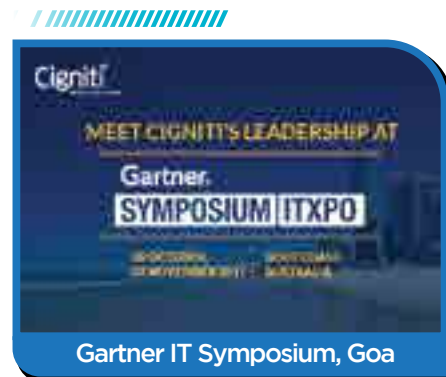


CIGNITI'S THOUGHT LEADERSHIP

As a leading global player in STS sector, Cigniti believes in the power of knowledge sharing. Our leadership team cross-pollinates knowledge with our clients, strategic partners and media to enable growth and innovation through the power of thought leadership. Through case studies, blogs, webinars and knowledge forums we share our best practices and knowledge-sets to empower the industry. We find thought leadership programmes as a unique way to engage with our customers, employees and partners.



PROUD TO BE PART OF GLOBAL EVENTS



CLIENTS WON IN 2018-19



A leading chain of general stores in USA



Europe-based global automotive corporation



Global leader in creating personal devices



US-based global rail road company



US-based investment management company



US company which is into Medical Technologies, Life Sciences, Industrial solutions and Consumer Products



A global transportation company

PROJECT CIGNIFICANCE, A CSR INITIATIVE



With the twin objectives of providing quality education to the under privileged children and support in building better infrastructure at schools run by local governments especially in underdeveloped regions, Cigniti has associated with GMR Varalakshmi Foundation, a CSR arm of GMR Group.

School Infrastructure

Cigniti supported school children of a Govt. Girls High School, near Hyderabad, by providing school infrastructure including textbooks, study tables, science lab equipment and other study material. Mrs. Rajeshwari, w/o Chairman & MD, Mr. C V Subramanyam, along with other family members presented the material and interacted with the children and teachers of the school. Cigniti team along with one of our clients also participated and interacted with the students at the school.



Cigniti's Kidsmart Center

We inaugurated Cigniti's Kidsmart Center at a Government Primary School near Hyderabad. We invited one of our clients from UK to inaugurate the center. The kids were very excited to try their hand on the computer systems. The center also accommodates drawing, painting, story books and other educational and recreational material for the kids. We continue to develop educational videos for students from VI to X and distribute them to the children of Government schools in Telangana.



CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. C. V. Subramanyam
Chairman & Managing Director
(DIN:00071378)

Mr. Ram Krishna Agarwal
Independent Director (DIN: 00416964)

Mr. Phaneesh Murthy
Independent Director (DIN:00388525)

Mr. Srinath Batni
Independent Director (DIN:00041394)

Ms. Nooraine Fazal
Independent Director (DIN: 03110948)

Mr. K. Ch. SubbaRao
Non-Executive Director (DIN: 01685123)

Mr. C. Srikanth
Non-Executive Director (DIN:06441390)

CHIEF FINANCIAL OFFICER:

Mr. Krishnan Venkatachary

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mrs. A. Naga Vasudha

REGISTERED OFFICE:

Suit No.106 & 107, 6-3-456/C, MGR Estates
Dwarakapuri Colony, Panjagutta,
Hyderabad - 500082.
Telangana State
Tel: No (040) 40382255,
Fax: (040) 30702299

GLOBAL DELIVERY CENTER:

6th Floor, ORION Block, "The V"
(Ascendas), Plot No# 17, Software
Units Layout, Madhapur,
Hyderabad - 500 081.
Tel: (040) 30702255,
Fax: (040) 30702299
Website: www.cigniti.com
Email: info@cigniti.com

CORPORATE IDENTITY NUMBER:

L72200TG1998PLC030081

STATUTORY AUDITORS:

S. R. Batliboi & Associates LLP

BANKERS:

Federal Bank Ltd
Secunderabad Branch

Axis Bank Ltd
Madhapur Branch, Hyderabad

HDFC Bank Ltd
Lakidikapool, Branch, Hyderabad

Oriental Bank of Commerce
Secunderabad Branch. S.D Road,
Secunderabad

AUDIT COMMITTEE:

Mr. Ram Krishna Agarwal - Chairman
Mr. Phaneesh Murthy - Member
Mr. Srinath Batni - Member
Mr. C. V. Subramanyam - Member

NOMINATION & REMUNERATION COMMITTEE:

Mr. Srinath Batni - Chairman
Mr. Phaneesh Murthy - Member
Ms. Nooraine Fazal - Member
Mr. C. Srikanth - Member
Mr. C. V. Subramanyam - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Ms. Nooraine Fazal - Chairperson
Mr. R. K. Agarwal - Member
Mr. C. Srikanth - Member

RISK MANAGEMENT COMMITTEE:

Mr. Phaneesh Murthy - Chairman
Mr. R. K. Agarwal - Member
Mr. C. V. Subramanyam - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Ms. Nooraine Fazal - Chairman
Mr. Srinath Batni - Member
Mr. C. Srikanth - Member
Mr. C. V. Subramanyam - Member

REGISTRAR & SHARE TRANSFER AGENTS:

M/s. Aarthi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad-29.
Tel: (040) 27642217 / 27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

LISTED AT:

BSE Limited
National Stock Exchange Limited

DEMAT ISIN NUMBER IN NSDL & CDSL:

INE675C01017


WEBSITE:

www.cigniti.com

INVESTOR E-MAIL ID:

company.secretary@cigniti.com

BOARD OF DIRECTORS

Name and Title			
Biography	<p>C V Subramanyam Chairman & MD</p> <p>Mr. C. V. Subramanyam is the Chairman & MD of the supervisory board of Cigniti Technologies Limited and focuses on the corporate governance and regulatory aspects of running a publicly listed company. His primary focus is on creating shareholder value by ensuring that various parts of the organization add value to the various stakeholders such as clients, employees, partners, industry, and society. He is a successful entrepreneur who co-founded one of South India's largest transport and logistics organization. In 1998, he founded Chakkilam Infotech as an IT services company and in 2004, he successfully took the company public and listed on BSE. In 2008, he was instrumental in putting together a world class executive management team, as was required to successfully reposition the company as an Independent Software Testing services company. Chakkilam Infotech merged with Cigniti Inc. of USA in 2012 and became Cigniti Technologies Ltd. He holds a Bachelor's Degree in Commerce along with Law and Post Graduate Diploma in Business Management.</p>	<p>Srikanth Chakkilam CEO & Director, Cigniti Technologies Inc</p> <p>As CEO and Co-Founder of Cigniti Technologies Inc., Srikanth Chakkilam is helping Cigniti grow strength-to-strength and become a global leader in independent quality engineering & software testing services. Srikanth is responsible for driving Cigniti's global growth strategy, help set organizational goals and direction, and provide insights to build lasting relationships with clients, partners & investors. Previously, as an Executive Director, Srikanth spearheaded Cigniti's expansion into diverse geographies including U.K., EU, ANZ, SA, Middle East and APAC regions. Under his leadership, the revenues from these regions grew exponentially over the years. Srikanth works closely with the Global Marketing team at Cigniti to orchestrate great customer experiences for our clients. Srikanth is an alumni of the University of Southern California where he worked closely with Barry Boehm, one of the legends of software engineering and quality. He also holds a Graduate Degree in Electronics and Communication Engineering.</p>	<p>R K Agarwal Independent Director</p> <p>Mr. R. K. Agarwal is a qualified Chartered Accountant and has the rare distinction of being probably the first recipient of Gold Medals for securing 1st Rank on all India basis in both the Intermediate and Final Examinations of the Institute of Chartered Accountants of India. He has been a Partner with S. R. Batliboi & Associates LLP since 1978 and was the Managing Partner of the Firm at the time of his retirement in June, 2013. Mr. Agarwal has over 40 years post qualification experience in various fields like Audit, Taxation, Company Law, Consultancy, etc. He has got a wide exposure of various industries, including Steel, Paper, Cement, Automobiles, Textile, Milk & Dairy Products, etc. both in India and abroad.</p>
In the Board Committees of	<p>Audit Committee Nomination & Remuneration Committee Risk Management Committee CSR Committee</p>	<p>Nomination & Remuneration Committee Stakeholders Relationship Committee CSR Committee</p>	<p>Audit Committee (Chairman) Stakeholders Relationship Committee Risk Management Committee</p>



Phaneesh Murthy
Independent Director

Mr. Phaneesh Murthy, global IT industry veteran, who spearheaded the growth story of companies like Infosys and iGate, joined the board of Cigniti Technologies Ltd as Independent Director in 2017. Phaneesh is a business leader with 25 years of experience in structuring and managing large outsourcing deals for Fortune 500 companies. Phaneesh's previous roles include CEO & President of iGate Corporation and Worldwide Head of Sales and Marketing, Head of Communications, and Product Solutions Group at Infosys Ltd. He also consults for various businesses. Phaneesh is widely recognized as an Industry pioneer in propelling organizations to an all-round, multifold growth, and helping them reach leadership positions.

Audit Committee

Nomination & Remuneration Committee

Risk Management Committee (Chairman)



Srinath Batni
Independent Director

Mr. Srinath Batni is a global IT industry veteran. He is a Co-Founder of Axilor Ventures. Mr. Batni served as Group Co-Head of Worldwide Customer Delivery at Infosys Limited, as Head of Delivery (GCARE), and as Head of Strategic Groups & CoCustomer Delivery at Infosys Limited. From 1996 to 2000, he served as Senior Vice President and Head-Retail and Telecommunications Business Unit of Infosys Limited. He has been an Independent Director at AXISCADES Engineering Technologies Limited since 2014. He serves as Director of Infosys Technologies China (Shanghai) and Infosys Technologies Australia Pty Limited, subsidiaries of Infosys Technologies Ltd. Mr. Batni served as the Whole-Time Director of Infosys Limited from May 2000 to July 31, 2014. He received a B.E. in Mechanical Engineering from Mysore University and an M.E. in Mechanical Engineering from the Indian Institute of Science, Bangalore.

Audit Committee

Nomination & Remuneration Committee (Chairman)

CSR Committee



Nooraine Fazal
Independent Director

Ms. Nooraine Fazal is the Managing trustee, CEO and Co-Founder of Inventure Academy. Ms. Nooraine has a Master of Science degree in Management from Boston University. She worked with IBM and Reuters for a period of 10 years in a front-line and managerial capacity. Post a period of introspection about the future, she returned to India in 2003 (after twelve years across the UK, USA, Middle East, Australia and the Greater China region) in order to be a 'citizen with a say' in the way the country is developing.

Nomination & Remuneration Committee

Stakeholders Relationship Committee (Chairperson)

CSR Committee (Chairperson)



K. Ch. Subba Rao
Non-Executive Director

Mr. K. Ch. Subba Rao is a post graduate in science and has got varied experience in Real Estates and other related activities. He has 3 decades of rich experience in real estate and logistic business. He is a successful entrepreneur who co-founded one of South India's largest transport and logistics organization which continues to grow stronger since inception.

OUR PEOPLE



At Cigniti, the Human Resources (HR) department mission is “to be recognized as a world-class HR organization, delivering value to the business, through ethical, efficient, effective processes”.

Our policies, processes, and practices are centered around to attract, engage, empower and retain the best and the brightest talent by providing them with continuous learning opportunities to build skills and enhancing their working experience.

Key HR Initiatives during FY19

During the year we revamped the employee onboarding and assimilation process and HR Process automation to improve employee experience. Other key initiatives are monthly employee engagement initiatives through SMASH – our beyond work council, employee engagement profiling and service anniversary felicitations for employees completing 3 years and 5 years.

Launch of Cigniti Employee Assistance Program (CEAP) – To further strengthen our Employee Wellness portfolio, the CEAP will be launched.

This is a work-based intervention program designed to assist employees in resolving personal problems that may be adversely affecting the employee's performance.

Performance Management

During the year Cigniti's appraisal system went online, which witnessed a record 100% Self and Supervisor compliance. Employees have welcomed this digital transformation and participated in the process with great gusto.

Our Rewards and Recognition framework Celebrating you! has been successful in reinforcing the desirable behaviours, focussing on individual accomplishments and team performances. We have aligned the framework with key business drivers of Cigniti such as Leadership, Living the values of Cigniti, Execution Excellence and Innovation. During the year more than 300 Cignitians have won the coveted awards of PRIDE, STAR, MILE and SPRINT.

Effectiveness of Employee Engagement (EEE)

We understand that having a great workplace culture can positively reflect on employee behavior while shaping the future of the overall organization. Our primary focus has been on building cohesive teams and bringing togetherness. Constant focus and rigor on our Employee Engagement initiatives – Candid Talk with HR, Town Halls, Reward and Recognition programs, New Hire Orientation, Buddy programs, etc. have enabled us to further strengthen Employee Engagement Quotient within Cigniti.

One of the most critical aspect of the Employee Engagement Survey would be managing people effectively. In that context we had conducted orientation sessions on "Essentials of Employee Engagement" covering around 70+ managers and above.



CELEBRATIONS AT CIGNITI



MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1998, Cigniti is a global player in Specialized Quality Engineering Services. The company offers services including Traditional Quality Assurance & Testing, Quality Engineering, Digital Testing and many more. Headquartered in Hyderabad, India, Cigniti is North America's largest Independent Quality Engineering Services company with operations in 13 countries. It offers a wide variety of QA testing services including Testing Advisory & consulting leveraging IP (BlueSwan) for digital transformation.

WORLD ECONOMY

The global economy started 2018 on an upbeat note, buoyed by a pickup in global manufacturing and trade through 2017, but it lost speed during the year and the ride could get even bumpier in the year ahead. According to World Bank estimates, Global economic growth is projected to soften from a downwardly revised 3.6% in 2018 to 3.2% in 2019 amid rising downside risks to the outlook.

Global GDP Growth (%)

2019 (P)		3.2
2018 (E)		3.6
2017		3.7
2016		3.2

According to an International Monetary Fund (IMF) study released during April, 2019, China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The European economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of

2018 and then in advanced economies later in the year, weighing on global demand.

Conditions have eased in 2019 as the US Federal Reserve signalled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall.

INDIAN ECONOMY

According to India's official estimates, Indian economy grew 7% in FY19, slowest in the last five years.

IMF expects growth to recover in the current fiscal and the next. International Monetary Fund (IMF) has pared India's growth forecast for the just-concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy. According to IMF estimates, India's economy grew 7.1% in FY19 and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in FY21. All the estimates are 0.2 percentage points less than its previous assessment in January.

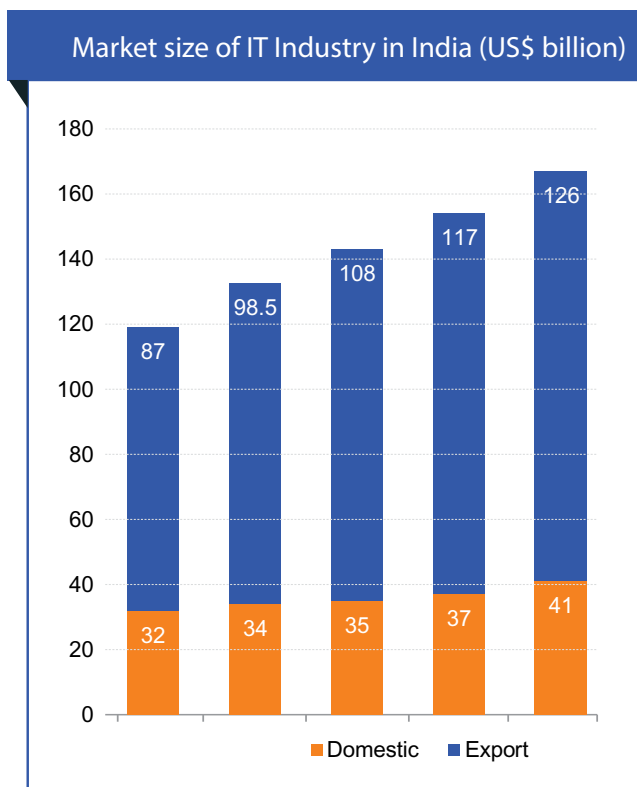
India GDP Growth (%)

FY2020 (P)		7.3
FY2019 (E)		7.1
FY2018		6.7

INDIAN IT-BPM Sector

The IT-BPM sector in India expanded at a CAGR of 10.71 per cent to US\$167 billion in FY18 from US\$ 74 billion in FY10, which is 3 to 4 times higher than the global IT-BPM growth. It is estimated that the size of the industry is estimated to be US\$ 177 billion in FY19 and will grow to US\$ 350 billion by 2025.

The growing global demand for IT & IT Services, India's competitive advantages such as being 5-6 times cheaper in terms of resources compared to the US, having a global footprint of Indian IT & IT services and policy support continue to be key advantages for the growth of the Indian IT & ITeS sector.



Broadly, the Indian IT services under which Cigniti’s business is classified is estimated to be US\$ 86 billion during FY18 of which over 81% of the revenue comes from the export market. IT services had around 51.7 % share in total Indian IT sector revenues in FY18.

US has traditionally been the largest importer of Indian IT export. Over 62% of Indian IT exports were absorbed by US during FY18 and 21% by non-US countries like UK.

In the coming years Indian IT & ITeS sector is expected to be driven by new technologies such as cloud computing, social media and data analytics, and AI driven digital transformation. India has become the digital capability hub of the world and is poised to benefit from the global digital spend which is projected to be US\$310 billion by 2020. The country also has a large digitally skilled talent pool of 450,000-500,000 people which is equivalent to 75% of the global digital talent.

Digital India

With more than half a billion internet subscribers, India is one of the largest and fastest-growing markets for digital consumers, but adoption is uneven among businesses. As digital capabilities

improve and connectivity becomes omnipresent, technology is poised to quickly and radically change nearly every sector of India’s economy. That is likely to both create significant economic value and change the nature of work for tens of millions of Indians.

Road Ahead

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Export revenue of the industry is expected to grow 7-9% year-on-year to US\$ 135-137 billion in FY19. The industry is expected to grow to US\$ 350 billion by 2025 and BPM is expected to account for US\$ 50-55 billion out of the total revenue.

What does this mean for Cigniti

Headquartered in India, Cigniti is a leading player in STS. STS delivery remains India-centric. The adoption of agile is driving some work back offshore. With costs rising due to collocating agile testing with development teams onsite, organizations will increase their adoption of distributed agile, and 85% of agile testing work will be carried out in India in the long-term.

DIGITAL TRANSFORMATION

Digital transformation continues to be a priority across businesses. Organizations believe that by 2020, nearly half of their revenue will be impacted by digital in some way. Digital transformation will reach a turning point in 2019, as companies across the globe turn up investments in digital and decide what to do with those investments, according to a recent survey conducted by The Economist Intelligence Unit (EIU).

According to EIU, companies report that digital transformation is required for them to compete and succeed. Of more than 600 senior executives at large global companies who participated in the survey, 83% say they expect to increase investment in digital technologies in the next 12 months. Most respondents directly link digital strategy to profits, as 68% say their digital strategy has helped them increase profitability over the past 3 years, and 74% expect their

digital strategy will improve profits during the next 3 years.

FIVE DIGITAL TRANSFORMATION TRENDS IN 2018-19

1. Elevated and Immersive Experiences with Augmented Reality, Virtual Reality and Mixed Reality

This year companies are expected to focus on the range expansion of these conversational platforms to detect emotions, and facial cues to make the user experience more immersive. These technologies are also expected to find use in employee training besides maintenance and repairing of machineries across industries.

2. Blockchain - The Decentralised and Distributed Online Ledger

Blockchain is a system that eliminates the need of a middleman while protecting information through cryptography. Data stored on Blockchain is resistant to unauthorized changes or intrusion. The technology is also expected to possess capability of faster, safer and more reliable automated communication based on its ability to support multi-directional communication and transactions.

3. Artificial Intelligence, Advanced Data Analytics and Machine Learning

AI has the potential to accelerate the current pace of digital transformation by making machines smarter and technology's interaction with humans transparent and explainable. Companies are already adopting artificial intelligence for various different business needs and this pace will increase in 2019. Data is at the heart of these intelligent organizations making business-critical decisions powered by AI. These technologies are also helping take better decisions on boosting innovation, marketing and sales of competitive products, delivering exceptional services, hiring the best, keeping top employees happy and implementing strategy in the smartest way.

4. Big Data and Cloud

The volume at which data is produced today

and the insights underivable due to absence of analytical tools application is daunting. However, the growth of Big Data in Cloud has led to its benefits being leveraged by companies across sizes and industries. Predictive Analytics offering customized insights based on business needs, has helped in generation of increased customer leads, greater understanding of buying behaviour and wider scope for cross-selling.

5. Data - Management, Privacy and Protection

Big Data and advanced analytical tools have resulted in most companies accessing and extracting insights from wells of data. With insights drawn from existing data becoming the source of newer business and revenue models, Data Value Management will be a pertinent boardroom conversation. Data Value Management is expected to become a major investment, driving digital-first companies to invest in creating more data to learn from, and leverage those insights to re-engineer models.

GLOBAL SOFTWARE TESTING - OVERVIEW

Software testing is defined as an activity to check whether the actual results match the expected results and to ensure that the software system is defect free. It involves execution of a software component or system component to evaluate one or more properties of interest. Software testing also helps to identify errors, gaps or missing requirements in contrary to the actual requirements.

Key Drivers of Software Testing Services & QA

- Digital transformation - IoT, mobile technology, and third party relationships escalate testing intricacy
- Agile and DevOps - Agile and DevOps transformation continues to put pressure on QA
- Test Automation - On the way to smart, intelligent and cognitive QA

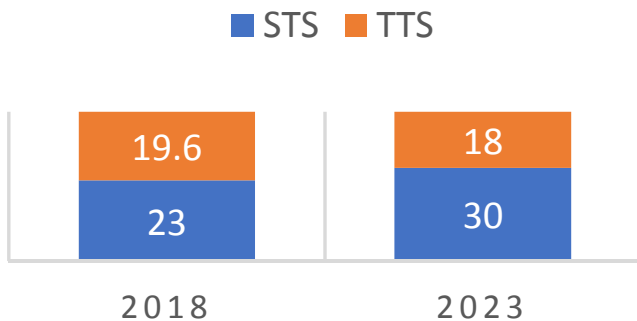
- Industrialization – How TCoEs adapt to the digital era
- Test Data Management & Test Environment Management – Test environments and test data continue to be the Achilles heel for QA and testing
- QA and testing budgets – Budgets in flux as changes sweep through testing

Market Size & Future Projections

The overall software testing services market has slowed down impacted by the declining number of large deals. In software testing services client demand has shifted from manual testing towards continuous and next-gen testing.

According to a study by NelsonHall the current global software testing services market size stands at \$42.6 bn and is expected to reach \$48 bn by 2023. Growth will primarily be led by the adoption of next-gen testing, non-functional, and other specialized testing services.

Estimated STS & TTS market size in \$bn



Global testing spending represents ~6% of all IT services spending and is growing by ~2.4% annually.

Service Type	Est. Market Size 2018 (\$bn)	Est. Market Size 2023 (\$bn)	Est. CAGR 2018 - 2023 (%)
Total Testing Services spending	42.6	48.0	2.4
IT Services spending	694.6	839.5	3.9

Presently, Functional testing (for custom applications and COTS), both automated and manual, represents 52% of testing spending. Spending is quickly shifting from manual testing to functional automation. In five years, functional testing will only account for 40% of all testing services spending. Manual testing spending will decline by ~3% annually while automation will be up by ~11%. Spending on specialized testing services will grow rapidly (~10% annually) and will become larger than functional testing in 2019.

STS: Focus on Project Services

According to NelsonHall, since 2015, the number of new large-scale managed testing service contracts has decreased, and related spending is decelerating. NelsonHall expects this trend to continue, with clients looking to continue to decrease the cost of their managed testing contracts and reallocating services towards project services around automation, continuous testing and reskilling of their testing workforce.

Service Type	Est. Market Size 2018 (\$bn)	Est. Market Size 2023 (\$bn)	Est. CAGR 2018 - 2023 (%)
Managed Testing Services	10.5	13.0	4.5
Project Services	12.5	17	3.9
Total STS	23.0	30.0	5.6

Focus on Specialized Testing Services

Clients are investing in automating their functional testing activities and moving away from manual testing. NelsonHall is, therefore, expecting functional testing to remain flat, with initial automation investment resulting in less manual activities.

Service Type	Est. Market Size 2018 (\$bn)	Est. Market Size 2023 (\$bn)	Est. CAGR 2018 - 2023 (%)
Functional Testing	12	12.1	0.2
Specialized Testing	11	17.9	10.2
Total STS	23.0	30.0	5.6

Next-Gen Testing

Next-gen testing is the highest growth area among specialized testing services with mobile testing accounting for 75% of next-gen testing. Next generation testing accounts for 24% of STS spending. It is the fastest-growth offering with a 12.8% CAGR for the 2018-2023.

Growth is driven by mobile testing, which still accounts for ~75% of all next-gen testing spending.

UX testing spending is much smaller than mobile testing (~\$1.3bn). Its growth rate is higher (12.7%) than mobile testing; on one hand, usability and accessibility testing are driving growth; on the other, testing service vendors are not heavily promoting UX testing largely for the different skills and tools they require.

Cognitive and robotic testing, which designate the testing of AI and RPA, and usage of AI and RPA software, are driving much less spending. Most of the spending on cognitive is around AI use cases (i.e., applying AI to automate testing further).

Service Type	Est. Market Size 2018 (\$bn)	Est. Market Size 2023 (\$bn)	Est. CAGR 2018 - 2023 (%)
Next-Gen Testing	5.5	10.0	12.8
STS	23	30	5.6
Next-Gen as a % of STS	24	333	

Within specialized testing, next-gen testing spending accounts for 56% of specialized testing by 2023 and grow rapidly (+12% annually). Other offerings that will grow fast include non-functional (and in particular, security testing), and test support testing services (test data and environment management and service virtualization).

Mobile testing is the largest activity within next-gen testing and continues to grow rapidly. UX testing is rising, thanks to compliance-led accessibility testing and usability testing. Demand for AI use cases for automating testing services is growing from low-levels of spending. Mobile testing will increasingly overlap with UX testing, forcing clients to gain new skills and new software for activities such as content testing and email campaign testing. Clients focus on AI use cases increasingly in testing AIs and bots. RPA will be an alternative for test execution software, for clients that acquired RPA software licenses for their BPS automation needs.

Key Markets

North America continues to be the largest spender of software testing services, followed by

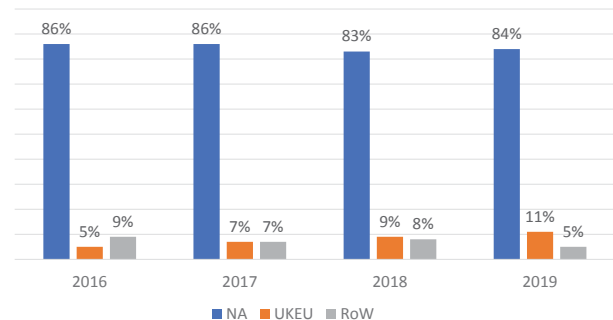
EMEA. It is also the fastest-growing. NelsonHall has based its geographical forecasts on the softness of macro-economic conditions, leading to a spending growth deceleration, in the following countries: the U.K., China, Brazil, and Japan.

Regions	Est. Market Size 2018 (\$bn)	Est. Market Size 2023 (\$bn)	Est. CAGR 2018-2023 (%)
North America	10.1	13.6	6.2
Latin America	0.7	0.8	2.5
EMEA	8.6	11.0	5.1
APAC	3.6	4.6	5.5
STS	23.0	30.0	5.6

What does this mean for Cigniti

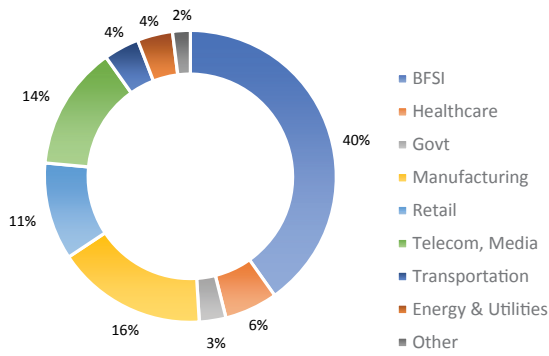
In line with the geographical trend in STS, North America continues to be the main market for Cigniti's team of 2300+ professionals spread across US, UK, India, Australia, Canada, and South Africa.

Cigniti Revenue by Geography



Key Sectors of STS

The market for STS remains structured around BFSI, which represents ~41% of testing service spending; manufacturing (~17%); telecom & media (~14%). According to the study by NelsonHall, BFSI's high growth in managed testing services is over, as the market is moving closer to saturation. However, its appetite for next-gen testing continues to be a strong driver for growth. Manufacturing is back to solid spending, due to market conditions and thanks to a new cycle of investment around Industry 4.0, which is impacting digital and back-end systems, driving new testing activities.



What does this mean for Cigniti

Cigniti remains sector agnostic. The company approaches the market from the point of view of IT and STS budget of the clients. However the company has proven strength across sectors which include Travel & Hospitality, ISVs, Insurance, Banking and Healthcare.

Revenue by Verticals FY19

Travel+		22.3%
BFSI		16.1%
Energy+		4.5%
Others		20.2%
Health+		10.8%
ISV		16.9%
Retail+		9.1%

CIGNITI'S STRATEGIC POSITIONING

A global research by Everest Group – Enterprise QA Services positions Cigniti as a major contender in the Enterprise Q&A services. According to this study Cigniti is not far behind the Leaders and the company's initiatives in upskilling the workforce, developing new tools and frameworks for improved service delivery, and expansion of geographic presence are resonating well with company's clients. The study says contenders are in a good position to challenge leaders with greater investments in automation and AI-powered QA solutions to deliver more value to their customers.

INTERNAL CONTROLS

The Company has framed satisfactory internal controls and governance within the company as detailed elsewhere in this annual report.

OPPORTUNITIES & THREATS

As mentioned in the Chairman's message, CEO's Review and in further discussions made in the Management Discussion and Analysis section (MD&A), there is ample growth opportunity for the company in the independent software testing services business market. The company looks forward to technologically advanced innovations for mitigating its business threats. The company consistently invests in future technologies along with getting accredited by the leading industry technology analysts.

OUTLOOK

Cigniti Technologies continues to win a sizable share of the worlds' digital spending. We look forward to build sustainable growth backed by enhanced profitability. New age enterprises and legacy businesses can bank on our proficiency in digital, IoT, Agile, DevOps, etc. We keep ourselves focused in increasing our deal size by winning new enterprise accounts and mining existing accounts. Our continuous focus is on value-based selling. Cigniti looks forward to adopt state-of-the-art digital practices and assist companies to actualize their business goals. We aim for penetrating into new geographies, win new clients across industry and domains, and further strengthen our leadership.

HUMAN RESOURCES

HR is critical in ensuring that our most valuable asset, employees, are empowered, enabled, and supported in driving our key business objectives.

Our policies, processes, and practices are centered around to attract, engage, empower, and retain the best and the brightest talent. Over the last year, HR has focused on continuous process reengineering, automation and bringing in innovative ways of employee engagement. Detailed review of HR Activities are covered on page # 26 & 27.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Revenue for the year was at Rs. 81,608 Lakh, a growth of 18% as compared to the FY 2017-18.

EBITDA

The EBITDA for the year stood at Rs. 13,277 Lakh as against Rs. 5,173 Lakhs in in the previous year, up by 157%.

Profit After Tax

The Company has reported a 4.5 time increase in Profit After Tax (PAT) for the FY 19 to Rs. 14,736 Lakh as against Rs. 3,217 Lakh in the previous year.

Earnings per Share

The EPS (Basic) of the company stood at Rs. 53.62 in FY19 as against Rs.12.08 in FY18.

Financial Ratios

Following are ratios for the current financial year and their comparison with preceeding financial year, along with explanations where the change has been 25% or more when compared to immediately preceeding financial year:

Sl No.	Ratio description	March 31, 2019	March 31, 2018	Change %	Explanation
1	Debtors Turnover (in days)	55	60	-8%	
2	Inventrory Turnover (in days)	NA	NA	NA	NA
3	Interest coverage ratio	0	0.11	-100%	Nil debt as at Mar'19
4	Current Ratios	1.57	0.82	91%	
5	Debt Equity ratio	0	0.54	-100%	Refer note 14 on consolidated accounts
6	Operating margin (%)	14.0%	7.5%	87%	
7	Net profit margin	14.5%	4.6%	215%	
8	Return on Net Worth (%)	98%	467%	-79%	Refer note 12 & 13 on consolidated accounts

RISK MANAGEMENT

Risk	How it Relates to Cigniti	Mitigation
Geographic Concentration Risk	Reliance on a single geography can impact revenue growth	<ul style="list-style-type: none"> • While the U.S. contributes to a major of Cigniti’s revenue, Cigniti has also been steadily expanding across geographies such as Europe & Asia Pacific. Cigniti has also been focusing on strategies to enhance revenues from existing geographies like Europe. • Cigniti also has offices in UK & Australia to add new logos and deepen its presence in the existing accounts from these geographies.
Competition Risk	Increasing competition in software testing may affect the market share of the Company	<ul style="list-style-type: none"> • Cigniti through a mixture of organic and inorganic routes has been developing capabilities to remain competitive. • Cigniti is the world’s second largest Independent Software Testing Services Company by headcount, and has secured a technical positioning of the company brand in the global arena. Through a smart mix of global marketing initiatives, sound industry analyst relations and other brand building initiatives, the Company has been consistently strengthening its brand. • Most importantly, Cigniti’s consistent endeavor to be a thought leader in independent software testing through its offerings, IP, building labs for the connected world, commitment to test engineering community through world class quality engineering events (such as LiQE and meet ups) to engage the best minds in quality engineering landscape, has ensured that it comes across as the most respected independent software testing services vendor.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of M/s. Cigniti Technologies Limited will be held on Wednesday, 24th day of July, 2019 at 10.00 A.M. at "Hall 5 & 6, Novotel & HICC Complex, (Near Hitec City), P.O. Bag 1101, Cyberabad Post Office, Hyderabad - 500 081, INDIA to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet (including the consolidated financial statements) as at March 31' 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. K. Ch.Subba Rao (DIN: 01685123) who retires by rotation and being eligible, offers himself for re-appointment.

For and on behalf of the Board
Cigniti Technologies Limited

Sd/-

Place: Hyderabad

C. V. Subramanyam

Date: 02.05.2019

Chairman & Managing Director

DIN: 00071378

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. Corporate Members are requested to send to the Company's Registrar & Share Transfer Agent (RTA), a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20.07.2019 to 24.07.2019 (both days inclusive) for the purpose of AGM.
5. Shareholders holding shares in physical form may write to the company/company's RTA for any change in their address and bank mandates; shareholders holding shares in electronic form may inform the same to their depository participants immediately, where applicable.
6. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
7. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Aarthi Consultants Pvt. Ltd.)
8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. In consonance with the company's sustainability initiatives and Regulation 36 of the SEBI (LODR) Regulations, 2015, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed to by the shareholders. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to **M/s. Aarthi Consultants Pvt. Ltd.**, RTA of the Company for doing the needful.

10. SEBI has recently amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1 April 2019. The shareholders who continue to hold shares in physical form even after this date, will not be able to lodge the shares with company / its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the RTA.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect to shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Electronic copy of the Annual Report for 2018-2019 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018-2019 is being sent in the permitted mode.
15. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2018-2019 will also be available on the Company's website www.cigniti.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office 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 shareholders may also send requests to the Company's investor email id: company.secretary@cigniti.com
16. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
 - II. 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.
 - III. 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.
 - IV. The remote e-voting period commences on 21st July, 2019 (9:00 am) and ends on 23rd July, 2019 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th July, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. The instructions for shareholders voting electronically are as under:
 - (i) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (ii) Click on Shareholders tab
 - (iii) 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.
- d. Next enter the Image Verification as displayed and Click on Login.
- e. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- f. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

PAN

- 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.
- 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.

Dividend Bank Details
OR Date of Birth (DOB)

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.

- 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).

- (iv) After entering these details appropriately, click on "SUBMIT" tab.
- (v) 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.

- (vi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (vii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (viii) 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.
- (ix) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (x) 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.
- (xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiii) 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.
- (xiv) 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.

(xv) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 mailed to 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.

(xvi) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

17. Mr. S. Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process.
18. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
19. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.cigniti.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Limited and BSE Limited.

For and on behalf of the Board
Cigniti Technologies Limited

Place: Hyderabad
Date: 02.05.2019

Sd/-
C. V. Subramanyam
Chairman & Managing Director
DIN: 00071378

BOARD'S REPORT

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2019. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL HIGHLIGHTS:

The performance during the period ended 31st March, 2019 has been as under:

(Rs. In Lakhs)

Particulars	2018-2019		2017-2018	
	Consolidated	Standalone	Consolidated	Standalone
Total Income	84332.10	28991.49	69385.93	24617.58
Total Expenditure	70109.17	22274.23	66091.94	21793.55
Profit (Loss) Before Tax	14222.93	6717.26	3293.99	2824.03
Provision for Tax	(512.83)	745.83	76.66	282.96
Profit (Loss) after Tax	14735.76	5971.43	3217.33	2541.07
Transfer to General Reserves	0	0	0	0
Profit available for appropriation	14735.76	5971.43	3217.33	2541.07
Balance Carried to Balance Sheet	14735.76	5971.43	3217.33	2541.07

STATE OF AFFAIRS/COMPANY'S PERFORMANCE:

Software has become an integral part of our lives. Your Company's vision is to help companies improve the quality of software being delivered worldwide. More than 40% of the software development efforts are spent in testing. By focusing on a niche like software testing, your Company hopes to make a mark in the IT industry. Your Company aims to be thought leaders in software testing using a combination of onsite consulting, offshore test execution and application of tools and frameworks that will reduce the number of post release defects and do it faster.

The total revenue of the Company for the financial year under review on consolidated basis was Rs. 84332.10 lakhs as against Rs. 69385.93 lakhs for the previous financial year. The company recorded a net profit of Rs. 14735.76 lakhs for the financial year 2018-19 as against the net profit of Rs. 3217.33 lakhs for the previous year.

On Standalone basis, the total revenue of the Company for the financial year 2018-19 was Rs. 28991.49 lakhs as against Rs. 24617.58 lakhs for the previous financial year. The net profit for the financial year 2018-19 is Rs. 5971.43 Lakhs as against the net profit of Rs. 2541.07 lakhs for the previous year.

During the period under review and the date of Board's Report there was no change in the nature of Business.

FUTURE PROSPECTS & OUTLOOK

In the wake of Digital Transformation wave, Organizations of all sizes, globally are witnessing rapid changes in the psyche of their digitally-empowered

and omni-channel customers. Increasing product quality expectations with declining patience levels is mandating the need to deliver a premium customer experience assuring software quality at high speeds. New age digital businesses require outstanding QE services that are driven by AI and automation and built for a DevOps environment. We at Cigniti are the World's largest Independent Quality Engineering company bringing the power of AI to Agile and DevOps, to accelerate the Digital Transformation for our clients. Leveraging AI-driven Quality Engineering, Cigniti is assisting the digital transformation efforts of organizations by assuring high quality at high speed. With our current positioning and market leadership in Quality Engineering, we find ourselves in an extremely favorable spot in the ecosystem and on an aggressive growth path.

In the past few years, the profile of testing services industry has changed; it is no longer about undertaking testing in a more professional way, based on employing career testers only. It is also about scale, automation and adoption of rapid development methodologies. Leading industry analysts such as Gartner, Forrester, Nelson Hall and others have reiterated that specialized testing services market will continue to grow. And we are seeing this acceptance across all geographies which are translating into business deal wins for us. Analysts also have continued to recognize us as Leaders in the Quality Engineering space.

Cigniti's practical approach with AI-powered continuous testing platforms provide a strongly differentiated value add to our clients. To maintain our

position as leaders in Quality Engineering, we continue to forge newer partnerships while foraying into diverse new industry verticals and sub-verticals in an attempt to increase not just the breadth but also the depth of our presence. Our newly appointed board of directors armed with multi-decades of industry experience are playing a crucial role in shaping our vision and aligning the organization to stay relevant in the market. We have continued to get 4/4 on Client satisfaction index from a majority of our customers and this strong trust of clients is helping us win new business, mostly in form of client referrals which are culminating into multimillion-dollar accounts.

These are exciting times for Cigniti with a very strong business revenue pipeline, heightened focus on sales and marketing while we continue to file new patents for our proprietary innovation & intellectual property. We have aggressive targets for growth and profitability and look forward to a great year ahead.

MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

DIVIDEND

Though the Company made profits for the current year, there are unabsorbed carry forward losses, hence your Directors regret their inability to recommend dividend for the year under review. However, once the reserves are build and your Company achieves the leadership position, a generous Dividend policy can be adopted.

TRANSFER TO RESERVES

Your Company has not transferred any amount to reserves during the year under review and proposes to retain the entire amount in its Statement of Profit and Loss/retained earnings.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) 110 and Ind-AS 28 on consolidated financial statements, your Directors have provided the consolidated financial statements for the financial year ended March 31, 2019 which forms part of the Annual Report.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES/BRANCHES/ASSOCIATES/JOINT VENTURES:

Your Company has four wholly owned foreign subsidiary companies (WOS), one Indian wholly owned subsidiary companies (WOS) and two foreign Branches.

Cigniti Technologies Inc., USA, (Foreign WOS)

Cigniti Technologies (Canada) Inc., (Foreign WOS)

Cigniti Technologies (UK) Limited, UK (Foreign WOS)

Cigniti Technologies (Australia) Pty. Limited, Australia (Foreign WOS)

Gallop Solutions Private Limited (Indian WOS)

Cigniti Technologies Limited, South Africa (Foreign Branch)

Cigniti Technologies Limited, Dubai (Foreign Branch)

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary companies is prepared in **Form AOC-1** and is attached as Annexure-A and forms part of this report.

In accordance with the provisions of the Companies Act, 2013, the Balance sheet, Statement of Profit and Loss and other documents of the subsidiary companies are being made available on the website of the Company i.e. www.cigniti.com.

AUDITORS

The members of the Company at their Annual General Meeting held on 30th June, 2017 have appointed M/s. S R Batilibo & Associates, LLP, as statutory auditors of the Company to hold office until the conclusion of 24th Annual General meeting of the Company.

Further your Directors have appointed M/s. Sarath & Associates, Chartered Accountants, Hyderabad as internal Auditors in its meeting held on 21st May, 2018. Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board.

Further the Cost Audit is not applicable to your Company.

AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

The statutory auditors' report and secretarial auditors' report do not contain any qualifications, reservations or adverse remarks.

During the year, the statutory auditors and secretarial auditor have not reported any instances of frauds committed in the Company by its officers or Employees to the Audit Committee under section 143(12) of the Companies Act.

Report of the secretarial auditor is given as an Annexure F which forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis; and
- (e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Further, there are no qualifications, reservations or adverse remarks made by the Statutory Auditors/Secretarial Auditors in their respective reports.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

None of the directors of the company are disqualified under the provisions of the Companies Act, 2013 ('Act') or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Independent Directors have provided confirmations as contemplated under section 149(7) of the Act.

Appointments/Re-appointments

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. K. Ch. Subba Rao, Non-Independent and Non-Executive Director retires by rotation and being eligible, offers himself for re-appointment. During the year, Mr. K. Ch. Subba Rao was re-designated as a Non-Executive, Non-Independent Director, w.e.f. 21st May, 2018.

As per the requirements of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and Clause 1.2.5 of the Secretarial Standard 2 (Revised) as issued by the Institute of Company Secretaries of India, a statement containing the requisite details of Mr. K. Ch. Subba Rao seeking re-appointment is given below:

Name	Shri K. Ch. Subba Rao
DIN	01685123
Date of Birth	01/02/1956
Age	63 years
Profile	Mr. K. Ch. Subba Rao is a post graduate in science and has got varied experience in Real Estates and other related activities. He has 3 decades of rich experience in real estate and logistic business. He is a successful entrepreneur who co-founded one of South India's largest transport and logistics organization which continues to grow stronger since inception.
Qualification	Master of Science
Experience and Expertise in specific function area	Business and General Administration
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid.	Appointed w.e.f. 21st May, 2018 as Non-Executive, Non Independent Director liable to retire by rotation as per the provisions of the Companies Act, 2013 (as amended)
Remuneration last drawn by such person	Nil
Date of first appointment on the Board	01/12/2003
Membership/Chairmanship of Committees of the Board of Directors of the Company	Nil
Other Directorships and Membership of other Boards	Inspiria-Const & Developers Private Limited Pixetron Video Display Solutions Private Limited

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act have been disclosed in the Corporate Governance report, which forms part of the Directors' Report.

CORPORATE GOVERNANCE

Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. At Cigniti, we believe, a sound corporate governance is critical to enhance and retain investor trust. The goal of corporate governance is to ensure fairness information about the Company for every stakeholder. Our disclosures seek to attain the best practices in international Corporate Governance. A separate section on Corporate Governance for fiscal 2018 forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's discussion and analysis is set out in this Annual Report.

RELATED PARTY TRANSACTIONS

During the year none of the transactions with related parties were covered under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 and is enclosed as Annexure-B.

PARTICULARS OF EMPLOYEES

A table containing the particulars in accordance with the provisions of section 197(12) of the act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure-C to this report.

A statement containing the name of every employee employed throughout the financial year and in receipt of remuneration of Rs. 60 lakhs or more, or employed for part of the year and in receipt of Rs. 5 lakhs or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure-C to this report.

EMPLOYEE STOCK OPTION SCHEME

During the year, the company had granted options under Cigniti ESOP scheme 2015. Details of the options up to 31st March 2019 are set out in the Annexure-D to this report, as required under clause 12 of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is included as Annexure-E and forms part of this Report and is disclosed on website of the Company at <https://www.cigniti.com/investors>

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman is further facilitated to familiarize the incumbent Director about the Company/its businesses and the group practices.

The details of familiarisation programme held in FY 2018-19 are also disclosed on the Company's website at <https://www.cigniti.com/investors/familiarisation-programme>.

DISCLOSURE OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

During the period under review, there is no material or serious observations have been noticed for inefficiency or inadequacy of such controls.

CORPORATE SOCIAL RESPONSIBILITY

With the mission to discover once again the social responsibility of developing economic, social and environmental capital towards sustainability, Cigniti crafted CSR projects in achieving the mission. Your Company believes and strives hard in sustainable development of society in which the enterprise draws economic and natural resources by enriching its capacity in contributing to the significant positive change in the economy. The CSR committee has been formed to achieve the mission and implement the CSR objectives.

An elaborate report on CSR is published elsewhere in this annual report.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

Your Company has not undertaken any research and development activity for any manufacturing activity nor was any specific technology obtained from any external sources which needs to be absorbed or adapted.

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: Rs. 291,49,66,692/-

Foreign Exchange Outgo: Rs. 14,89,62,536/-

MECHANISM FOR EVALUATION OF THE BOARD

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017 and the Companies Amendment Act, 2017 the Company adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given evaluation forms for the following:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Fair;
2. Satisfactory; and
3. Very satisfactory.

The Directors have sent the duly filled forms to Nomination & Remuneration committee. Based on the evaluation done by the Directors, the Committee has prepared a report and submitted the Evaluation Report. Based on the report, the Board of Directors has informed the rankings to each Director and also informed that the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.

COMMITTEES OF THE BOARD

As on March 31, 2019, the Board had five committees: the Audit Committee, the Nomination & Remuneration Committee, the Stakeholder Relationship Committee, the Risk Management Committee and Corporate Social Responsibility Committee.

A detailed note on the composition of the board and its committees is provided in the Corporate Governance report.

BOARD MEETINGS

During the year 2018-19, four Board meetings were held, the details of which are given in the Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees or investments made under section 186 of the companies Act, 2013 are given in the note to the financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators/courts that would impact the going concern status of the Company and its future operations.

SHARE CAPITAL

During the year, your Company has allotted 4,16,240 equity shares of Rs. 10/- each to employees under Cigniti ESOP scheme. Consequently, the paid up share capital of the Company has increased to Rs.27,66,42,690/- divided into 2,76,64,269 equity shares of Rs. 10/- each.

PUBLIC DEPOSITS

Your Company has not accepted any deposits falling within the meaning of Sec.73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules 2014, during the financial year under review.

INSURANCE

The properties and assets of your Company are adequately insured. Further the Directors have been adequately covered under D&O policy.

RISK MANAGEMENT POLICY

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

DISCLOSURE REQUIREMENTS

Details of the familiarization programme of the independent directors are available on the website of the Company (https://www.cigniti.com/investors/familiarisation_programme).

Policy for determining material subsidiaries of the Company is available on the website of the Company (<https://www.cigniti.com/investors/Policies>).

Policy on dealing with related party transactions is available on the website of the Company (<https://www.cigniti.com/investors/Policies>).

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the section 177(9) of the Act and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (<https://www.cigniti.com/investors/Policies>).

CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and the applicable U.S Securities laws. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website ([https://www.cigniti.com/investors/Code of conduct for prohibition of Insider Trading.pdf](https://www.cigniti.com/investors/Code_of_conduct_for_prohibition_of_Insider_Trading.pdf)).

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

ACKNOWLEDGEMENTS

The Board thank customers, vendors, investors and bankers for their continued support during the year. It places on record its appreciation of the contribution made by employees of the company at all levels. The Board thanks the governments of various countries where the company has operations. It also thanks the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate Affairs, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the State Governments, and other government agencies for their support, and looks forward to their continued support in the future.

The Board also wishes to place on record their appreciation of business constituents like SEBI, BSE, NSE, NSDL, CDSL etc. for their continued support for the growth of the Company.

For and on behalf of the Board
Cigniti Technologies Limited

Sd/-

Place: Hyderabad

Date: 02.05.2019

C. V. Subramanyam

Chairman & Managing Director

DIN: 00071378

AOC-1

Statement containing the salient features of the financial statements of subsidiaries pursuant to section 129(3) of Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014.

Name of the Subsidiary	Cigniti Technologies Inc (USA)	Cigniti Technologies (UK) Ltd	Cigniti Technologies (Australia) Pty Ltd	Cigniti Technologies (Canada)Ltd	Gallop Solutions Private Limited
Financial period ended	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019
Exchange Rate	69.32	90.28	49.19	51.91	1
Share Capital	27,939,901	77,188,977	42,547,756	52	100,000
Reserves & Surplus	(666,361,551)	(57,637,100)	(165,309,401)	3,937,461	5,889,299
Total Assets	1,464,911,519	252,242,214	34,862,166	88,322,460	5,989,299
Total Liabilities	210,33,33,169	23,26,90,337	15,76,23,811	8,43,84,947	-
Investments	-	-	-	-	-
Turnover	6,527,592,059	868,228,61	152,173,154	334,178,693	-
Profit/Loss before Tax	634,058,160	92,198,847	5,173,874	17,263,662	(234,231)
Provision for Taxation	(128,941,088)	-	-	2,856,145	-
Profit/Loss After Tax	762,999,248	92,198,847	5,173,874	14,407,517	(234,231)
Proposed Dividend	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%

Annexure-B

AOC-2

Particulars of contracts / arrangements made with related parties

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

There are no contracts or arrangements or transactions not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 are as follows:

Name of related party	Nature of relationship	Duration of Contract	Salient terms (1)	Amount (Rs in Lakhs)	
Cigniti Technologies Inc; USA	Wholly Owned Subsidiary	Running contract	All type of support services at cost incurred by the holding Company plus 17% mark up:	19684.31	
Cigniti Technologies (UK) Limited	Wholly Owned Subsidiary	Running contract		2690.80	
Cigniti Technologies (Australia) Pty Limited	Wholly Owned Subsidiary	Running contract		<ul style="list-style-type: none"> • Testing Services • Human resources services • Financial & Accounting support services • Legal & Compliance • Other: 	335.88
Cigniti Technologies (Canada) Inc	Wholly Owned Subsidiary	Running contract		Provision of any other services as may be agreed in writing between the Parties from time to time	567.68

INFORMATION AS PER RULE 5(1) OF CHAPTER XIII, COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No	Disclosure requirement	Disclosure Details	
i	Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:	Executive Directors	Ratio to median remuneration
		Mr. C. V. Subramanyam	3.93
		Mr. C. Srikanth	-
ii	Percentage increase in the remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year	Directors, Chief Executive Officer, Company Secretary and Manager	% increase in remuneration in the financial year
		Mr. C. V. Subramanyam	100
		Mr. C. Srikanth*	Nil
		Mr. Krishnan Venkatachary	25.56
		Mrs. A. Naga Vasudha	67

iii. Percentage increase/ (decrease) in the median remuneration of employees in the financial year 2018-19: (15.7%)

iv. Number of permanent employees on the rolls of the company as on March 31, 2019: 1656

v. Explanation on relationship between average increase in remuneration & Company performance

The average decrease in employee remuneration effected during the year 2018-19 was (6.2%). The individual increments are based on individual and company's performance during the previous financial year viz., 2017-18. The other factors considered for revision in remuneration are industry standards, functional expertise standards, etc.

The net revenue from the operations of the Company for the year 2018-19 was increased by 17.76%. For the current year the Company has made a net profit of Rs. 5971.43 lakhs and the market capitalization is increased by 28.60% as compared to the previous year 2017-18.

A direct co-relation of employee remuneration and company performance as envisaged in the Rules is not feasible considering the qualitative factors involved in measuring performance.

vi. Comparison of remuneration of Key Managerial Personnel against the performance of the Company

Aggregate remuneration of key managerial Personnel (KMP) in FY 2018-19 (Rs. In Lakhs)	345.89
Revenue (Rs in Lakhs)	28991.49
Remuneration of KMPs (as % of revenue)	1.19
Profit before Tax (PBT) (Rs. in Lakhs)	6717.26
Remuneration of KMP (as % of PBT)	5.14

vii. Variations in the market capitalization of the company and price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	31.03.2019	31.03.2018
Market Capitalization of the Company (Rs. In Lakhs)	899.50	645.50
Closing Price at the National Stock Exchange Ltd	325.15	236.90
Price Earnings Ratio as at the closing date	15	25.15

vii. Percentage increase over decrease in market quotations of the shares of the Company in comparison with the last public offer

Not applicable as the public offer was in 2004 and the data is incomparable.

viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual decrease in salaries of employees was 0.44 lakhs. Increase in the managerial remuneration for the year was Rs. 100 lakhs.

ix. Comparison of each remuneration of the key managerial personnel against the performance of the Company

	Mr. C. V. Subramanyam Chairman & Managing Director	Mr. C. Srikanth Non-executive Director	Mr. Krishnan Venkatachary Chief Financial Officer	Mrs. A. Naga Vasudha Company Secretary
Remuneration in FY 2018-19(Rs. In Lakhs)	2.40	-	93.87	12.02
Revenue (Rs in Lakhs)	28991.49	28991.49	28991.49	28991.49
Remuneration as % of revenue	0.83%	-	0.32%	0.04
Profit before Tax (PBT) (Rs in Lakhs)	6717.26	6717.26	6717.26	6717.26
Remuneration (as % of PBT)	3.57	-	1.40	0.18

x. The key parameters for any variable component of remuneration availed by the Directors:

Not applicable as there is no variable component of remuneration availed by the Directors.

xi. Ratio of remuneration of the highest paid director of that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year:

Not Applicable as no employee is receiving remuneration in excess of the highest paid Director.

xii. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its remuneration policy.

INFORMATION AS PER RULE 5(2) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees drawing remuneration aggregating to Rs. 1.02 crores per annum employed during the year 2018-19 and no employees drawing remuneration to Rs. 8.5 lakhs per month employed for the part of financial year.

Pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and Regulation 14 of SEBI (Share based Employee Benefits) Regulations, 2014 as amended, the details of stock options as on 31st March, 2019 under company's Employee Stock Option Schemes are as under:

Sr. No.	Description	ESOP Scheme 2011	ESOP Scheme 2013	ESOP Scheme 2014(I)	ESOP Scheme 2014(II)	ESOP Scheme 2015	
1	No of options outstanding at the beginning of the period	2,30,980	-	1,15,000	3,75,000	Nil	
2	Options granted during the year	Nil	-	Nil	Nil	1,60,000	
3	Pricing formula	Grant Price is the face value of the Equity shares of the Company, i.e., Rs. 10.00				Market price as defined in SEBI (Share Based Employee Benefits) Regulations, 2014	
4	Options vested during the year	2,23,990	-	67,500	1,25,000	Nil	
5	Options exercised during the year	2,23,990	-	67,500	1,25,000	Nil	
6	Total number of shares arising as a result of exercise of options	2,23,990	-	67,500	1,25,000	Nil	
7	Options lapsed during the year	Nil	-	9,000	Nil	Nil	
8	Variation in terms of options	N.A	-	N.A	N.A.	Nil	
9	Money realized by exercise of options during the year	Rs. 22,39,900	-	Rs.6,75,000	Rs.12,50,000	Nil	
10	Total number of options outstanding at the end of the period	6,990	-	39,000	2,50,000	1,60,000	
11	Total no. of options exercisable at the end of the period	Nil	-	13,000	Nil	Nil	
12	Employee wise details of options granted during the year:						
(i)	Senior managerial personnel	Nil	-	Nil	Nil	1,40,000	
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	Nil	-	Nil	Nil	Nil	
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	-	Nil	Nil	Nil	
13	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 33 - Earning per share.	Rs. 21.56	-	Rs.21.56	Rs.21.56	Rs.21.56	
14	Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the fair value of the stock options.					

Sr. No.	Description	ESOP Scheme 2011	ESOP Scheme 2013	ESOP Scheme 2014(I)	ESOP Scheme 2014(II)	ESOP Scheme 2015
15	Difference between the employee compensation cost so computed at (i) above and the employee ompensation cost that shall have been recognised if it had used the fair value of the options	Nil	-	Nil	Nil	Nil
	The Impact of this difference on profits and on EPS of the Company	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
16	Weighted-average exercise prices and weighted-average fair values of options, whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted Average exercise price is Rs. 10/- whereas the weighted average fair value is Rs. 317.48/-.				The market price on the date of grant is Rs.242/- where as the weighted average fair value is Rs. 91.88/-
17	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.				
18	The main assumptions used in the Black Scholes option-pricing model during the previous year and current year were as follows:					
	Risk free interest rate (%)	6.28%-6.54%			7.30%-7.91%	
	Expected life of options from the date(s) of grant	2-5yrs			2-5 yrs	
	Expected volatility (%)	31.78%-35.64%			38.45%-41.36%	
	Dividend yield (%)	0%	0%	0%	0%	0%

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**Extract of Annual Return
as on the Financial Year 31.03.2019
[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:

i.	CIN	L72200TG1998PLC030081
ii.	Registration Date	03/09/1998
iii.	Name of the Company	CIGNITI TECHNOLOGIES LIMITED
iv.	Category/Sub-Category of the Company	Company limited by shares/Non-Government Company
v.	Address of the Registered office and contact details	Suit No.106&107,6-3-456/C, MGR Estates Dwarakapuri Colony,Panjugutta, Hyderabad, Telangana -500082
vi.	Whether listed company Yes/No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Aarthi Consultants Pvt. Ltd. 1-2-285, Domalguda, Hyderabad-29. Tel: (040) 27642217 / 27638111 Fax: (040) 27632184 Email: info@aarthiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products /services	NIC Code of the Product / service	% to total turnover of the company
1	Software Testing	J62011	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

S.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1.	Gallop Solutions Private Limited	U72400TG2005PTC045529	Subsidiary (Wholly Owned)	100%	2 (87)
2.	Cigniti Technologies (Canada) INC.	---	Subsidiary (Wholly Owned)	100%	2 (87)
3.	Cigniti Technologies (UK) Limited, UK	---	Subsidiary (Wholly Owned)	100%	2 (87)
4.	Cigniti Technologies INC., USA	---	Subsidiary (Wholly Owned)	100%	2 (87)
5.	Cigniti Technologies (Australia) Pty. Limited, AUS	---	Subsidiary (Wholly Owned)	100%	2 (87)

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

Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year			% of Total Shares	No. of Shares held at the end of the year			% of Total Shares	%Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
A. Promoters									
(1) Indian									
Individual/HUF	82,46,630	-	82,46,630	30.26	65,85,788	-	65,85,788	23.81	(7.3)
Central Govt	--	--	--	--	--	--	--	--	--
State Govt (s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks/FI	--	--	--	--	--	--	--	--	--
Any Other...	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	82,46,630	-	82,46,630	30.26	65,85,788	-	65,85,788	23.81	(7.3)
(2) Foreign									
a) NRIs - Individuals	46,17,470	-	46,17,470	16.94	34,60,019	-	34,60,019	12.51	(4.91)
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other...	0	0	0	0	0	0	0	0	0
Sub-total (A) (2) :-	46,17,470	-	46,17,470	16.94	34,60,019	-	34,60,019	12.51	(4.91)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,28,64,100	-	1,28,64,100	47.21	34,60,019	-	34,60,019	12.51	(4.91)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	54108	--	54108	0.20	0.20
b) Banks / FI	5,000	--	5,000	0.01	25,207	--	25,207	0.09	0.08
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
Others (specify)	17,500	0	17,500	0.06	8,608	12	8,620	0.03	(0.03)
SubTotal	22,500	0	22,500	0.07	87,923	12	87,935	0.32	0.25
2. Non Institutions									
a) Bodies Corp.									
i) Indian	16,97,217	0	16,97,217	6.23	14,74,586	0	14,74,586	5.33	(0.90)

Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	41,18,964	1,85,674	43,04,638	15.8	47,78,595	38,730	48,17,325	17.41	1.61
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	69,44,305	8,79,155	78,23,460	28.71	1,01,48,106	0	1,01,48,106	36.68	7.97
c) Others (specify)									
Clearing Members	4,46,182	--	4,46,182	1.64	3,47,803	0	3,47,803	1.26	(2.91)
Non Resident Indians/Foreign Nationals	67,236	--	67,236	0.16	4,63,459	1,250	4,64,709	1.67	1.51
NBFC	-	-	-	0	2,75,487	0	2,75,487	1.00	1.00
Trust	11	-	11	0	11	-	11	0	0
Sub-total (B) (2):-	1,33,14,100	10,64,829	1,43,78,929	52.77	1,74,88,047	42,480	1,75,30,527	63.37	13
Total Public Shareholding (B)=(B)(1)+(B) (2)	1,33,19,100	10,64,829	1,43,83,929	52.79	1,75,75,982	42,480	1,76,18,462	63.69	13.20
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	2,61,83,200	10,64,829	2,72,48,029	100%	2,76,21,789	42,480	2,76,64,269	100%	0

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Pennam Sapna	37,69,000	0	37,69,000	13.83	34,58,892	0	34,58,892	12.50	(1.33)
2.	Chakkilam Venkata Subramanyam	29,58,485	0	29,58,485	10.86	29,58,485	0	29,58,485	10.69	(0.17)
3.	Chakkilam Srikanth	25,00,000	0	25,00,000	9.17	25,00,000	0	25,00,000	9.04	(0.13)
4.	C Rajeswari	11,27,303	0	11,27,303	4.14	11,27,303	0	11,27,303	4.07	(0.07)
5.	Pennam Sudhakar	5,22,470	0	5,22,470	1.92	1,127	0	1,127	0	(1.92)

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Pennam Sapna				
	At the beginning of the year	37,69,000	13.83	34,58,892	12.50
	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	37,69,000	13.83	34,58,892	12.50
2.	C V Subramanyam				
	At the beginning of the year	29,58,485	10.86	29,58,485	10.69
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the end of the year	29,58,485	10.86	29,58,485	10.69
3.	Chakkilam Srikanth				
	At the beginning of the year	25,00,000	9.17	25,00,000	9.04
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the end of the year	25,00,000	9.17	25,00,000	9.04
4.	K Kumar Bapuji				
	At the beginning of the year	3,26,000	1.20	0	0
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the end of the year	3,26,000	1.20	0	0
5.	C Rajeswari				
	At the beginning of the year	11,27,303	4.14	11,27,303	4.07
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the end of the year	11,27,303	4.14	11,27,303	4.07
6.	Pennam Sudhakar				
	At the beginning of the year	5,22,470	1.92	1,127	0
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the end of the year	5,22,470	1.92	1,127	0
6.	Kukunuru Sambha Siva Rao				
	At the beginning of the year	16,60,842	6.10	0	0
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the End of the year	16,60,842	6.10	0	0

The difference in % is due to sale of shares. However adequate disclosures being made. Further also due to allotment of shares on exercise of ESOPs there is change in % of holding.

There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.

There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.

During the year, the said promoter has been reclassified to public category after obtaining necessary approvals from Stock exchanges in accordance with SEBI(LODR) Regulations

There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.

The difference in % is due to sale of shares. However adequate disclosures being made.

During the year, the said promoter has been reclassified to public category after obtaining necessary approvals from Stock exchanges in accordance with SEBI(LODR) Regulations

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

Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of 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				
Religare Securities Ltd	7,39,050	2.71	0	0
Venumanohar Rao Rangineni	5,52,338	2.03	8,07,968	2.92
C Mithun Chand	5,52,178	2.03	4,37,495	1.58
Prabhudas Lilladher Financial Services Pvt. Ltd.	4,18,091	1.53	2,51,020	0.91
Prabhudas Lilladher Private Limited	3,67,281	1.35	1,39,543	0.50
Anjana Bangad	2,58,751	0.95	3,21,275	1.16
Urmila Markila	1,90,637	0.70	1,88,137	0.68
Atluri Naga Deepthi	1,75,000	0.64	1,75,000	0.63
S.Lakshmi	1,53,200	0.56	19,000	0.07
Manikonda Venugopal .	1,43,665	0.53	24,112	0.09
AT THE END OF THE YEAR				
Kukunuru Samba Siva Rao	16,60,842	6.10	16,41,555	5.93
Venumanohar Rao Rangineni	5,52,338	2.03	8,07,968	2.92
C Mithun Chand	5,52,178	2.03	4,37,495	1.58
Puttaha Mahesh Kumar .	53,990	0.20	3,96,137	1.43
Anjana Bangad	2,58,751	0.95	3,21,275	1.16
Kukunuru Kumar Bapuji	3,26,000	1.20	3,17,500	1.15
Northeast Brok.Ser Ltd	0	0.00	3,14,752	1.14
Infina Finance Private Ltd	0	0.00	2,75,487	1.00
Prabhudas Lilladher Financial Services Pvt. Ltd.	4,18,091	1.53	2,51,020	0.91
Shilpa Sriram	1,02,184	0.38	2,42,282	0.88

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	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
C. V. Subramanyam				
At the beginning of the year	29,58,485	10.86	29,58,485	10.69
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.			
At the end of the year	29,58,485	10.86	29,58,485	10.69
C Srikanth				
At the beginning of the year	25,00,000	9.17	25,00,000	9.04
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.			
At the end of the year	25,00,000	9.17	25,00,000	9.04
K. CH. Subba Rao				
At the beginning of the year	25,000	0.00	25,000	0
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in the total shareholding between 01-04-2018 to 31-03-2019. However due to allotment of shares on exercise of ESOPs there is change in % of holding.			
At the end of the year	25,000	0	25,000	0
V. Krishnan Venkatachary				
At the beginning of the year	18750	0	18750	0
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	During the year 2018-19, esops have been vested and exercised.			
At the end of the year	18750	0	18750	0

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	435,557,410	159,610,000	-	595,167,410
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	435,557,410	159,610,000	-	595,167,410
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	326,080,539	159,610,000	-	485,690,539
Net Change	109,476,871	-	-	109,476,871
Indebtedness at the end of the financial year				
i) Principal Amount	109,476,871	-	-	109,476,871
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	109,476,871	-	-	109,476,871

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager: C. V. Subramanyam MD		Total Amount (in Rs)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Rs.10,00,000*12 =1,20,00,000		1,20,00,000
2.	Stock Option	-		
3.	Sweat Equity	-		
4.	Commission - as % of profit - Others, specify...	1,20,00,000		1,20,00,000
5.	Others, please specify	-		
6.	Total (A)	2,40,00,000		2,40,00,000
7.	Ceiling as per the Act	3,51,00,000		3,51,00,000

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Director					Total Amount
		Mr. Ram Krishna Agarwal	Ms. Nooraine Fazal	Mr. Srinath Batni	Mr. Phaneesh Murthy	Mr. K.Ch. Subba Rao	
1.	Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	14,00,000	12,00,000	9,00,000	-	-	35,00,000
		23,00,000	23,00,000	23,00,000	-	-	69,00,000
	Total (1)	37,00,000	35,00,000	42,00,000	-	-	1,04,00,000
2.	Other Non-Executive Directors · Fee for attending board / committee meetings · commission · Others, please specify	--	--	--	-	-	--
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	37,00,000	35,00,000	42,00,000	-	-	1,04,00,000
	Total Managerial Remuneration	--	--	--	-	-	3,09,00,000
	Overall Ceiling as per the Act	--	--	--	-	-	3,51,00,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (in Rs. Except Stock Option)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO	Total	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		11,42,280	88,20,000	99,62,280
2.	Stock Option			18,750	
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please Specify				
6.	Total		11,42,280	88,20,000	99,62,280

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	--	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FORM MR-3**SECRETARIAL AUDIT REPORT**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

To
The Members of
Cigniti Technologies Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cigniti Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers 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, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Cigniti Technologies Limited ("The Company") for the financial year ended on 31st March, 2019, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) is furnished

hereunder for the financial year 2018-19.

- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Complied with yearly and event based disclosures.**
- ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading Regulations; **The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company's website i.e. www.cigniti.com.**
- iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable as the company has not issued any shares during the year under review either in the form of Rights or Bonus or Preferential issue etc., except the exercising of ESOP grants allotted in the previous years.**
- iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **the ESOPS issued under various schemes were exercised in the following manner:**

Scheme	No. of shares
CIGNITI - ESOP Scheme 2011	2,23,990
CIGNITI - ESOP Scheme 2014 (I)	67,500
CIGNITI - ESOP Scheme 2014 (II)	1,25,000

- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **Not Applicable as the Company has not issued any debt securities during the year under review.**
- vi. 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; **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.**
- vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review.**

viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.**

ix. Other applicable Laws include the following:

- Information Technology Act 2000
- Software Technology Park of India Rules and Regulations
- The Payment of Gratuity Act, 1972
- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Employees State Insurance Act, 1948
- Income Tax Act, 1961
- Indian Stamp Act, 1899
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965
- Payment of Wages Act, 1936
- Shops and Establishments Act, 1948

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following **observations**:

- a) During the year the Company has conducted 4 meetings of the Board of Directors, 4 meetings of the Audit committee, 4 meetings of Nomination & Remuneration Committee, 4 Meetings of Stakeholder Relationship Committee, 1 meeting of the CSR Committee, 2 meeting of the Risk Management Committee and 1 meeting of Independent Directors.
- b) As per the information and explanations provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, **we report that**
 - (i) The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;

- Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.

(ii) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

(b) **We further report that:**

- i. The Company has a CFO, Mr. Krishnan Venkatachary and a Company Secretary namely Mrs. A. N. Vasudha.
- ii. The Company has appointed M/s. Sarath & Associates, Chartered Accountants as Internal Auditors of the Company.
- iii. 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.
- iv. Adequate notice of board meeting is given to all the directors along with agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- v. Minutes of the meeting duly recorded and signed by the Chairman.
- vi. We, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, rules, regulations and guidelines.
- vii. The compliance by the Company of applicable financial Laws like Direct and Indirect tax laws have not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

Place: Hyderabad
Date: 02.05.2019

Sd/-
Aakanksha
Practicing Company Secretary
C.P.No: 20064

Annexure

To
The Members of
Cigniti Technologies Limited

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 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 relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date: 02.05.2019

Sd/-
Aakanksha
Practicing Company Secretary
C.P.No: 20064

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Cigniti Technologies Limited

Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate governance by Cigniti Technologies Limited (“the company”) for the year ended 31st March, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with BSE Limited and National Stock Exchange of India Limited.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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

For S.S. Reddy & Associates

Place: Hyderabad

Date: 02.05.2019

Sd/-

S. Sarveswara Reddy

Proprietor

C.P.No: 7478

CORPORATE GOVERNANCE

Cigniti Technologies Limited (CTL) is committed to best practices in the area of Corporate Governance. Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimizing the value for all stakeholders.

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc.

Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is backed by principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. CTL's Corporate Governance policies ensure, among other things, the accountability of the Board of Directors and the importance of its decisions to all its participants viz employees, investors, customers, regulators etc. The Company respects the inalienable rights of the shareholders to information on the performance of the Company. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

Date of Report

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2019. The Report is updated as on the date of the report wherever applicable.

1. Board Composition and Category of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board and category of Directors are as follows:

Promoter, Executive Director	Mr. C. V. Subramanyam
Promoter, Non-Executive Director	Mr. C. Srikanth
Independent Directors	1. Mr. Ram Krishna Agarwal 2. Mr. Phaneesh Murthy 3. Mr. Srinath Batni 4. Ms. Nooraine Fazal

Non-Executive Non-Independent Directors	Mr. K. Ch. Subba Rao
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Mr. C. Srikanth is the son of Mr. C. V. Subramanyam. None of the other directors are related to any other director on the Board.

The Company is managed and controlled through a professional body of Board of Directors which comprises of 7 members (including four independent Non-Executive Directors) with vast experience and knowledge. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he/she is a Director. The Board has been enriched with the advices and skills of the Independent Directors. The composition of the board is in conformity with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- A.** During the year, the Board of Directors duly met 4 (Four) times on 21.05.2018, 30.07.2018, 12.11.2018, and 31.01.2019 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Further the Board of Directors have approved through circular resolution, opening of branch office in Dubai dated 04.05.2018 and also have approved the code of conduct and code of fair disclosure of Un-published Price Sensitive Information as amended in accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 dated 31.03.2019 which was ratified by the Board in its subsequent meeting.

B. The names and categories, inter personal relationship of the Directors on the Board, their attendance at Board meetings during the year and at the last Annual General Meeting (AGM), as also the details of Directorships across all Companies and Committee membership/chairpersonship held by them are given below:

S. No	Name of the Director	Designation	Attendance of meetings held on				Attendance at last AGM held on 30.07.2018	No of equity shares held
			21.05.2018	31.07.2018	12.11.2018	31.01.2019		
1	Mr. C. V. Subramanyam	Promoter Chairman & MD	Y	Y	Y	Y	Y	29,58,485
2	Mr. C. Srikanth	Promoter Non-executive Director	Y	Y	Y	Y	Y	25,00,000
3	Mr. Ram Krishna Agarwal	Independent & Non-executive Director	Y	Y	Y	Y	Y	Nil
4	Mr. Phaneesh Murthy	Independent & Non-executive Director	Y	Y	Y	Y	Y	Nil
5	Ms. Nooraine Fazal	Independent & Non-executive Director	Y	Y	Y	Y	Y	Nil
6	Mr. Srinath Batni	Independent & Non-executive Director	Y	Y	N	Y	Y	Nil
7	Mr. K. Ch. SubbaRao	Non-Independent & Non-executive Director	Y	Y	Y	Y	Y	25000

C. Details of skills/expertise/competence of the Board of Directors:

S.No	Skills/Expertise/Competence identified for the Company's business	Existing Skills/Expertise/Competence
1	Mr. C. V. Subramanyam	Entrepreneurship
2	Mr. C. Srikanth	Sales
3	Mr. Ram Krishna Agarwal	Audit & Governance
4	Mr. Phaneesh Murthy	Business Strategy
5	Ms. Nooraine Fazal	Human Resources & CSR
6	Mr. Srinath Batni	Technology & Delivery
7	Mr. K. Ch. SubbaRao	Industrial affairs

D. The number of directorships, committee chairmanships/memberships held in other companies by each of the Directors is tabled below:

Name	No. of other Directorships and Committee Membership / Chairmanship			
	Board#		Committee**	
	Chairmanship	Directorships*	Chairmanship	Membership
Mr. C. V. Subramanyam	Nil	Nil	Nil	Nil
Mr. C. Srikanth	Nil	Nil	Nil	Nil
Mr. Ram Krishna Agarwal	Nil	5	2	3
Mr. Phaneesh Murthy	Nil	1	Nil	Nil
Ms. Nooraine Fazal	Nil	Nil	Nil	Nil
Mr. Srinath Batni	Nil	2	Nil	2
Mr. K. Ch. Subba Rao	Nil	Nil	Nil	Nil

* Other directorships do not include section 8 companies, private limited companies and companies incorporated outside India.

** Chairmanships/memberships of board committees include only in Audit and Stakeholders Relationship committees as required under regulation 26(1)(b) of SEBI (LODR) Regulations, 2015.

Details of directorships of aforesaid Directors, in other listed entities are given below:

Sl.No	Name of the Director	Name of the listed entity	Category
1.	Mr. C. V. Subramanyam	Nil	Nil
2.	Mr. C. Srikanth	Nil	Nil
3.	Mr. Ram Krishna Agarwal	Srei Infrastructure Finance Limited Electro Steel Castings Ltd.	Independent Independent
4.	Mr. Phaneesh Murthy	Nil	Nil
5.	Ms. Nooraine Fazal	Nil	Nil
6.	Mr. Srinath Batni	Axiscades Engineering Technologies Limited	Independent
7.	Mr. K. Ch. Subba Rao	Nil	Nil

During the financial year 2018-19, information as mentioned in Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements), 2015, has been placed before the Board for its consideration.

E. Independent Directors

Independent directors play a pivotal role in maintaining a transparent working environment in the company. They provide a valuable outside perspective to the deliberations of the board and contribute significantly to the decision making process. They help the company in improving corporate credibility and governance standards. They bring an element of objectivity to the board processes and deliberations.

(i) Independent Directors' Meeting

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors) read with Regulation 25(3) of SEBI LODR Regulations, 2015, a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 30.07.2018 to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
- Evaluation of 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 its duties.

All the Independent Directors of the Company were present at the meeting.

The terms and conditions of appointment is available on our website (<https://www.cigniti.com/investors/terms-and-conditions-for-appointment-of-independent-director>)

(ii) Familiarization Program for Independent Directors

All independent attend an orientation program. The details of training and familiarization program are available on company's website ([https://www.cigniti.com/investors/Familiarization program](https://www.cigniti.com/investors/Familiarization-program)). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. They interact with the heads of all business units and other functional heads. They are provided a walk through among some of the centers of excellence and given a detailed understanding of the business and its operations.

(iii) Declaration by Independent Directors

All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with Section 149(6) of the Act.

(iv) Declaration by Board

The Board has confirmed that in its opinion, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

During the year under review, no Independent Director has resigned before expiry of his tenure.

2. AUDIT COMMITTEE (Constituted in terms of Sec 177 of the Companies Act, 2013 read with Regulation 18 of SEBI LODR Regulations, 2015)

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - a. Any changes in accounting policies and practices;
 - b. Qualification in draft audit report;
 - c. Significant adjustments arising out of audit;
 - d. The going concern concept;
 - e. Compliance with accounting standards;
 - f. Compliance with stock exchange and legal requirements concerning financial statements and
 - g. Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into

the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments

B. COMPOSITION, MEETINGS & ATTENDANCE

Name of the Member	Category	No. of Meetings Attended	Dates on which Meetings Held
Mr. Ram Krishna Agarwal (Chairman)	Independent Non-Executive	4	
Mr. Phaneesh Murthy (member)	Independent Non-Executive	4	21.05.2018 24.08.2018
Mr. C. V. Subramanyam (member)	Managing Director	4	25.10.2018 31.01.2019
Mr. Srinath Batni (member)	Independent Non-Executive	3	

C. Previous Annual General Meeting of the Company was held on 30th July 2018 and Mr. Ram Krishna Agarwal, Chairman of the Audit Committee for that period, attended previous AGM.

D. On an annual basis, the members of the audit committee meet and interact with both the statutory auditors and internal auditors without the presence of the management. The audit committee is suitably apprised of the same.

The total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs.91.24 lakhs.

3. NOMINATION AND REMUNERATION COMMITTEE (Constituted in terms of Sec 178 of the Companies Act, 2013 read with Regulation 19 of SEBI LODR Regulations, 2015)

The Committee comprises of three non-executive independent Directors as on date of this report

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:

- a. to take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
 - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
 - To carry out evaluation of every Director's performance.
 - To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
 - To formulate the criteria for evaluation of Independent Directors and the Board.
 - To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.
 - Recommend to the board, all remuneration, in whatever form, payable to senior management.

B. COMPOSITION OF THE COMMITTEE

Name of the Member	Category	No. of Meetings Attended	Dates on which Meetings Held
Mr. Srinath Batni (Chairman)	Independent & Non-Executive	3	
Mr. Phaneesh Murthy (member)	Independent & Non-Executive	4	
Ms. Nooraine Fazal (member)	Independent & Non-Executive	4	21.05.2018 30.07.2018 12.11.2018* 31.01.2019
Mr.C.V.Subramanyam (Member)	Promoter & Executive	4	
Mr. C. Srikanth (Member)	Promoter & Non-Executive	4	

*As Mr. Srinath Batni, Chairman of the Committee was not present on 12.11.2018, Ms. Nooraine Fazal (Member of the Committee) chaired the meeting.

C. REMUNERATION POLICY:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the

organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered and individual performance.

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

- 2.1 **"Director"** means a director appointed to the Board of a Company.
- 2.2 **"Nomination and Remuneration Committee"** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.
- 2.3 **"Independent Director"** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 read with Regulation 16 (1) (b) of SEBI LODR Regulations, 2015).

3. Policy:

Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity

and values;

- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- such other requirements as may be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

3.2 Criteria of independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.2.3 The independent Director shall abide by the "code for independent Directors" as specified in Schedule IV to the companies Act, 2013.

3.3 Other directorships/ committee memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees:

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

2.1 "Director" means a director appointed to the Board of the company.

2.2 "key managerial personnel" means

(i) The Chief Executive Office or the Managing Director or the manager;

- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The Chief Finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 “Nomination and Remuneration committee” means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and Regulation 19 of SEBI LODR Regulations, 2015.

3. Policy:

3.1 Remuneration to Executive Director and key managerial personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non - Executive Directors

3.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non - Executive Directors of the Company within the overall limits approved by the shareholders.

3.2.2 Non - Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

D. Directors Remuneration

i) Executive Directors

The remuneration paid to the Executive Directors is given below:

(Amount in Rs lakhs)

S. No.	Name of the Director	Salary	Commis-sion	Benefits	Total
1	Mr. C. V. Subramanyam	120.00	120.00	2.88	242.88

(ii) None of the directors have been granted stock options during the year.

(iii) The percentage of commission (incentive) is linked to the overall performance of the Executive Director and the company.

(iv) The terms and conditions including remuneration is as per the resolution passed by the shareholders at their meeting held on 30th June, 2017.

v) Non-Executive Directors

The commission payable to the Non-Executive Directors during the year under review is in conformity with the applicable provisions of the Companies Act, 2013, and duly considered and approved by the board and the shareholders.

The remuneration paid to the Non-Executive Directors is given below:

(Amount in Rs lakhs)

Name of the Director	Sitting fees	Commission
Mr. Ram Krishna Agarwal	14.00	23.00
Ms. Nooraine Fazal	12.00	23.00
Mr. Srinath Batni	9.00	23.00

* Mr. C. Srikanth, Non-Executive Director is drawing a remuneration of \$ 6 lacs from Cigniti Technologies Inc; USA a wholly owned subsidiary Company

E. MECHANISM FOR EVALUATION OF THE BOARD

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017 and the Companies Amendment Act, 2017 the Company adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given six Forms for evaluation of the following:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Could do more to meet expectations;
2. Meets expectations; and
3. Exceeds expectations.

The Directors have sent the duly filled forms to Nomination & Remuneration committee. Based on the evaluation done by the Directors, the Committee has prepared a report and submitted the Evaluation Report. Based on the report, the Board of Directors has informed the rankings to each Director and also informed that the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.

4. STAKEHOLDER'S RELATIONSHIP COMMITTEE (Constituted in terms of Sec 178 of the Companies Act, 2013 read with Regulation 20 of SEBI LODR Regulations, 2015)

The Stakeholders Engagement Committee is empowered to perform the functions of the Board

relating to handling of stakeholders' queries and grievances. It primarily focuses on:

- Consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- Evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- Provide guidance and make recommendations to improve investor service levels for the investors.

A. Composition and Attendance for Meetings

Name of the Member	Category	No. of Meetings Attended	Dates on which Meetings Held
Ms. Nooraine Fazal (Chairperson)	Independent & Non-Executive	4	
Mr. Ram Krishna Agarwal (member)	Independent & Non-Executive	4	21.05.2018 30.07.2018 12.11.2018 31.01.2019
Mr. C. Srikanth (member)	Promoter & Non-Executive	4	

B. Status of Investor Complaints as on 31 March, 2019 and reported under Regulation 13(3) of the Listing Regulations is as under:

Particulars	Number of Complaints
Complaints as on 1 April, 2018	Nil
Received during the year	Nil
Resolved during the year	Nil
Number of pending complaints as on 31 March 2019	Nil

C. SCORES

The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The system processes complaints in a centralized web-based mechanism. The company is in compliance with this system.

D. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Ms. A. N. Vasudha

Company Secretary & Compliance officer

Telephone No: 040-40382211

E-mail: company.secretary@cigniti.com

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the provisions of the Companies (Corporate Social Responsibility Policy) Rules 2013, the Company constituted a Corporate Social Responsibility Committee. One meeting was held during the year on 12th November 2018. The Corporate Social Responsibility Committee, formed under Section 135 of the Companies Act, 2013, comprises 4 members with two Independent Director and two Executive Directors.

Composition of the committee during the year 2018-19 is as follows:

Name of the Director	Position	Category
Ms. Nooraine Fazal	Chairperson	Independent & Non-Executive
Mr. Srinath Batni	Member	Independent & Non-Executive
Mr. C. V. Subramanyam	Member	Promoter & Executive
Mr. C. Srikanth	Member	Promoter & Non-Executive

A detailed overview of the CSR initiatives of the company is published elsewhere in the Annual Report.

6. RISK MANAGEMENT COMMITTEE**A.) COMPOSITION:**

The Details of composition of the Committee are given below:

Name of the Director	Position	Category
Mr. Phaneesh Murthy	Chairman	Independent & Non-Executive
Mr. Ram Krishna Agarwal	Member	Independent & Non-Executive
Mr. C. V. Subramanyam	Member	Executive

B) ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of Risk management
- Validating the procedure for Risk minimization
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

7. GENERAL BODY MEETINGS

A. Location, date and time of last three AGMs and special resolutions there as under:

NO. OF AGM AND FY	DATE OF MEETING	VENUE	TIME	SPECIAL RESOLUTION PASSED
20th AGM 2017-18	30.07.2018	Hall No.5 & 6, Novotel & HICC Complex, (Near Hitech City), P.O. Bag 1101, Cyberabad Post Office, HYDERABAD - 500 081	10.00 A.M.	yes
19th AGM 2016-17	30.06.2017	The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081	10.00 A.M.	yes
18th AGM 2015-16	28.09.2016	The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081	10.00 A.M.	yes

(B) Extraordinary General Meeting

No Extra-ordinary General Meetings were held during the year 2018-19.

(C) Postal Ballot

During the year, the shareholders of the company passed no resolutions through postal ballot.

(D) Procedure for postal ballot

Company conducts a postal ballot, where required, in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder and applicable regulations. At present, there are no postal ballots proposed to be held.

8. DISCLOSURES

A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year under review, the Company had not entered in to any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. The Audit Committee has issued omnibus approval for the Related party transactions with in the limits. Transactions with the Related Parties as required under Indian Accounting Standard-24 are disclosed in Note No. 34 of the standalone financial statements forming part of this Annual Report.

B. COMPLIANCES

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

C. WHISTLE BLOWER POLICY (Set up in terms of Sec 177 of the Companies Act, 2013 read with Regulation 22 of SEBI LODR Regulations, 2015)

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

D. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Declaration on Code of Conduct for the year 2018-19

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2018 as envisaged in Regulation 26(3) of the Listing Regulations.

Sd/-

Place: Hyderabad **C. V. Subramanyam**
Date: 02.05.2019 Chairman & Managing Director

E. Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules.

F. Non-Executive Directors' Compensation and Disclosures

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

G. CEO/ CFO Certification

The Managing Director and CEO/ CFO certification of the financial statements for the year 2018-19 is provided elsewhere in this Annual Report.

H. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

All mandatory requirements of SEBI (Listed Obligations and Disclosure Requirements) Regulations, 2015 have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.
- iii. At present, other non-mandatory requirements have not been adopted by the Company.

I DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received during the financial year: Nil
- No. of complaints disposed off during the financial year: Nil
- No. of complaints pending at the end of the financial year: Nil

9. MEANS OF COMMUNICATION

A. Publication of results in newspapers

The quarterly, half-yearly & nine months un-audited financial results and annual audited financial results of the company are generally published in Business Standard or Financial Express, at national level in English language as well as Andhra Prabha at regional level in Telugu language circulating in the state of Telangana.

B. Website and News Release

The financial results of the company are available on the website of the company i.e. www.cigniti.com. Official news releases, detailed presentations made to media, analysts, institutional investors, etc., are sent to BSE Limited and National Stock Exchange of India Limited and also made available on the website of the company i.e. www.cigniti.com. Your company also makes timely disclosure of necessary information to BSE Limited and National Stock Exchange of India Limited in terms of the SEBI (LODR) Regulations, 2015 and other rules and regulations issued by the Securities and Exchange Board of India.

C. Channels of Communication with the investors

All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre.

10. General Shareholder Information

The following information would be useful to the shareholders:

A. Annual General Meeting:

Date & Time : 24th July 2019, at 10.00 A.M

Venue : Hall No.5 & 6. Novotel & HICC Complex, (Near Hitech City), P.O. Bag 1101, Cyberabad Post Office, HYDERABAD - 500 081

B. Financial Calendar

Financial Year - 1 April 2018 to 31 March 2019

C. Tentative calendar for declaration of financial results in financial year 2019-20

Results for the quarter ended

Tentative Dates

30 June 2019	24 July 2019
30 September 2019	1 November 2019
31 December 2019	31 January 2020
31 March 2020	2 May 2020

D. Book Closure dates

The dates for book closure are from 20th July, 2019 to 24th July, 2019 (both days inclusive) (both days inclusive).

E. Listing on Stock Exchanges

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Ltd. The Company has paid the listing fees for the year 2018-19 to both the Stock Exchanges.

F. Stock Code

EXCHANGE	CODE
National Stock Exchange of India	CIGNITITEC
BSE Ltd	534758

G. Electronic Connectivity

Demat ISIN number: INE675C01017

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013

CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

25th Floor, A Wing, Marathon Futurex,
Mafatlal Mills Compound, NM Joshi Marg,
Lower Parel (E), Mumbai - 400 013.

H. Market Price Data

The monthly high/low prices of shares of the Company from April, 2018 to March, 2019 at BSE and NSE:

MONTH	BSE		NSE	
	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
April 2018	260.00	227.10	260.00	224.00
May 2018	254.35	225.00	254.80	225.00
June 2018	412.00	228.95	364.00	230.00
July 2018	498.90	340.00	491.70	338.00
August 2018	464.95	376.05	465.00	380.40
September 2018	413.50	357.60	413.00	354.10
October 2018	419.00	340.00	394.95	344.90
November 2018	460.00	357.00	462.00	358.00
December 2018	402.00	298.00	407.95	334.60
January 2019	386.00	340.00	386.00	355.00
February 2019	374.00	313.00	375.55	283.30
March 2019	340.50	265.00	342.00	299.00

I. Registrars and Transfer Agents

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

J. Share Transfer System

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee. Transfer generally takes 1-2 weeks.

K. Shareholding pattern as on 31.03.2019

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian	65,85,788	23.81	0	0
a.	Individuals/Hindu Undivided Family	65,85,788	23.81	0	0
b.	Central Government/State Government(s)	--	--	--	--
c.	Bodies Corporate	--	--	--	--
d.	Financial Institutions/Banks	--	--	--	--
	Others :-	--	--	--	--
e.	Mutual Funds	--	--	--	--
f.	Trusts	--	--	--	--
	Sub Total (A)(1)	65,85,788	23.81	0	0
(2)	Foreign	34,60,019	12.51	0	0
a.	Individuals (Non Resident Individuals/Foreign Individuals)	34,60,019	12.51	0	0
b.	Bodies Corporate	--	--	--	--
c.	Institutions	--	--	--	--
	Others :-	--	--	--	--
d.	Overseas Corporate Bodies	--	--	--	--
	Sub Total (A)(2)	34,60,019		--	--
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	1,00,45,807	36.31	0	0
(B)	Public Shareholding			0	0
(1)	Institutions	87,935	0.32	0	0
a.	Mutual Funds/UTI	54,108	0.2	0	0
b.	Financial Institutions/Banks	25,207	0.09	0	0
c.	Central Government/State Government(s)	0	0	0	0
d.	Venture Capital Funds	0	0	0	0
e.	Insurance Companies	0	0	0	0
f.	Foreign Institutional Investors/Foreign Portfolio Investors	8,620	0.03	0	0
g.	Foreign Venture Capital Investors	0	0	0	0
h.	Foreign Companies	0	0	0	0
	Sub Total (B)(1)	5,000	0.02	0	0
(2)	Non-Institutions			0	0
a.	Bodies Corporate	14,74,586	5.33	0	0
b.	Individuals				
	i) Individual shareholders holding nominal share capital up to Rs.2 lakh	48,17,325	17.41	0	0
	ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	1,01,48,106	36.68	0	0
c.	Any Others :-				
	i) Non Resident Individuals	4,47,209	1.61	0	0
	ii) Overseas Corporate Bodies	0	0	0	0
	iii) Trusts	11	0	0	0
	iv) Employees	2,500	0	0	0
	v) Clearing Members	3,47,803	1.26	0	0
	vi) Foreign Nationals	17,500	0.06	0	0
	Sub Total (B)(2)	1,75,30,527	63.37	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,76,18,462	63.69	0	0
	Total (A)+(B)	2,76,64,269	100	0	0
(C)	Shares held by Custodians and against Depository Receipts have been Issued	0	0	0	0
	Grand Total (A)+(B)+(C)	2,76,64,269	100	0	0

L. Distribution of Shareholding as on 31.03.2019

Range (Rs.)	No of Shareholders	% of Total Shareholders	No of Shares	% of Total Shareholding
Upto - 5000	3060	67.53	3,64,908	1.32
5001 - 10000	399	8.81	140,42,399	1.16
10001 - 20000	287	6.33	4,26,616	1.54
20001 - 30000	150	3.31	3,83,232	1.39
30001 - 40000	91	2.01	3,26,568	1.18
40001 - 50000	66	1.46	3,04,547	1.1
50001 - 100000	191	4.22	13,54,789	4.9
100001 & Above	287	6.33	2,41,82,872	87.42
TOTAL	4531	100	2,76,64,269	100

M. Dematerialisation & Liquidity of Shares

Trading in Company's shares is permitted only in dematerialised form for all investors. The ISIN allotted to the Company's scrip is INE675C01017. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares of the Company are actively traded in BSE Limited and NSE. Hence have good liquidity.

Particulars	No. of Shares	% Share Capital
NSDL	1,40,42,399	50.76
CDSL	1,35,79,390	49.09
PHYSICAL	42,480	0.15
Total	2,76,64,269	100

N. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants/any convertible instruments.

O. Global Delivery Centre

Plot No#17, Software Units Layout,
The 'V' Ascendas Park, Orion Block,
6th Floor, Madhapur, Hyderabad-500081.
Telangana State, India

P. Address for Correspondence

Mrs. A. Naga Vasudha
Company Secretary & Compliance Officer
6th Floor, Orion Block, "The V"(Ascendas),
Plot No#17, Software Units Layout,
Madhapur, Hyderabad-500081

On behalf of the Board
Cigniti Technologies Limited

Sd/-

Place: Hyderabad

Date: 02.05.2019

C. V. Subramanyam
Chairman & Managing Director

The Members,

Cigniti Technologies,

Hyderabad.

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, S. Sarveswar Reddy, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of CIGNITI TECHNOLOGIES LIMITED (CIN: 72200TG1998PLC030081) having its Registered Office at "Suit No.106 & 107, 6-3-456/C, MGR Estates, first floor, Dwarakapuri Colony, Punjagutta, Hyderabad-500082, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2019.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2019:

List of Directors of the Company as on 31st March, 2019 :

S.No	DIN No	Name of the Director	Designation
1	00071378	Mr. C. V. Subramanyam	Chairman & Managing Director
2	00416964	Mr. Ram Krishna Agarwal	Independent Director
3	00388525	Mr. Phaneesh Murthy	Independent Director
4	00041394	Mr. Srinath Batni	Independent Director
5	03110948	Ms. Nooraine Fazal	Independent Director
6	01685123	Mr. K. Ch. Subba Rao	Non-Executive Director
7	06441390	Mr. C. Srikanth	Non-Executive Director

For S.S. Reddy & Associates

Place: Hyderabad
Date: 02.05.2019

Sd/-
S. Sarveswara Reddy
Proprietor
C.P.No: 7478

Report on Corporate Social Responsibility (CSR) Activities

(Pursuant to Section 135 of Companies Act 2013)

1. Company's CSR objectives and policy

The Company recognizes its responsibility as an important stakeholder in the society and strives to work towards the betterment of the society constantly. With this objective, on the recommendation of the CSR Committee the Board of Directors have approved the CSR Policy which is available at: <https://www.cigniti.com/investors/Policies/CSR Policy>

2. The CSR activities of the Company mainly focus on providing quality education to the under privileged children and support in building better infrastructure at schools run by local governments especially in under developed regions.

3. The Company has constituted a CSR committee which provides oversight of CSR policy and guides the CSR activities of the Company.

The CSR Committee comprises of:

Ms. Nooraine Fazal (Chairperson)

Mr. Srinath Batni

Mr. C. V. Subramanyam

Mr. C. Srikanth

4. The average net profit for the last three financial years ended is Rs. 2072.5 lakhs.

5. Prescribed CSR spend @ 2% of average net profit for the last three financial years is Rs. 41.45 lakhs.

6. CSR spend during the financial year:

(Rs. Lakhs)

a. Total amount to be spent	41.45
b. Amount committed	41.45
c. Amount disbursed	41.45
d. Amount unspent (a-c)	NIL

7. The manner of the amount spent during the financial year is as follows:

Name/ details of implementing agency	CSR project/ activity identified	Sector in which the project is covered	Location of projects/ programmes	Amount outlay/ approved (Rs. In Lakh)	Cummulative expenditure upto the reporting period	Amount spent direct/ overheads (Rs. In Lakh)
GMR Varalakshmi Foundation – a Section 8 not-for profit company	To improve quality of education in govt schools through providing infrastructure and other need-based support	Section 135 – Schedule VII – (ii) Promotion of Education	Villages of Gollapally, Mammidipally, Airport Colony, Rangnayakul Thanda, Shamshabad in Ranga Reddy District, Telangana	43	43	40.67/2.33 (Direct/ Overheads)

Notes:

i. All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.

ii. There is no expenditure on overheads in the above list.

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

Place: Hyderabad
Date: 02.05.2019

Sd/-
C. V. Subramanyam
Managing Director

Sd/-
Chairperson
of CSR Committee

Certificate by the CEO AND CFO OF THE COMPANY

To

The Board of Directors

Cigniti Technologies Limited

Dear Sirs,

As required under **Regulation 17(8) of SEBI LODR Regulations, 2015**), we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2019 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, **and**
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,
4. That we have informed the auditors and the audit committee of:
 - a) Significant changes in the internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

Yours Sincerely,

Place : Hyderabad

Date : 02.05.2019

Sd/-

C. V. Subramanyam
Managing Director

Sd/-

Krishnan Venkatachary
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Cigniti Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Cigniti Technologies 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 March 31 2019, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Goodwill Impairment Testing (as described in note 3.1 of the Consolidated Financial Statements)	
<p>As at March 31, 2019, the Group has goodwill amounting to Rs. 5,486.00 lakhs on consolidation pertaining to historical acquisitions of Cigniti Inc. and Gallop Solutions Inc. including their subsidiaries.</p> <p>In accordance with Ind AS, the goodwill is tested annually for impairment using discounted cash-flow models of Cash Generating Unit's (CGU) recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU's net assets would result in impairment.</p> <p>The inputs to the impairment testing model which have the most significant impact on CGU recoverable value include:</p> <ul style="list-style-type: none"> - Projected revenue growth, operating margins and operating cash-flows in the years 1-5; - Stable long-term growth rates beyond five years and in perpetuity; and - Discount rates that represent the current market assessment of the risks specific to CGU, taking into consideration the time value of money. <p>The impairment test model includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate.</p> <p>The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operative effectiveness of management's key internal controls over goodwill impairment assessment; • We assessed the Group's methodology and judgements applied in determining the CGU to which goodwill is allocated and impairment analysis. In making this assessment, we also evaluated the competence, professional qualification, objectivity and independence of Company's specialists involved in the process; • With the assistance of a specialist, we assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; • We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions like projected revenue growth, EBIDTA, etc. used in the cash flow forecasts were suitable; • We tested the arithmetical accuracy of the impairment model; and • We assessed the related disclosures as described in note 3.1 and 3.4 to the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Income Taxes - Deferred taxes (as described in note 28 of the Consolidated Financial Statements)	
<p>Estimates with respect to the valuation of deferred tax asset</p> <p>The group has unrecognized deferred income tax asset in India and certain foreign subsidiaries, primarily relating to previous year tax losses available for utilization in future periods as disclosed in Note 28 to the consolidated financial statements. The availability of these deferred income tax assets in the future is contingent on the Group deriving sufficient future taxable profits income, the estimation of which involves inherent uncertainty and requires significant management judgement. There are also cross-border transactions which give rise to transfer pricing related risks that require judgement to determine the appropriate tax charge and any associated provisions. Changes in the Company's business, its operating structure, its investments, transfer pricing arrangements and regulations may impact these projections. We deemed this subject to be a key audit matter because the assessment process of recognition and recoverability of the deferred tax assets is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.</p>	<p>With the assistance of a tax specialist, our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operative effectiveness of management's key internal controls over income tax including deferred tax recognition; • Evaluating the management's assumptions and estimates like projected revenue growth, EBIDTA, etc. in relation to the probability of generating future taxable income to support the recognition of deferred income tax asset with reference to forecast taxable income; • Assessing the historical accuracy of management's estimation of forecast taxable income; assessing the extent to which projected profits were taxable, in particular the Group's assumptions about how accumulated tax losses and other associated tax attributes can be utilized against taxable profits; • Involving transfer pricing specialists in material jurisdictions to consider the Group's assessment of its exposure to transfer pricing related risks and related corporate tax provisions; and • Assessing the related disclosures in respect of the assumptions supporting the deferred tax asset valuation and recognition as described in note 28 to the consolidated financial statements.

Other Information

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

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Those respective Board of Directors of the companies included in the Group and charged with Governance are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Cigniti Technologies Ltd.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose financial statements include total assets of Rs. 3,834.98 lakhs as at March 31, 2019, and total revenues of Rs. 13,530.71 lakhs and net cash inflows of Rs. 363.70 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries 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 subsidiaries located outside India is based on the report of other auditors 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 matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate Report in "Annexure 1" to this report. According to the information and explanations given by the Management, the provisions of the section 143(3)(i) are not applicable to its subsidiary company incorporated in India;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary company incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:
- i. The Group has disclosed the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – refer note 37(c) to the Consolidated Financial Statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India, during the year ended March 31, 2019.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Shankar Srinivasan

Partner

Membership No.: 213271

Place: Hyderabad

Date: May 2, 2019

Annexure 1 to the Independent auditor's report of even date on the Consolidated Financial Statements of Cigniti Technologies Limited

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 Cigniti Technologies Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Cigniti Technologies Limited (hereinafter referred to as the "Holding Company") as of that date. According to the information and explanations given by the Management, the provisions of the Section 143(3) (i) are not applicable to its subsidiary company incorporated in India.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 over financial reporting with reference to these consolidated 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated 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 internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated 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 Over Financial Reporting with reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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 **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Place: Hyderabad

Date: May 2, 2019

per Shankar Srinivasan

Partner

Membership No.: 213271

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

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

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	3	1,361.76	685.81
Goodwill	3	5,486.22	5,486.22
Financial assets			
Loans	4	421.53	340.14
Other non-current financial assets	5	3.41	15.96
Other non-current assets	10	-	140.00
		7,272.92	6,668.13
Current assets			
Financial assets			
Loans	4	104.70	1,779.84
Trade receivables	6	12,369.00	11,467.55
Cash and cash equivalents	7	6,146.30	1,789.15
Bank balances other than cash and cash equivalents	8	9.91	44.42
Other current financial assets	5	3,128.38	1,208.95
Current tax assets, net	9	448.11	25.84
Other current assets	10	1,270.87	820.62
		23,477.27	17,136.37
Total assets		30,750.19	23,804.50
Equity and liabilities			
Equity			
Equity share capital	12	2,766.43	2,724.80
Other equity	13	12,307.88	(2,036.54)
		15,074.31	688.26
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	-	1,481.48
Long term provisions	18	747.47	649.49
		747.47	2,130.97
Current liabilities			
Financial liabilities			
Borrowings	15	7,368.73	11,101.37
Trade payables	16	5,618.35	5,424.49
Other current financial liabilities	17	216.95	649.48
Short term provisions	18	293.61	178.12
Current tax liability, net	19	105.85	1,621.88
Other current liabilities	20	1,324.92	2,009.93
		14,928.41	20,985.27
Total equity and liabilities		30,750.19	23,804.50
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

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

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	21	81,607.60	69,328.14
Other income	22	2,645.00	34.86
Finance income	23	79.50	22.92
Total income		84,332.10	69,385.92
Expenses			
Employee benefits expense	24	47,535.59	47,009.80
Other expenses	25	20,795.13	17,113.92
Depreciation and amortisation expense	26	314.76	270.70
Finance costs	27	1,463.69	1,697.51
Total expenses		70,109.17	66,091.93
Profit before tax		14,222.93	3,293.99
Tax expenses			
Current tax	28	849.11	3.21
Taxes for earlier years		(1,361.94)	(422.68)
Deferred tax expense		-	496.13
Total tax (credit)/ expense		(512.83)	76.66
Net profit for the year		14,735.76	3,217.33
Other Comprehensive Income (OCI)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations	13	879.58	203.19
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		879.58	203.19
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses/ (gains) on employee defined benefit plans		21.18	(129.92)
Income tax effect		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		21.18	(129.92)
Total other comprehensive income for the year, net of tax		900.76	73.27
Total comprehensive income for the year, net of tax		13,835.00	3,144.06
Earnings per share (Nominal value of equity share is Rs. 10/- each)			
Basic, computed on the basis of profit attributable to equity holders	29	53.62	12.08
Diluted, computed on the basis of profit attributable to equity holders		53.21	11.92
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

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Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year ended March 31, 2019

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

a. Equity share capital

Equity Shares of Rs.10 each, issued, subscribed and fully paid	No.	Rs.
As at April 01, 2017	265.09	2,650.95
Add: Issued during the year (refer note 12)	7.39	73.85
As at March 31, 2018	272.48	2,724.80
Add: Issued during the year (refer note 12)	4.16	41.63
As at March 31, 2019	276.64	2,766.43

b. Other equity

	Other components of equity					Total
	Reserves and surplus			Other comprehensive income		
	Securities premium	Share based payment reserve	Retained earnings	Foreign currency translation reserve	Actuarial gains / (losses)	
As at April 01, 2017	23,192.21	3,479.21	(33,422.71)	189.52	(170.33)	(6,732.10)
Profit for the year	-	-	3,217.33	-	-	3,217.33
Exchange difference arising on translating the foreign operations	-	-	-	(203.19)	-	(203.19)
Re-measurement losses/ (gains) on employee defined benefit plans	-	-	-	-	129.92	129.92
Issue of equity shares on exercise of options	3,026.62	(3,026.62)	-	-	-	-
Share-based payment expense	-	1,551.50	-	-	-	1,551.50
As at March 31, 2018	26,218.83	2,004.09	(30,205.38)	(13.67)	(40.41)	(2,036.54)
Impact of adoption of new accounting standard, (refer note 2.4)	-	-	(75.80)	-	-	(75.80)
As at 1 April 2018	26,218.83	2,004.09	(30,281.18)	(13.67)	(40.41)	(2,112.34)
Profit for the year	-	-	14,735.76	-	-	14,735.76
Exchange difference arising on translating the foreign operations	-	-	-	(879.58)	-	(879.58)
Re-measurement losses/ (gains) on employee defined benefit plans	-	-	-	-	(21.18)	(21.18)
Issue of equity shares on exercise of options	1,711.66	(1,711.66)	-	-	-	-
Share-based payment expense	-	585.22	-	-	-	585.22
As at March 31, 2019	27,930.49	877.65	(15,545.42)	(893.25)	(61.59)	12,307.88

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

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

		Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities			
Profit before tax		14,222.93	3,293.99
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense		314.76	270.70
Interest income		(79.50)	(22.92)
Interest expense, other borrowing cost and factoring charges		1,463.69	1,640.10
Share based payment expense		585.22	1,551.50
Provision for doubtful trade receivables		618.81	392.10
Liabilities no longer required written back		(45.29)	(66.09)
Bad debts written off		54.85	132.71
Operating profit before working capital changes		17,135.47	7,192.09
Movements in working capital			
Increase in trade payables		239.15	194.95
Increase in financial liabilities		60.53	-
Decrease in other liabilities		(685.01)	(1,486.99)
Increase in provisions		192.29	283.16
Increase in trade receivables		(1,575.11)	(1,576.89)
Increase in financial assets		(1,927.90)	-
Increase in other assets		(450.25)	(274.67)
Decrease/(increase) in loans		1,593.75	(75.12)
Cash generated from operations		14,582.92	4,256.53
Income taxes paid (net of refunds)		(1,425.48)	(760.12)
Net cash generated from operating activities	(A)	13,157.44	3,496.41
Cash flows from/ (used in) investing activities			
Purchase of property, plant and equipment		(855.29)	(301.31)
Redemption of bank deposits having original maturity of more than twelve months		12.55	8.08
Redemption/(investment in) of bank deposits having original maturity of more than three months and less than twelve months		34.52	(0.53)
Interest received		87.97	11.24
Net cash used in investing activities	(B)	(720.25)	(282.52)
Cash flows from/ (used in) financing activities			
Proceeds from exercise of employee stock options		41.63	73.85
Repayment of long term borrowings		(2,037.04)	(462.96)
Interest, other borrowing cost and factoring charges paid		(1,472.41)	(1,631.68)
Proceeds from short term borrowings, net		-	900.00
Bill discounting with bank, net		(6,193.00)	(416.61)
Repayment of short term borrowings		(3,264.57)	(1,342.91)
Net cash used in financing activities	(C)	(12,925.39)	(2,880.31)
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	(488.20)	333.58
Exchange differences on translation of foreign operations		(879.58)	(203.19)
Cash and cash equivalents at the beginning of the year		195.61	65.22
Cash and cash equivalents at the end of the year		(1,172.17)	195.61
Components of cash and cash equivalents			
Balances with banks			
-On current accounts		3,087.70	1,789.08
-Remittance in transit		31.81	-
-Deposits with remaining maturity for less than 3 months		3,021.49	-
Cash on hand		5.30	0.07
Cash credit facility		(7,318.47)	(1,593.54)
Total cash and cash equivalents (refer note 8.1)		(1,172.17)	195.61

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

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

1. Corporate information

The Consolidated Financial Statements comprise financial statements of Cigniti Technologies Limited (“the Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) for the year ended March 31, 2019. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Dwarakapuri Colony, Panjagutta, Hyderabad. The Group is principally engaged in providing software testing services across the world.

The Consolidated Financial Statements were authorized for issue in accordance with a resolution of the directors on May 2, 2019.

2. Significant Accounting Policies

2.1 Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019. 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);

- 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights; and
- The size of the group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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 control. 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 financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedures:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- (b) 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.
- (c) 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 recognized in assets, such as property, plant and equipment, 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 and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Group Information:

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Place and Country of operation	% equity interest	
			March 31, 2019	March 31, 2018
Cigniti Technologies Inc	Software testing services	USA	100%	100%
Cigniti Technologies (UK) Limited	Software testing services	UK	100%	100%
Cigniti Technologies (Australia) Pty Ltd	Software testing services	Australia	100%	100%
Cigniti Technologies (Canada) Inc	Software testing services	Canada	100%	100%
Cigniti Technologies (NZ) Limited*	Software testing services	New Zealand	100%	100%
Gallop Solutions Private Limited	Software testing services	India	100%	100%

*Cigniti Technologies (NZ) Limited, a wholly owned subsidiary of the Company, has been wound up effective January 30, 2019.

2.3 Summary of significant accounting policies

(a) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in note 34. The Group based its assumptions and

estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(b) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured per the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share - based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable

amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

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

(d) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or statement of profit or loss are also recognized in OCI or statement of profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in statement of profit or loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after April 1, 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (April 1, 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(e) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(f) Revenue from contracts with customer

The Group derives revenue primarily from software testing services. Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the

Group expects to be entitled in exchange for those services. The Group has concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of contract.

Rendering of services

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

- **Time and material:** Revenue from time and material contracts are recognized as the related services are performed, which is pursued based on the efforts spent and agreed rate with the customer. Revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.
- **Fixed price contracts:** Revenue from fixed-price contracts is recognized as per the 'percentage-of-completion' method, where the performance obligations are satisfied over time and when there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Percentage of completion is determined based on the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The input method has been used to measure the progress towards completion as there is direct relationship between input and productivity.

Contract balances:

- **Contract assets (Unbilled revenue)**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

- **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments - initial recognition and subsequent measurement.

- **Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Other income

- Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.
- Foreign currency gains and losses are reported on net basis.

(g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a

business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items

are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The Group recognizes deferred tax asset for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognized in profit or loss.

GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

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

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

(h) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress, and the related advances are shown as loans and advances.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has made technical assessment of the useful lives of the following classes of assets which coincides with the lives prescribed under Schedule II of the Companies Act, 2013:

Asset	Useful lives estimated by the management (years)
Buildings	60
Electrical equipment	10
Leasehold improvements	Over the period of lease
Furniture and fixtures	10
Office equipments	5
Computer and computer equipments	3
Vehicles	8

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible 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 or loss when the asset is derecognized.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of

the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.1.j). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate

cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss. After impairment, amortization is provided on the revised carrying amount of the asset over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(m) Provisions, Contingent Liabilities and Commitments

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

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

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

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent liability

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when it cannot be measured reliably.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

(n) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Employee State Insurance are defined contribution schemes. The Group has no obligation, other than the contribution payable to the fund. The Group recognizes contribution payable to these schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post employment healthcare benefits to employees in the United States. These healthcare benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, &
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Short term employee benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

However, the Group presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(o) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share-Based Payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood

of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(p) Financial instruments

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 (FVPTL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or

for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 FVTOCI
- Debt instruments, derivatives and equity instruments at FVTPL
- Equity instruments measured at FVTOCI

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. 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 FVTPL category are measured at fair value with all changes recognized 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 FVTPL. For all other equity instruments, the group may make an irrevocable election to present in OCI 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 FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to 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 FVTPL category are measured at fair value with all changes recognized 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 derecognised (i.e. removed from the Group's balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Group has transferred its rights to receive cash flows from the asset, and
 - i. the Group has transferred substantially all the risks and rewards of the asset, or
 - ii. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- Other financial assets

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount. For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPTL, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts and cash credits.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPTL

Financial liabilities at FVPTL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPTL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVPTL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to statement of profit and loss. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at FVPTL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the 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 or loss.

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's

operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(r) Cash dividend to equity holders of the parent

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(s) Segment information

The Group has only one reportable business segment, which is rendering of software testing services. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment.

(t) Corporate Social Responsibility

The Group charges its Corporate Social Responsibility expenditure to the statement of profit and loss.

(u) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. 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 per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts

and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at April 1, 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 18.

The effect of adopting Ind AS 115 as at April 1, 2018 was as follows:

	Increase / (decrease)
Liabilities	
Contract liabilities (current)	75.80
Total liabilities	75.80
Total adjustment to equity	
Retained earnings	(75.80)
Total equity	(75.80)

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 March 2019 as a result of the adoption of Ind AS 115. The adoption of Ind AS 115 did not have a material impact on OCI or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under Ind AS 115 and the second column shows what the amounts would have been had Ind AS 115 not been adopted

Consolidated statement of profit and loss for the year ended March 31, 2019:

	March 31, 2019		Increase / (decrease)
	Ind AS 115	Previous Ind AS	
Revenue from rendering of software testing services	81,607.60	81,666.55	(58.95)
Net profit for the year	14,735.76	14,794.71	(58.95)
Total comprehensive income for the year, net of tax	13,835.00	13,893.95	(58.95)
Earnings per share			
Basic, computed on the basis of profit attributable to equity holders	53.62	53.84	(0.22)
Diluted, computed on the basis of profit attributable to equity holders	53.21	53.43	(0.22)

Consolidated balance sheet as at March 31, 2019

	Ind AS 115	Previous Ind AS	Increase / (decrease)
Equity and liabilities			
Equity			
Retained earnings	12,307.88	12,442.63	(134.75)
Current liabilities			
Contract liabilities	134.75	-	134.75

The nature of the adjustments as at April 1, 2018 and the reasons for the significant changes in the balance sheet as at March 31, 2019 and the statement of profit or loss for the year ended March 31, 2019 are described below:

Straight lining of revenue:

The impact is majorly on account of straight lining with respect to a customer contract. The contract is for a period of more than one year where the revenue for each year has been fixed. The revenue each year reduces on account of loyalty discounts. After the adoption of Ind AS 115, the group has straight-lined the revenue over the contract term and each year recognises proportionate revenue accordingly.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Group's consolidated financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

3. Property, plant and equipment, goodwill and other intangible assets

	Property, plant and equipment										Goodwill		Other intangible assets	
	Buildings	Electrical Equipments	Leasehold improvements	Furniture & Fixtures	Office Equipments	Computer and computer equipment	Vehicles	Total property, plant and equipment	Goodwill (refer note 3.1)	Software License	Total other intangible assets			
Cost														
As at April 1, 2017	193.53	186.39	102.32	293.67	104.33	170.35	8.68	1,059.27	5,486.22	246.66	246.66			
Additions	-	-	-	7.49	-	63.44	-	70.93	-	-	-			
Disposals	-	-	-	-	-	-	-	-	-	-	-			
Exchange differences	-	-	-	1.84	0.09	2.83	0.09	4.85	-	-	-			
As at March 31, 2018	193.53	186.39	102.32	303.00	104.42	236.62	8.77	1,135.05	5,486.22	246.66	246.66			
Additions	-	217.97	214.78	224.13	240.97	88.09	-	985.94	-	-	-			
Disposals	-	-	-	-	-	-	-	-	-	-	-			
Exchange differences	-	-	-	2.86	0.41	13.60	2.21	19.08	-	-	-			
As at March 31, 2019	193.53	404.36	317.10	529.99	345.80	338.31	10.98	2,140.07	5,486.22	246.66	246.66			
Depreciation and amortisation														
As at April 1, 2017	4.26	19.72	102.32	169.19	54.28	(168.34)	(6.32)	175.11	-	246.66	246.66			
Charge for the year	3.85	21.72	-	45.50	25.43	169.61	4.59	270.70	-	-	-			
Exchange differences	-	-	-	1.43	0.08	1.84	0.08	3.43	-	-	-			
As at March 31, 2018	8.11	41.44	102.32	216.12	79.79	3.11	(1.65)	449.24	-	246.66	246.66			
Charge for the year	4.25	34.10	11.12	61.52	39.23	159.59	4.96	314.77	-	-	-			
Exchange differences	-	-	-	0.50	0.16	12.06	1.58	14.30	-	-	-			
As at March 31, 2019	12.36	75.54	113.44	278.14	119.18	174.76	4.89	778.31	-	246.66	246.66			
Net book value														
As at March 31, 2018	185.42	144.95	-	86.88	24.63	233.51	10.42	685.81	5,486.22	-	-			
As at March 31, 2019	181.17	328.82	203.66	251.85	226.62	163.55	6.09	1,361.76	5,486.22	-	-			

Pledge on property, plant and equipment:

Property, plant and equipment with a carrying amount of Rs. 1,297.14 are subject to charge to secure cash credit facility (March 31, 2018: Rs. 605.13 - cash credit facility and term loan from bank).

3.1 Impairment testing of goodwill

Goodwill acquired through business combinations of Cigniti Inc, Gallop Solutions Inc, Cigniti Software Services Private Limited and Gallop Solutions Private Limited has been allocated to one Cash Generating Units (CGU's) i.e. Software Testing for impairment testing.

Carrying amount of goodwill	March 31, 2019	March 31, 2018
Software testing CGU	5,486.22	5,486.22

The Group performed its annual impairment test as at March 31, 2019 and March 31, 2018 on April 17, 2019 and April 18, 2018, respectively (hereinafter reference date is generally based on year-end). Based on the approved business plan and valuation assessment, the management of the Group expects that there will be increase in operations and hence sustained profitability. The projections of the business is above the book value of its equity, indicating no signs of impairment of goodwill. Accordingly, these Consolidated Financial Statements do not include any adjustment relating to impairment of goodwill.

The recoverable amount of the software testing CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows are based on financial assumptions that are derived from the integrated results of economic outlook, industry outlook, project analysis, historical financial analysis etc. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 17.78% (March 31, 2018: 18.36%) and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate (March 31, 2018: 3.0%) that is the same as the long-term average growth rate for the software testing industry. It was concluded that the value in use is higher than the carrying value. As a result of this analysis, management has not recognised any impairment charge for the year ended March 31, 2019 (March 31, 2018: Nil).

Key assumptions used for value in use calculations

The calculation of value in use for the units is most sensitive to the following assumptions:

- a. Revenue growth and EBITDA Margins
- b. Discount rates
- c. Growth rates used to extrapolate cash flows beyond the forecast period

a. Revenue growth and EBITDA Margins

Revenue is expected to increase in the range of 10% year on year and EBITDA margins are expected to be in the range of 12-14% in the forecast period.

b. Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. There are no long-term debts in the books of Cigniti Technologies Inc as at March 31, 2019, hence cost of debt is Zero. Industry-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a post-tax discount rate.

c. Growth rate estimates

Growth rate for the period beyond five years is taken to be 3%. After the budgeted period, the business will continue to generate cash. Hence, perpetuity value is also considered to arrive at the business value.

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

a. EBITDA margins

Decrease in revenue growth projections and EBITDA margin by 2% would not result in any impairment in the Software testing CGU.

b. Discount rates

A rise in post-tax discount rate by 2% in the Software testing CGU would not result in impairment.

c. Growth rate assumption

The management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of 3% for Software testing CGU. A reduction to 2% in the long-term growth rate in Software testing CGU would not result in impairment.

4 Loans

	Non current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unsecured, considered good				
Security deposits	421.53	340.14	104.70	188.88
Staff advances	-	-	-	1,590.96
	421.53	340.14	104.70	1,779.84

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

5 Other financial assets

	Non current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Non-current bank balances (refer note 8)	3.41	15.96	-	-
Others				
Interest receivable	-	-	11.07	19.54
Export incentive receivable (refer note 22)	-	-	1,617.63	-
Unbilled receivables	-	-	1,499.68	1,189.41
	3.41	15.96	3,128.38	1,208.95

6 Trade receivables

	March 31, 2019	March 31, 2018
Trade receivables		
Unsecured, considered good	12,369.00	11,467.55
Unsecured, considered doubtful	718.16	213.93
Less: Allowance for credit losses	(718.16)	(213.93)
	12,369.00	11,467.55

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally with the credit term of 30 to 90 days.

7 Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balance with banks		
-On current accounts	3,087.70	1,789.08
-Remittance in transit	31.81	-
-Deposits with original maturity for less than 3 months	3,021.49	-
Cash on hand	5.30	0.07
	6,146.30	1,789.15

8 Bank balances other than cash and cash equivalents

	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Other deposit accounts				
Deposits with original maturity for more than 12 months	3.41	15.96	-	-
Deposits with original maturity for more than 3 months and less than 12 months	-	-	9.91	44.42
	3.41	15.96	9.91	44.42
Less: Amount disclosed under non-current assets (refer note 5)	(3.41)	(15.96)	-	-
	-	-	9.91	44.42

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8.1 For the purpose of statement of cash flows, cash and cash equivalents comprise of:

	March 31, 2019	March 31, 2018
Cash and cash equivalents (refer note 7)	6,146.30	1,789.15
Less: Cash credit facility (refer note 15)	(7,318.47)	(1,593.54)
	(1,172.17)	195.61

9 Current tax assets, net

	March 31, 2019	March 31, 2018
Advance income tax (net of provision for tax)	448.11	25.84
	448.11	25.84

10 Other assets

	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unsecured, considered good unless stated otherwise				
Capital advances	-	140.00	-	-
Advances recoverable in cash or kind	-	-	21.17	-
Staff advances	-	-	84.74	151.55
Prepaid expenses	-	-	220.58	108.76
Balance with government authorities	-	-	944.38	560.31
	-	140.00	1,270.87	820.62

No advances are due from directors or other officers of the Group or any of them either severally or jointly with any other persons or advances due to firms or private companies respectively in which any director is a partner or a director or a member.

11 Deferred tax asset, net

	March 31, 2019		March 31, 2018	
	Depreciation difference property, plant and equipment and intangible assets	Provision for employee benefits	Depreciation difference property, plant and equipment and intangible assets	Provision for employee benefits
Opening balance	-	-	262.72	233.40
Recognised in statement of profit or loss	-	-	(262.72)	(233.40)
Recognised in other comprehensive income	-	-	-	-
Closing balance	-	-	-	-

The Group has provided for income tax during the year after utilising the carried forward tax losses. The Company has provided for income tax under Minimum Alternate Tax (MAT) as it had accumulated book losses and unabsorbed depreciation. The deferred tax asset on the tax losses carried forward and deductible temporary differences and MAT credit amounting to Rs. 4,186.66 lakhs (March 31, 2018: Rs. 9,085.52 lakhs) have not been recognised as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Group. Refer note 34 for further details.

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

12 Equity share capital

	March 31, 2019	March 31, 2018
Authorized share capital		
36,200,200 (March 31, 2018: 36,200,200) equity shares of Rs. 10/- each	3,600.00	3,600.00
Issued, subscribed and fully paid-up shares		
27,664,269 (March 31, 2018: 27,248,229) equity shares of Rs. 10/- each fully paid-up	2,766.43	2,724.80
Total issued, subscribed and fully paid-up share capital	2,766.43	2,724.80

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	March 31, 2019		March 31, 2018	
	No's	Amount	No's	Amount
At the beginning of the year	272.48	2,724.80	265.09	2,650.95
Shares issued during the year against stock options	4.16	41.63	7.39	73.85
Outstanding at the end of the year	276.64	2,766.43	272.48	2,724.80

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	March 31, 2019		March 31, 2018	
	No's	% holding	No's	% holding
P. Sapna	34.59	12.50%	37.69	13.83%
C. V. Subramanyam	29.58	10.69%	29.58	10.86%
C. Srikanth	25.00	9.04%	25.00	9.17%
Kukunuru Samba Siva Rao	16.42	5.94%	16.61	6.10%

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 31.

13 Other equity

	March 31, 2019	March 31, 2018
Securities premium		
Opening balance	26,218.83	23,192.21
Add: Issue of equity shares on exercise of employee stock options	1,711.66	3,026.62
Closing balance	27,930.49	26,218.83
Share based payment reserve		
Opening balance	2,004.09	3,479.21
Less: Issue of equity shares on exercise of employee stock options	(1,711.66)	(3,026.62)
Add: Share-based payment expense	585.22	1,551.50
Closing balance	877.65	2,004.09
Retained earnings		
Opening balance	(30,245.79)	(33,593.04)
Less: Impact of adoption of new accounting standard	(75.80)	-
Add: Profit during the year	14,735.76	3,217.33
Items recognised directly in other comprehensive income		
Re-measurement (loss)/ gain on employee defined benefit plans (net of tax)	(21.18)	129.92
	(15,607.01)	(30,245.79)
Foreign currency translation reserve		
Opening balance	(13.67)	189.52
Add: Arisen during the year	(879.58)	(203.19)
Closing balance	(893.25)	(13.67)
	12,307.88	(2,036.54)

Nature and purpose of reserves

13.1 Security premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

13.2 Share based payment reserve

The share-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan. Refer to note 31 for further details of these plans.

13.3 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 net investment is disposed-off.

13.4 Retained earnings

Retained earnings comprises of prior year's undistributed earnings after taxes along with current year profit.

14 Borrowings

	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
From financial institution (Secured)				
Rupee term loan (refer note below)	-	1,481.48	-	555.56
	-	1,481.48	-	555.56
The above amount includes:				
Secured borrowings	-	1,481.48	-	555.56
Amount disclosed under the head "other current financial liabilities" (refer note 17)	-	-	-	(555.56)
Net borrowings	-	1,481.48	-	-

Indian rupee term loan from a financial institution of Rs Nil (March 31, 2018: Rs. 2,237.04 lakhs) carried a floating interest rate of 14.65% (March 31, 2018: 13.51%) and was repayable on monthly basis in 54 equal instalments starting from June 2017. The loan was secured by pledge of own equity shares held by promoters and personal guarantee of the directors, Mr. C.V Subramanyam, Managing Director and Mr. C. Srikanth, Director. The outstanding loan has been fully repaid during the current year.

15 Short term borrowings

	March 31, 2019	March 31, 2018
Secured		
Cash credit from banks (refer note (a) and (b) below)	7,318.47	1,593.54
Term loan (refer note (c) below)	-	725.00
Bills discounting with bank (refer note (d) below)	-	6,193.00
	7,318.47	8,511.54
Unsecured		
Loan and advances from related parties (refer note (e) below)	-	2,253.76
Inter corporate loans (refer note (f) below)	50.26	336.07
	50.26	2,589.83
	7,368.73	11,101.37

- (a) Cash credit from bank Rs. 1,294.77 lakhs (March 31, 2018: Rs 1,593.54 lakhs) is secured by hypothecation of property, plant and equipment, trade receivables of the Company and immovable property of Mr. C.V Subramanyam, Managing Director and his relative. The cash credit is secured by personal guarantee of the directors, Mr. C.V Subramanyam, Managing Director and Mr. C. Srikanth, Director and their relatives. It is repayable on demand and carries floating interest rate of 12.05%p.a. (March 31, 2018: 11.85% p.a.)
- (b) Cash credit from bank obtained by Cigniti Technologies Inc., USA ("CTI") of USD 89.78 lakhs (March 31, 2018: Nil) is secured by hypothecation of trade receivables of the Company. It is repayable on demand and carries floating interest rate of LIBOR+2.5% p.a. (March 31, 2018: Nil) on utilised amounts and carrying fixed interest rate of 0.25% p.a (March 31, 2018: Nil) on un-utilised amounts.
- (c) Indian rupee term loan from bank of Rs. Nil (March 31, 2018: Rs 725.00 lakhs) carried a floating interest rate of 11.75%- 12.05% p.a. (March 31, 2018: 11.75%-12.30% p.a.) and was repayable in 12 monthly equal instalments. The loan was secured by hypothecation of property, plant and equipment. Further, it was secured by personal guarantee of the directors, Mr. C.V Subramanyam (managing director) and Mr. C. Srikanth (Director) and their relatives. The outstanding loan has been fully repaid during the current year.
- (d) The bill discounting with bank was with recourse. The eligible accounts were discounted at 1% of the face value of the purchased accounts for the first thirty days that it remains outstanding and then at 0.03% for each additional day that the invoice remains outstanding. The Group has fully paid off the bill discounting facility during the current year along with early termination charges.
- (e) Loans from related parties were repayable on demand and carried an interest rate of 14.00% (March 31, 2018: 14.00%) and have been fully repaid during the current year.
- (f) Intercorporate loans are repayable on demand.

Loan covenants

Cash credit from bank obtained by CTI contains certain debt covenants relating to tangible effective net-worth, senior debt to EBIDTA ratio, interest coverage ratio, limitation on indebtedness, distribution of dividend and purchase of its stock. The limitation on indebtedness covenant gets suspended, if CTI meets certain prescribed criteria. The other loans do not carry any debt covenant.

The Group has not defaulted on any loans payable.

16 Trade payables

	March 31, 2019	March 31, 2018
-Outstanding dues to others	5,259.59	4,927.74
- Outstanding dues to related parties (refer note 33)	358.76	496.75
	5,618.35	5,424.49

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to note 36.

17 Other current financial liabilities

	March 31, 2019	March 31, 2018
At amortised cost		
Current maturities of non-current borrowings (refer note 14)	-	555.56
Interest accrued and due on borrowings (refer note below)	5.55	24.72
Interest accrued but not due on borrowings (refer note below)	24.14	13.68
Capital creditors	34.24	38.83
Contract liability	153.02	16.69
	216.95	649.48

Interest payable is normally settled monthly/quarterly throughout the financial year.

Changes in liabilities arising from financing activities

	April 1, 2018	Cashflows	Foreign exchange differences	March 31, 2019
Short-term borrowings (excluding cash credit facility)	9,507.83	(9,947.06)	489.49	50.26
Non-current borrowings (including current maturities)	2,037.04	(2,037.04)	-	-
Total liabilities from financing activities	11,544.87	(11,984.10)	489.49	50.26
Changes in liabilities arising from financing activities				
	April 1, 2017	Cashflows	Foreign exchange differences	March 31, 2018
Short-term borrowings (excluding cash credit facility)	10,367.36	(776.20)	(83.32)	9,507.83
Non-current borrowings (including current maturities)	2,500.00	(462.96)	-	2,037.04
Total liabilities from financing activities	12,867.36	(1,239.16)	(83.32)	11,544.87

18 Provisions

	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provisions for employee benefits				
Provision for gratuity	747.47	649.49	-	70.23
Provision for leave benefits	-	-	293.61	107.89
	747.47	649.49	293.61	178.12

19 Current tax liability, net

	March 31, 2019	March 31, 2018
Provision for taxation (net of advance tax)	105.85	1,621.88
	105.85	1,621.88

20 Other current liabilities

	March 31, 2019	March 31, 2018
Statutory dues	1,324.92	2,009.93
	1,324.92	2,009.93

21 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from software testing services	81,607.60	69,328.14

21.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended March 31, 2019	Year ended March 31, 2018
Geographical region		
US	65,631.52	56,829.45
Rest of the world	15,976.08	12,498.69
Total revenue from contracts with customers	81,607.60	69,328.14

21.2 Contract balances

	March 31, 2019	March 31, 2018
Trade receivables	12,369.00	11,467.55
Unbilled revenue (refer note 5)	1,499.68	1,189.41
Contract liabilities	153.02	16.69
Total contract balances	14,021.70	12,673.65

Unbilled revenue are initially recognised for the revenue earned in excess of amounts billed to clients as at the balance sheet date. Upon completion of acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities represents the obligation of the Group to perform services for which the entity has received consideration from the customer. This majorly pertains to unearned revenue on account of straight-lining of the contract price over the life of the contract.

The total amount of contract liabilities at the beginning of the year i.e. Rs. 92.50 lakhs has been recognised as revenue in the current year.

21.3 Performance obligation

The Group has arrangements with the customer which are "time and material" basis. The performance obligation in case of time and material contracts is satisfied over time. Revenue is recognised as and when the services are performed.

The Group also performs work under "fixed-price" arrangements. Revenue from fixed-price contracts is recognized as per the 'percentage- of-completion' method, where the performance obligations are satisfied over time and when there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Percentage of completion is determined based on the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The input method has been used to measure the progress towards completion as there is direct relationship between input and productivity.

The payment is due with in 30-90 days from the time the customer accepts the work performed by the Group.

22 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Export incentives (refer note below)	2,178.57	-
Exchange differences (net)	421.14	(31.21)
Liabilities no longer required written back	45.29	66.07
	2,645.00	34.86

Export incentive for the year ended March 31, 2019 includes Rs. 1,269.34 lakhs pertaining to the period from April 2015 to March 2018 recognized based on the duty scrips received.

23 Finance income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on bank deposits	47.53	2.91
Interest income on loans	31.97	20.01
	79.50	22.92

24 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	45,008.32	43,412.08
Contribution to provident and other funds (refer note 30)	437.04	615.11
Share based payment expense	585.22	1,551.50
Gratuity expense (refer note 30)	308.03	292.14
Staff welfare expenses	1,196.98	1,138.97
	47,535.59	47,009.80

25 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	405.84	491.83
Rent	1,410.37	1,419.99
Rates and taxes	175.98	619.66
Insurance	155.72	118.93
Repairs and maintenance	45.23	34.51
Advertising and sales promotion	1,041.50	494.39
Office maintenance	402.23	325.60
Travelling and conveyance	3,112.08	2,647.69
Communication costs	250.39	307.74
Sub-contracting charges	9,679.70	7,004.98
Legal and professional fees	2,168.01	2,057.50
Payment to auditor (refer note below)	91.24	70.49
Bad debts written off	54.85	132.71
Provision for doubtful receivables	618.81	392.11
Software licensing cost	916.40	737.95
Corporate social responsibility expenditure (refer note below)	43.00	41.45
Miscellaneous expenses	223.80	216.39
	20,795.15	17,113.92

Payment to Auditor

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit fee	60.00	30.00
Limited review	30.00	30.00
Other services	-	10.00
In other capacity		
Reimbursement of expenses	1.24	0.49
	91.24	70.49

Details of corporate social responsibility expenditure

		Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the group during the year		43.00	41.45
	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending on March 31, 2019			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	43.00	-	43.00
(c) Amount spent during the year ending on March 31, 2018			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	41.45	-	41.45

26 Depreciation and amortisation expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	314.76	270.70
	314.76	270.70

27 Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense	306.48	823.44
Other borrowing cost	289.99	-
Factoring and bank charges	867.22	874.07
	1,463.69	1,697.51

28 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

(i) Statement of profit and loss

	Year ended March 31, 2019	Year ended March 31, 2018
Adjustment of current tax relating to earlier years*	(1,361.94)	(422.68)
Current income tax		
Current income tax charge	849.11	3.21
Deferred tax		
Relating to origination and reversal of temporary differences	-	496.13
Total income tax expense recognised in statement of profit and loss	849.11	499.34

*Cigniti Technologies Inc., USA subsidiary of Cigniti Technologies Limited has carried back unabsorbed tax losses for the year ended December 2017 to set off the taxable income for the earlier years. During the year ended March 31, 2019, the subsidiary company has received refund order from the department and accordingly has reversed the tax provision pertaining to such earlier years amounting to Rs 1,361.94 lakhs.

(ii) OCI Section: Deferred tax related to items recognised in OCI during the year

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain on remeasurement of defined benefit plans	-	-
Income tax charged to OCI	-	-

(b) Reconciliation of effective tax rate:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax (A)	14,222.93	3,293.99
Enacted tax rate in India (B)	34.94%	34.61%
Expected tax expenses (C = A*B)	4,970.06	1,139.98
Reconciling items:		
On account of difference in tax rates in other subsidiaries	(480.36)	(3.16)
Tax effect on deductible temporary differences and set off of taxable profits for the year against the carry forward of taxable losses	(4,401.53)	(1,186.41)
Reversal of deferred tax asset of earlier years	-	496.13
Tax on expenses not tax deductible	15.11	52.80
Minimum Alternate Tax (MAT) expense	745.83	-
Total (D)	849.11	499.34
Effective tax rate	5.97%	15.16%

The Group has provided for income tax during the year after utilising the carried forward tax losses. The Company has provided for income tax under Minimum Alternate Tax (MAT) as it had accumulated book losses and unabsorbed depreciation. The deferred tax asset on the tax losses carried forward and deductible temporary differences and MAT credit amounting to Rs. 4,186.66 lakhs (March 31, 2018: Rs. 9,085.52 lakhs) have not been recognised as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Group. Refer note 34 for further details.

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

29 Earnings per share (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to equity shareholders for basic earnings	14,735.76	3,217.33
Weighted average number of equity shares in computing basic EPS	274.81	266.31
Add: Effect of dilution:		
Employee stock options	2.10	3.53
Weighted Average number of equity shares adjusted for effect of dilution	276.91	269.84
Face value of each equity share (Rs.)	10.00	10.00
Earnings per share		
- Basic (Rs.)	53.62	12.08
- Diluted (Rs.)	53.21	11.92

There have been no other transactions involving equity shares or potential equity shares between the reporting date and date of authorisation of these financial statements.

30 Retirement and other employee benefits

Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded through a policy with LIC. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

A) Net employee benefit expense (recognised in Employee benefits expenses)

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	255.53	220.71
Past service cost	-	32.68
Interest cost	53.18	39.87
Expected return on plan assets	(0.68)	(1.12)
Net employee benefit expenses	308.03	292.14
Actual return on plan asset	0.68	1.12

B) Amount recognised in the Balance Sheet

	March 31, 2019	March 31, 2018
Defined benefit obligation	1,008.45	729.02
Fair value of plan assets	260.98	9.30
	747.47	719.72

C) Changes in the present value of the defined benefit obligation

	March 31, 2019	March 31, 2018
Opening defined benefit obligation	729.02	586.63
Current service cost	255.53	220.71
Past service cost	-	32.68
Interest cost	53.18	39.87
Benefits paid	(50.46)	(7.71)
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	21.18	(143.16)
Closing defined benefit obligation	1,008.45	729.02

D) Change in the fair value of plan assets

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	9.30	16.42
Investment income	0.68	1.12
Employer's contribution	251.00	5.00
Return on plan assets, excluding amount recognised in net interest expense	-	(13.24)
Closing fair value of plan assets	260.98	9.30

The Company expects to contribute Rs. 350.00 lakhs to the gratuity fund in the next year (March 31, 2019: 70.00 lakhs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2019	March 31, 2018
Investments with LIC	100.00%	100.00%

E) Remeasurement adjustments:

	Year ended March 31, 2019	Year ended March 31, 2018
Experience loss/ (gain) on plan liabilities	1.18	(120.37)
Financial loss/ (gain) on plan liabilities	20.00	(22.79)
Actuarial loss on plan assets	-	13.24
Remeasurement gains/(losses) recognised in other comprehensive income:	21.18	(129.92)

(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2019	March 31, 2018
Discount rate	6.95%	7.30%
Expected rate of return on assets	7.31%	6.80%
Salary rise	12.00%	12.00%
Attrition Rate	20.00%	20.00%

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

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	March 31, 2019	March 31, 2018
1 year	136.49	70.23
2-5 years	544.80	404.60
6-10 years	472.63	375.21
More than 10 years	470.92	389.38

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2018: 6 years).

(iii) Sensitivity analysis:

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

	March 31, 2019	March 31, 2018
(a) Effect of 1% change in assumed discount rate		
- 1% increase	55.32	42.19
- 1% decrease	(61.32)	(46.82)
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	(53.24)	(41.90)
- 1% decrease	50.27	39.40
(c) Effect of change by 50% of attrition rate		
- increase by 50% of the attrition rate	138.09	129.75
- decrease by 50% of the attrition rate	(292.30)	(254.06)

II Defined contribution plan

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to provident and other funds	437.04	615.11

31 Share based payments

Under the Employee Stock Option Plan, the Group, at its discretion, may grant share options to employees of the Group. The remuneration committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period ranging from 1 to 4 years subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price equal to the face value. The fair value of share options granted is estimated at the date of grant using a Black- Scholes model, taking into account the terms and conditions upon which the share options were granted. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and its competitors to predict the distribution of relative share performance.

The expense recognised for employee services received during the year is shown in the following table:

	Year ended March 31, 2019	Year ended March 31, 2018
Expense arising from equity-settled share-based payment transactions	585.22	1,551.50

Movements during the year: The following table contains movements in share options during the year:

Particulars	March 31, 2019					March 31, 2018			
	Grant 2011	Grant 2013	Grant 2014-I	Grant 2014-II	Grant 2015	Grant 2011	Grant 2013	Grant 2014-I	Grant 2014-II
Total No. of options under the grant	15.00	10.00	20.00	5.00	5.00	15.00	10.00	20.00	5.00
Outstanding at April 1	2.31	-	1.15	3.75	-	7.44	1.09	2.40	5.00
Granted during the year	-	-	-	-	1.60	-	-	-	-
Forfeited during the year	-	-	0.09	-	-	1.08	-	0.26	-
Exercised during the year	2.24	-	0.67	1.25	-	4.05	1.09	0.99	1.25
Outstanding at March 31	0.07	-	0.39	2.50	1.60	2.31	-	1.15	3.75
Exercisable at March 31	-	-	0.13	-	-	2.17	-	0.11	-

The weighted average share price at the date of exercise of these options was Rs 317.48 (March 31, 2018: Rs 294.09)

The following table lists the weighted average remaining contractual life for the share options as at March 31, 2019 and as at March 31, 2018

Particulars	March 31, 2019	March 31, 2018
Grant 2011	4.76	1.72
Grant 2014-I	3.96	4.67
Grant 2014-II	5.26	5.76
Grant 2015	3.64	-

The weighted average fair value of options granted during the year was Rs 91.88 (March 31, 2018: Rs Nil).

The range of exercise prices for the options outstanding at the beginning, forfeited, exercised, expired and outstanding at the end of the year is Rs 10 (March 31, 2018: Rs 10). The exercise price for the options granted during the year under Grant 2015 and outstanding at the end of the year is Rs 240 (March 31, 2018: Nil)

The following tables list the inputs to the models used for the year ended March 31, 2019. There were no grants during the previous year.

Particulars	March 31, 2019
	Grant 2015
Dividend yield	0%
Expected volatility	38.45% - 41.36%
Risk-free interest rate	7.30% - 7.91%
Expected life of options granted in years	2 - 5 years
Weighted average share price	91.88
Model used	Black-Scholes model

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

- 32** In the earlier years, the Company had made foreign investments aggregating to USD 1,002 equivalent towards equity capital of three foreign subsidiaries without obtaining overseas direct investment (ODI) certificate from RBI. The Company is in the process of obtaining ODI approval from RBI and is in the process of compounding FEMA related non compliances. Based on the nature of these contraventions, the management believes that the matter will not have any material impact on the consolidated financial statements.

33 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Kairos Technologies Inc. (upto May 16, 2017)	Enterprise over which Key Management Personnel exercise significant influence.
Primentor Inc.	Enterprise over which Key Management Personnel exercise significant influence.
Key Management Personnel	
Mr. C. V. Subramanyam	Chairman & Managing Director
Mr. Sudhakar Pennam (resigned w.e.f from May 17, 2017)	Director
Mr. C. Srikanth	Non-executive Director
Mr. Krishnan Venkatachary	Chief Financial Officer
Ms. Naga Vasudha	Company Secretary
Mr. Phaneesh Murthy	Independent director (appointed w.e.f June 30, 2017)
Mr. Ram Krishna Agarwal	Independent director (appointed w.e.f June 30, 2017)
Sri. Srinath Batni	Independent director (appointed w.e.f August 24, 2017)
Ms. Nooraine Fazal	Independent director (appointed w.e.f June 30, 2017)
Mr. K CH Subbarao	Independent director
Relatives of Key Managerial personnel	
Ms Sapna Pennam	Wife of Mr. Sudhakar Pennam

Transactions/Balance with above parties

March 31, 2019											
Kairos Technologies Inc.											
	Primator Inc.	Mr. C. V. Subramanyam	Mr. C. Srikanth	Mr. Krishna Venkatachary	Ms. Naga Vasudha	Mr. Ram Krishna Agarwal	Mr. Srinath Batni	Ms. Nooraine Fazal	Mr. Sudhakar Pennam	Ms. Sapna Pennam	
Transactions during the year											
Consultancy charges	-	-	-	-	-	-	-	-	-	-	-
Professional fees	207.97	-	-	-	-	-	-	-	-	-	-
Rent expense	-	-	-	-	-	-	-	-	-	-	-
Remuneration	-	240.00	519.92	96.00	12.02	23.00	23.00	23.00	-	-	-
Director sitting fees	-	-	-	-	-	14.00	9.00	12.00	-	-	-
Interest on loan	-	-	28.65	-	-	-	-	-	-	-	-
Repayment of loan	(190.64)	-	(813.75)	-	-	-	-	-	(926.33)	(85.31)	-
Reimbursement of expenses	-	19.06	-	-	-	-	-	-	-	-	-
Balances receivable/ (payable):											
Remuneration payable	-	(120.00)	(159.44)	(1.50)	(0.15)	(23.00)	(23.00)	(23.00)	-	-	-
Trade payables	-	(8.67)	-	-	-	-	-	-	-	-	-

March 31, 2018											
Kairos Technologies Inc.											
	Primator Inc.	Mr. C. V. Subramanyam	Mr. C. Srikanth	Mr. Krishna Venkatachary	Ms. Naga Vasudha	Mr. Ram Krishna Agarwal	Mr. Srinath Batni	Ms. Nooraine Fazal	Mr. Sudhakar Pennam	Ms. Sapna Pennam	
Transactions during the year											
Consultancy charges	347.31	-	-	-	-	-	-	-	-	-	-
Professional fees	192.80	-	-	-	-	-	-	-	-	-	-
Rent expense	-	-	18.00	-	-	-	-	-	-	-	-
Remuneration	-	120.00	180.66	75.41	6.91	9.50	9.50	9.50	-	-	-
Director sitting fees	-	-	-	-	-	9.00	6.00	8.00	-	-	-
Interest on loan	-	-	171.41	-	-	-	-	-	-	-	-
Repayment of loan	-	(445.00)	(121.00)	-	-	-	-	-	-	-	-
Refund of security deposit	-	-	(9.00)	-	-	-	-	-	-	-	-
Balances receivable/ (payable):											
Remuneration payable	-	-	-	-	-	(9.50)	(9.50)	(9.50)	-	-	-
Borrowings	(181.88)	-	(813.75)	(279.00)	-	-	-	-	(899.25)	(79.89)	-
Trade payables	(488.64)	(8.11)	-	-	-	-	-	-	-	-	-

Key management personnel (Mr. C.V. Subramanyam and Mr. C. Srikanth) have given personal guarantees and personal property as collateral security in favour of bankers in connection with term loans whose closing balance in total is Rs. 1,094.77 lakhs (March 31, 2018: Rs. 4,355.58 lakhs- cash credit facility and term loan).

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

34 Significant accounting judgements, estimates and assumptions

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

(A) Estimates and assumptions

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

(i) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 3.1.

(ii) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 31.

(iii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies (refer note 28).

(iv) Defined employee benefit plans (Gratuity)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases

and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 30.

35 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets at amortised cost:				
Loans	526.23	2,119.98	526.23	2,119.98
Trade receivables	12,369.00	11,467.55	12,369.00	11,467.55
Cash and cash equivalents	6,146.30	1,789.15	6,146.30	1,789.15
Bank balances other than cash and cash equivalents	9.91	44.42	9.91	44.42
Other financial assets	3,131.79	1,224.91	3,131.79	1,224.91
Financial liabilities at amortised cost:				
Borrowings	7,368.73	13,138.41	7,368.73	13,138.41
Trade Payables	5,618.35	5,424.49	5,618.35	5,424.49
Other current financial liabilities	216.95	93.92	216.95	93.92

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

36 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group considers a counterparty whose payment is due more than 90 days after the due date as a defaulted party. This is based on considering the market and economic forces in which the entities in the Group are operating. The Group creates provision for the amount if the credit risk of counter-party increases significantly due to its poor financial position and failure to make payment beyond a period of 90 days from the due date.

i. Trade receivables as contract asset:

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. Outstanding customer receivables are regularly monitored. The Group's receivables turnover is quick and historically,

there were no significant defaults. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group 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 adjusted for forward-looking information.

At March 31, 2019, the Company had 27 customers (March 31, 2018: 26 customers) that owed the Company more than 1% each of total receivable and accounted for approximately 53% (March 31, 2018: 56%) of all the receivables outstanding. There were no customers (March 31, 2018: Nil) with balances greater than 5% each accounting for approximately Nil (March 31, 2018: Nil) of the total amounts receivable.

The Group has created a provision for trade receivables amounting to Rs. 618.81 lakhs during the year (March 31, 2018: Rs. 392.11 lakhs) as there was no reasonable expectations of recovery and were outstanding for more than 90 days from becoming due. These are however, still subject to enforcement activity.

B Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments:

	On demand	Up to 1 Year	1 to 5 years	> 5 years	Total
March 31, 2019:					
Borrowings	7,368.73	-	-	-	7,368.73
Trade payables	-	5,618.35	-	-	5,618.35
Other financial liabilities	-	216.95	-	-	216.95
	7,368.73	5,835.30	-	-	13,204.03
March 31, 2018:					
Borrowings	2,589.83	9,067.10	1,481.48	-	13,138.41
Trade payables	-	5,424.49	-	-	5,424.49
Other financial liabilities	-	93.92	-	-	93.92
	2,589.83	14,585.51	1,481.48	-	18,656.82

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other market changes. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The sensitivity analysis have been prepared on the basis that the amount of debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2019 and March 31, 2018.

C1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	(Decrease)/Increase	
March 31, 2019				
Indian Rupees	0.50%	-0.50%	(14.37)	14.37
March 31, 2018				
Indian Rupees	0.50%	-0.50%	(27.60)	27.60

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

C2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument are as under -

	Currency	March 31, 2019			March 31, 2018		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	0.02	1.50	69.32	0.03	1.95	64.92
	ZAR	46.98	224.13	4.77	0.00	0.00	5.48
	EUR	0.39	30.58	77.75	-	-	-
	AED	1.75	33.02	18.87	-	-	-
Trade receivables	USD	1.25	86.49	69.32	1.45	94.13	64.92
	EUR	1.77	137.62	77.75	1.02	81.57	79.97
	GBP	0.18	16.25	90.28	-	-	-
	CAD	0.20	10.38	51.91	-	-	-
	AUD	-	-	-	-	-	-
	ZAR	13.90	66.31	4.77	71.19	390.12	5.48
	SGD	1.20	61.35	51.12	1.06	52.49	49.52
	AED	4.59	86.65	18.87	-	-	-
Trade payables	DKK	9.20	95.84	10.41	3.63	38.95	10.73
	ZAR	8.86	42.28	4.77	3.53	19.34	5.48
	SGD	-	-	-	0.06	2.97	49.52
	AED	0.01	0.19	18.87	-	-	-

b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2019				
USD	1.00%	1.00%	0.88	(0.88)
EUR	1.00%	1.00%	1.68	(1.68)
ZAR	1.00%	1.00%	2.48	(2.48)
AED	1.00%	1.00%	1.19	(1.19)
March 31, 2018				
USD	1.00%	1.00%	0.96	(0.96)
EUR	1.00%	1.00%	0.82	(0.82)
ZAR	1.00%	1.00%	3.71	(3.71)

37 Commitments and Contingencies

a. Leases

Operating lease commitments - Group as lessee

The Group has entered into operating leases of office premises with no restrictions and are renewable at the option of either of the parties for a period of 11 months to 5 years. The escalation rates range from 2% to 10% per annum as per the terms of the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is Rs. 1,410.37 lakhs (March 31, 2018: Rs. 1,419.99 lakhs).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	March 31, 2019	March 31, 2018
Within one year	1,133.48	1,048.46
After one year but not more than five years	4,080.47	2,444.95
More than five years	757.08	-

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs 9.81 lakhs (March 31, 2018: Rs. 488.44 lakhs).

c. Contingent Liabilities

	March 31, 2019	March 31, 2018
Claims against the Group not acknowledged as debts	-	93.94

38 Segment Reporting

The Group has only one reportable business segment, which is rendering of software testing services. Accordingly, the amounts appearing in the consolidated financial statements relate to the Group's single business segment.

Geographical information

a) Revenue	Year ended March 31, 2019	Year ended March 31, 2018
US	65,631.52	56,829.45
Rest of the world	15,976.08	12,498.69

b) Assets: All the significant non-current assets are located in India.

No single external customer revenue is more than 10% of the Group's revenue.

39 Capital management

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

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. The Group's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

	March 31, 2019	March 31, 2018
Borrowings	7,368.73	13,138.41
Less: Cash and cash equivalents (refer note 7)	(6,146.30)	(1,789.15)
Net debt	1,222.43	11,349.26
Equity	2,766.43	2,724.80
Other Equity	12,307.88	(2,036.54)
Total Capital	15,074.31	688.26
Capital and net debt	16,296.74	12,037.52
Gearing ratio (Net debt/ Capital and net debt)	8%	94%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2019 and March 31, 2018.

40 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

i. Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards from 1 April 2019. The Group is evaluating the impact of this amendment on its consolidated financial statements.

ii. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the consolidated financial statements.

41. Statutory group information

Name of the entity in the Group	31-Mar-19							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount in lakhs	As a % of consolidated profit/(loss)	Amount in lakhs	As a % of consolidated other comprehensive income	Amount in lakhs	As a % of total comprehensive income	Amount in lakhs
Parent – Cigniti Technologies Limited	86.64%	13,060.21	17.57%	2,589.26	2.4%	(21.18)	18.6%	2,568.08
Subsidiaries – Indian								
Gallop Solutions Private Limited	0.05%	6.99	-0.02%	(2.34)	0.0%	-	0.0%	(2.34)
Subsidiaries – Foreign								
Cigniti Technologies Inc., USA	1.26%	190.03	71.19%	10,490.13	99.2%	(893.43)	69.4%	9,596.70
Cigniti Technologies (UK) Limited, UK	6.82%	1,027.32	8.91%	1,312.96	0.1%	(0.71)	9.5%	1,312.25
Cigniti Technologies (Australia) Pty Ltd, Australia	1.09%	163.64	0.68%	100.54	-2.5%	22.27	0.9%	122.81
Cigniti Technologies (Canada) Inc., Canada	4.15%	626.12	1.54%	226.56	0.8%	(7.16)	1.6%	219.40
Cigniti Technologies (NZ) Limited	0.00%	-	0.13%	18.65	0.1%	(0.55)	0.1%	18.10
Net amounts	100.00%	15,074.31	100%	14,735.76	100.00%	(900.76)	100.00%	13,835.00

Name of the entity in the Group	31-Mar-18							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount in lakhs	As a % of consolidated profit/(loss)	Amount in lakhs	As a % of consolidated other comprehensive income	Amount in lakhs	As a % of total comprehensive income	Amount in lakhs
Parent - Cigniti Technologies Limited	231.17%	1,591.08	-28.15%	(905.54)	-177.32%	129.92	-24.67%	(775.62)
Subsidiaries - Indian								
Gallop Solutions Private Limited	5.04%	34.72	0.03%	0.86	0.00%	-	0.03%	0.86
Subsidiaries - Foreign								
Cigniti Technologies Inc., USA	-365.52%	(2,515.71)	110.57%	3,557.47	21.84%	(16.00)	112.64%	3,541.47
Cigniti Technologies (UK) Limited, UK	141.63%	974.77	14.01%	450.69	234.24%	(171.63)	8.88%	279.06
Cigniti Technologies (Australia) Pty Ltd, Australia	31.08%	213.88	1.32%	42.49	12.92%	(9.47)	1.05%	33.02
Cigniti Technologies (Canada) Inc., Canada	55.59%	382.61	2.45%	78.91	7.38%	(5.41)	2.34%	73.50
Cigniti Technologies (NZ) Limited	1.00%	6.91	-0.23%	(7.55)	0.93%	(0.68)	-0.26%	(8.23)
Net amounts	100.00%	688.26	100.00%	3,217.33	100.00%	(73.27)	100.00%	3,144.06

As per our report of even date.

42. Previous period figures have been regrouped/reclassified wherever necessary to conform to the current period classification.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration No: 101049W/E300004

Chartered Accountants

For and on behalf of the Board of Directors

Cigniti Technologies Limited

per Shankar Srinivasan

Partner

Membership No. 213271

C. V. Subramanyam

Chairman & Managing Director

DIN: 0071378

C. Srikanth

Director

DIN: 06441390

Krishnan Venkatachary

Chief Financial Officer

A. Naga Vasudha

Company Secretary

Place: Hyderabad

Date: May 2, 2019

Place: Hyderabad

Date: May 2, 2019

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Cigniti Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Cigniti Technologies Limited (the "Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<p>Impairment assessment of investment in subsidiary (as described in note 4 of the Standalone Financial Statements)</p>	<p>(as described in note 4 of the Standalone Financial Statements)</p>
<p>As at March 31, 2019, the Company has investment of Rs. 5,549.49 lakhs in Cigniti Technologies Inc. The determination of recoverable amounts of the Company's investments in the subsidiary relies on management's estimates of forecast of future cash flows and their judgment with respect to the forecast of the subsidiary's future performance.</p> <p>The carrying amount of the investment is tested annually for impairment using discounted cash-flow models of subsidiary's recoverable value compared to the carrying value. A deficit between the recoverable value and the carrying value of investment would result in impairment. The inputs to the impairment testing model which have the most significant impact on recoverable value include:</p> <ul style="list-style-type: none"> - Projected revenue growth, operating margins and operating cash-flows in the years 1-5; - Stable long-term growth rates beyond five years and in perpetuity; and - Discount rates that represent the current market assessment of the risks specific to the subsidiary, taking into consideration the time value of money. <p>The impairment test model includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate.</p> <p>The impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balance to the financial statements as a whole.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operative effectiveness of management's key internal controls over investment impairment assessment; • We assessed the methodology applied by the Company in its impairment analysis. In making this assessment, we also evaluated the competence, professional qualification, objectivity and independence of Company's specialists involved in the process; • With the assistance of a specialist, we assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; • We discussed potential changes in key drivers as compared to previous year/ actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable; • We tested the arithmetical accuracy of the models; and • We assessed the related disclosures as described in note 4 to the Standalone Financial Statements.

Income taxes – Current and Deferred Tax (as described in note 29 of the Standalone Financial Statements)

Estimates with respect to the valuation of deferred tax asset

With the assistance of a tax specialist, our procedures included, but were not limited to:

The Company has unrecognised deferred tax assets primarily relating to tax losses available for utilization in future periods, as disclosed in note 29 to the Standalone Financial Statements. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognised. There are cross-border transactions also, which give rise to transfer pricing related risks that require significant judgements by management to adequately determine the appropriate tax charge and any associated provisions. Changes in the company's business, its operating structure, its investments and regulations may impact these projections. We deemed this subject to be a key audit matter because the assessment process of recognition and recoverability of the deferred tax assets is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.

- Assessing the design, implementation and operative effectiveness of management's key internal controls over income tax including deferred tax recognition;
- Evaluating the management's assumptions and estimates like projected revenue growth, EBIDTA etc. in relation to the probability of generating future taxable income to support the recognition of deferred income tax asset with reference to forecast taxable income;
- Assessing the historical accuracy of management's estimation of forecast taxable income; assessing the extent to which projected profits were taxable, in particular, the Company's assumptions about how accumulated tax losses and other associated tax attributes can be utilized against taxable profits;
- Involving transfer pricing specialists to consider the Company's assessment of its exposure to transfer pricing related risks and related corporate tax provisions; and
- Assessing the related disclosures in respect of the assumptions supporting the deferred tax asset valuation and recognition as described in note 29 to the Standalone Financial Statements.

Other Information

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

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

Cigniti Technologies Ltd.

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 including the Statement of Other Comprehensive Income, 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 Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - i. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Shankar Srinivasan

Partner

Membership No.: 213271

Place: Hyderabad

Date: May 2, 2019

Annexure 1 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Cigniti Technologies Limited

Re: Cigniti Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted an unsecured loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loan that is re-payable on demand, to a Company covered in the register maintained under section 189 of the Companies Act, 2013. The loan has been fully repaid during the year along with interest and there has been no default on the part of the parties to whom the money has been lent.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Directors are interested to which provisions of section 185 of the Companies Act, 2013 apply. Provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments guarantee and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company and hence not commented upon.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales tax, duty of custom, duty of excise and cess are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any dues to government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company

Cigniti Technologies Ltd.

has not raised any money by way of initial public offer / further public offer / debt instruments during the year.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Place: Hyderabad

Date: May 2, 2019

per Shankar Srinivasan

Partner

Membership No.: 213271

Annexure 2 to the Independent auditor's report of even date on the Standalone Financial Statements of Cigniti Technologies Limited

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

We have audited the internal financial controls over financial reporting of Cigniti Technologies Limited ("the Company") as of March 31, 2019 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these standalone financial statements

A company's internal financial control over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone 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 Over Financial Reporting with reference to these standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting 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 **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Shankar Srinivasan

Partner

Membership No.: 213271

Place: Hyderabad

Date: May 2, 2019

BALANCE SHEET

as at March 31, 2019

(All amounts in Indian Rupees lakhs , unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	3	1,297.14	605.13
Financial assets			
Investments	4	6,941.31	6,941.31
Loans	5	421.53	340.14
Deferred tax asset, net	12	-	-
Other non-current assets	11	7.04	140.00
		8,667.02	8,026.58
Current assets			
Financial assets			
Loans	5	41.58	2,429.42
Trade receivables	7	10,793.97	14,759.53
Cash and cash equivalents	8	5,208.56	223.55
Bank balances other than cash and cash equivalents	9	9.91	44.42
Other current financial assets	6	2,879.07	1,778.08
Current tax assets, net	10	199.82	-
Other current assets	11	1,100.46	677.86
		20,233.37	19,912.86
Total Assets		28,900.39	27,939.44
Equity and liabilities			
Equity			
Equity share capital	13	2,766.43	2,724.80
Other equity	14	21,077.35	14,541.88
		23,843.78	17,266.68
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	-	1,481.48
Long term provisions	19	747.47	649.49
		747.47	2,130.97
Current liabilities			
Financial liabilities			
Borrowings	16	1,094.78	3,914.64
Trade payables	17	-	-
i)total outstanding dues of micro enterprises and small enterprises		-	-
ii)total outstanding dues of creditors other than micro enterprises and small enterprises		967.98	675.50
Other current financial liabilities	18	2,044.57	2,695.47
Short term provisions	19	119.39	178.12
Current tax liability, net	20	-	320.11
Other current liabilities	21	82.42	757.95
		4,309.14	8,541.79
Total Equity and Liabilities		28,900.39	27,939.44
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(All amounts in Indian Rupees lakhs , unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	22	26,088.90	24,375.58
Other income	23	2,759.01	102.46
Finance income	24	143.58	139.54
Total income		28,991.49	24,617.58
Expenses			
Employee benefits expense	25	15,474.37	14,417.84
Other expenses	26	6,218.63	6,387.75
Depreciation and amortisation expense	27	255.90	207.68
Finance costs	28	325.33	780.28
Total expenses		22,274.23	21,793.55
Profit before tax		6,717.26	2,824.03
Tax expenses			
	29		
Current tax		745.83	-
Deferred tax		-	282.96
Total tax expense		745.83	282.96
Net profit for the year		5,971.43	2,541.07
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss on employee defined benefit plans		21.18	(129.92)
Income tax effect		-	-
Total other comprehensive income for the year, net of tax		21.18	(129.92)
Total comprehensive income for the year, net of tax		5,950.25	2,670.99
Earnings per share (Nominal value of equity share is Rs. 10/- each)			
	30		
Basic, computed on the basis of profit attributable to equity holders		21.73	9.54
Diluted, computed on the basis of profit attributable to equity holders		21.56	9.42
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

a. Equity share capital

Equity Shares of Rs.10 each, issued, subscribed and fully paid	No.	Rs.
As at April 01, 2017	265.09	2,650.95
Add: Issued during the year (refer note 13)	7.39	73.85
As at March 31, 2018	272.48	2,724.80
Add: Issued during the year (refer note 13)	4.16	41.63
As at March 31, 2019	276.64	2,766.43

b. Other equity

	Other components of equity				Total
	Reserves and surplus			Other comprehensive income	
	Securities premium	Share based payment reserve	Retained earnings	Actuarial gains /(losses)	
As at April 01, 2017	23,192.21	3,479.21	(16,181.70)	(170.33)	10,319.39
Profit for the year	-	-	2,541.07	-	2,541.07
Re-measurement losses/ (gains) on employee defined benefit plans	-	-	-	129.92	129.92
Issue of equity shares on exercise of employee stock options	3,026.62	(3,026.62)	-	-	-
Share-based payment expense	-	1,551.50	-	-	1,551.50
As at March 31, 2018	26,218.83	2,004.09	(13,640.63)	(40.41)	14,541.88
Profit for the year	-	-	5,971.43	-	5,971.43
Re-measurement losses/ (gains) on employee defined benefit plans	-	-	-	(21.18)	(21.18)
Issue of equity shares on exercise of employee stock options	1,711.66	(1,711.66)	-	-	-
Share-based payment expense	-	585.22	-	-	585.22
As at March 31, 2019	27,930.49	877.65	(7,669.20)	(61.59)	21,077.35

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2019

(All amounts in Indian Rupees lakhs , unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	6,717.26	2,824.03
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	255.90	207.68
Interest income	(143.58)	(139.54)
Interest expense and other borrowing cost	318.26	747.30
Unrealised foreign exchange loss/(gain) (net)	356.99	(241.99)
Share based payment expense	562.56	1,480.11
Provision for doubtful trade receivables	79.95	75.10
Bad debts written off	54.85	-
Liabilities no longer required written back	(5.37)	(13.59)
Investment written off	-	39.00
Operating profit before working capital changes	8,196.82	4,978.10
Movements in working capital		
Increase/(decrease) in trade payables	297.85	(251.17)
Decrease in other liabilities	(675.53)	(1,288.92)
Increase in provisions	18.07	283.16
Decrease/(increase) in trade receivables	3,544.10	(3,544.52)
Increase in other assets	(422.60)	(62.03)
Increase in other financial assets	(1,132.59)	(50.81)
Decrease/(increase) in loans	1,592.35	(101.43)
(Decrease)/increase in other financial liabilities	(206.32)	1,578.89
Cash generated from operations	11,212.15	1,541.27
Income taxes paid (net of refunds)	(1,265.76)	(167.55)
Net cash generated from operating activities	(A) 9,946.39	1,373.72
Cash flows from/(used in) investing activities		
Purchase of property, plant and equipment	(819.54)	(278.36)
Redemption/(investment) in bank deposits (having original maturity of more than three months and less than twelve months)	34.51	(9.98)
Interest received	270.61	1.44
Loan given subsidiary company recovered	714.10	-
Net cash generated/(used in) from investing activities	(B) 199.68	(286.90)
Cash flows from/(used in) financing activities		
Proceeds from exercise of employee stock options	41.63	73.85
Repayment of long term borrowings	(2,037.04)	(462.96)
Interest and factoring charges paid	(345.79)	(749.76)
Proceeds from short term borrowings	-	900.00
Repayment of short term borrowings	(2,321.10)	(863.96)
Net cash used in financing activities	(C) (4,662.30)	(1,102.83)
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 5,483.77	(16.01)
Cash and cash equivalents at the beginning of the year	(1,369.99)	(1,353.98)
Cash and cash equivalents at the end of the year	4,113.78	(1,369.99)
Components of cash and cash equivalents		
Balances with banks		
-On current accounts	2,149.97	223.49
-Remittance in transit	31.81	-
- Deposits with original maturity of less than 3 months	3,021.48	-
Cash on hand	5.30	0.06
Cash credit from banks	(1,094.78)	(1,593.54)
Total cash and cash equivalents (refer note 9.1)	4,113.78	(1,369.99)

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 2, 2019

For and on behalf of the Board of Directors
Cigniti Technologies Limited

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

Place: Hyderabad
Date: May 2, 2019

C. Srikanth
Director
DIN: 06441390

A. Naga Vasudha
Company Secretary

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2019

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

1. Corporate information

Cigniti Technologies Limited (“the Company”) is a public company domiciled in India and is incorporated under the provisions of the Companies Act. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Dwarakapuri Colony, Panjagutta, Hyderabad. The Company is principally engaged in the providing software testing services across the world.

The Standalone Financial Statements were authorized for issue in accordance with a resolution of the directors on May 2, 2019.

2. Significant accounting policies

2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Standalone Financial Statements.

The standalone financial statements have been prepared on a historical cost basis. The standalone financial statements are presented in INR, and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Use of Estimates

The preparation of standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at

the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in note 35. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The

Company has identified twelve months as its operating cycle.

(c) Foreign currencies

The Company's standalone financial statements are presented in INR, which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

(d) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue from contract with customers

The Company derives revenue primarily from software testing services. Revenue from contracts with customers is recognised when control of the

services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of contract.

Rendering of services

Revenue from software testing services rendered to its subsidiary companies is recognized on accrual basis for services rendered and billed as per the terms of specific contract, which is on the basis of cost expended plus an agreed profit margin.

The method for recognizing revenues and costs depends on the nature of services rendered to others as mentioned below:

- Time and material: Revenue from time and material contracts are recognized as the related services are performed, which is pursued based on the efforts spent and agreed rate with the customer. Revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.
- Fixed price contracts: Revenue from fixed-price contracts is recognized as per the 'percentage- of-completion' method, where the performance obligations are satisfied over time and when there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Percentage of completion is determined based on the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The input method has been used to measure the progress towards completion as there is direct relationship between input and productivity.

Contract balances:

- **Contract assets (Unbilled revenue)**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

- **Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments - initial recognition and subsequent measurement.

- **Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Other income

- Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.
- Foreign currency gains and losses are reported on net basis.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts

for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the

period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961 issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement under Deferred Tax Asset." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of GST paid, except:

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

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

g) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress, and the related advances are shown as loans and advances.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has made technical assessment of the useful lives of the following classes of assets which coincides with the lives prescribed under Schedule II of the Companies Act, 2013:

Asset	Useful lives estimated by the management (years)
Buildings	60
Electrical equipment	10
Leasehold improvements	Over the period of lease
Furniture and fixtures	10
Office equipments	5
Computer and computer equipments	3
Vehicles	8

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives
Software licenses	Finite (3 years)
Software tools	Finite (3 years)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible 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 or loss when the asset is derecognised.

(i) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.1.i). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. After impairment, amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

(l) Provisions, Contingent liabilities and Commitments

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

estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent liability

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when it cannot be measured reliably.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

(m) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Employee State Insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to these schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Short term employee benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

However, the Company presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(n) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in Share-Based Payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood

of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(o) Financial instruments

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 recognized initially at fair value plus, in the case of financial assets not recorded at Fair Value Through Profit or Loss (FVPTL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or

for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 recognized 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 (FVTOCI)
- Debt instruments, derivatives and equity instruments at FVTPL
- Equity instruments measured at FVTOCI

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the 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 finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. 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 FVTPL category are measured at fair value with all changes recognized 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 recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI 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 FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

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

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
 - i. the Company has transferred substantially all the risks and rewards of the asset, or
 - ii. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- Other financial assets

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts and cash credits.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the 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 recognized in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the

Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(q) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(r) Segment information

The Company has only one reportable business segment, which is rendering of software testing services. Accordingly, the amounts appearing in the standalone financial statements relate to the Company's single business segment.

(s) Corporate Social Responsibility

The Company charges its Corporate Social Responsibility expenditure to the statement of profit and loss.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. 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 per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of

the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at April 1, 2018.

Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the standalone financial statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company's standalone financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening

equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

3. Property, plant and equipment and intangible assets

	Property, Plant and Equipment										Intangible assets	
	Buildings	Electrical Equipments	Leasehold improvements	Furniture & Fixtures	Office Equipments	Computer and Computer equipment	Vehicles	Total Property, Plant and Equipment	Software License	Total intangible assets		
Cost												
As at April 01, 2017	193.53	186.45	102.32	84.83	96.64	391.47	2.34	1,057.58	246.66	246.66		
Additions	-	-	-	-	-	49.40	-	49.40	-	-		
Disposals	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2018	193.53	186.45	102.32	84.83	96.64	440.87	2.34	1,106.98	246.66	246.66		
Additions	-	217.97	214.78	223.33	240.97	50.86	-	947.91	-	-		
Disposals	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2019	193.53	404.42	317.10	308.16	337.61	491.73	2.34	2,054.89	246.66	246.66		
Depreciation and amortisation												
As at April 01, 2017	4.26	19.77	102.32	20.78	51.29	95.13	0.62	294.17	246.66	246.66		
Charge for the year	3.85	21.72	-	15.62	24.11	141.79	0.59	207.68	-	-		
As at March 31, 2018	8.11	41.49	102.32	36.40	75.40	236.92	1.21	501.85	246.66	246.66		
Charge for the year	4.25	34.10	11.12	33.05	37.92	134.84	0.62	255.90	-	-		
As at March 31, 2019	12.36	75.59	113.44	69.45	113.32	371.76	1.83	757.75	246.66	246.66		
Net book value												
As at March 31, 2018	185.42	144.96	-	48.43	21.24	203.95	1.13	605.13	-	-		
As at March 31, 2019	181.17	328.83	203.66	238.71	224.29	119.97	0.51	1,297.14	-	-		

Pledge on property, plant and equipment:

Property, plant and equipment with a carrying amount of Rs. 1,297.14 are subject to charge to secure cash credit facility (March 31, 2018: Rs. 605.13 - cash credit facility and term loan from bank).

4 Investments

	March 31, 2019	March 31, 2018
A. Trade investments (Valued at cost unless stated otherwise)		
Investment in equity instruments		
Investment in subsidiaries (Unquoted)		
(a) 1,000 (March 31, 2018 : 1,000) equity shares of \$ 1 each, fully paid-up in Cigniti Technologies Inc., USA. *	5,549.49	5,549.49
(b) 10,000 (March 31, 2018 : 10,000) equity shares of Rs. 10 each, fully paid-up in Gallop Solutions Private Limited.	110.00	110.00
(c) 1 (March 31, 2018 : 1) equity shares of CAD 1 each, fully paid-up in Cigniti Technology Canada Inc., Canada.*	0.00	0.00
(d) 855,001 (March 31, 2018 : 855,001) equity shares of GBP 1 each, fully paid-up in Cigniti Technologies (UK) Limited.	839.57	839.57
(e) 865,001 (March 31, 2018 : 865,001) equity shares of AUD 1 each, fully paid-up in Cigniti Technologies (Australia) Pty Ltd, Australia.	442.25	442.25
(f) 1 (March 31, 2018: 1) equity shares of NZD 1 each, fully paid-up in Cigniti Technologies (NZ) Limited, New Zealand.*	0.00	0.00
Less: Provision for diminution in value of investment in Cigniti Technologies (NZ) Limited, New Zealand	0.00	0.00
Total	6,941.31	6,941.31
Aggregate amount of unquoted investments	6,941.31	6,941.31

Notes:

- a) Cigniti Technologies (NZ) Limited, New Zealand, wholly owned subsidiary of the Company, was wound up effective January 30, 2019. The Company has made provision for the investment in the subsidiary during the current year.
- b) Investment impairment testing: The carrying amount of the investment is tested annually for impairment using discounted cash-flow models of subsidiary's recoverable value compared to the carrying value. A deficit between the recoverable value and the carrying value of investment would result in impairment. The inputs to the impairment testing model which have the most significant impact on recoverable value include:
- Projected revenue growth, operating margins and operating cash-flows in the years 1-5;
 - Stable long-term growth rates beyond five years and in perpetuity; and
 - Discount rates that represent the current market assessment of the risks specific to the subsidiary, taking into consideration the time value of money.

The impairment test model includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate.

Based on the approved business plan and valuation assessment, the management of the Company expects that there will be increase in operations and hence sustained profitability. The projections of the business is above the book value of its investments, indicating no signs of impairment. Accordingly, these financial statements do not include any adjustment relating to impairment of investments.

- *c) In the earlier years, the Company had made foreign investments aggregating to USD 1,002 equivalent towards equity capital of three foreign subsidiaries without obtaining overseas direct investment (ODI) certificate from RBI. The Company is in the process of obtaining ODI approval from RBI and is in the process of compounding FEMA related non compliances. Based on the nature of these contraventions, the management believes that the matter will not have any material impact on the standalone financial statements.

5 Loans

	Non current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unsecured, considered good				
Security deposits	421.53	340.14	41.58	124.36
Staff advance	-	-	-	1,590.96
Loan to related parties (refer note 34)	-	-	-	714.10
	421.53	340.14	41.58	2,429.42

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

6 Other current financial assets

	March 31, 2019	March 31, 2018
Unsecured, considered good		
Interest receivable from related parties	-	117.88
Interest receivable from others	11.07	20.22
Export incentives receivable (refer note 23)	1,617.63	-
Advances/reimbursements receivable from related parties (refer note below)	1,168.00	1,578.86
Unbilled receivables	82.37	61.12
	2,879.07	1,778.08
Advances/ reimbursements receivable from related parties (refer note 34)		
Cigniti Technologies Inc.	20.38	479.72
Cigniti Technologies UK Limited	434.43	396.24
Cigniti Technologies Canada Inc.	247.14	230.03
Cigniti Technologies Australia Pty Limited	466.05	469.36
Cigniti Technologies (NZ) Limited	-	3.51
	1,168.00	1,578.86

7 Trade receivables

	March 31, 2019	March 31, 2018
Unsecured, considered good		
Receivables from related parties (refer note 34)	10,172.20	13,885.99
Receivables from other parties	621.77	873.54
Unsecured, Considered doubtful		
Receivables from related parties (refer note 34)	20.44	-
Receivables from other parties	96.35	75.10
Less: Allowance for credit losses	(116.79)	(75.10)
	10,793.97	14,759.53

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended March 31, 2019, the Company has recorded an allowance for credit loss of Rs. 20.44 lakhs on receivables relating to amounts owed by related party (March 31, 2018: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Trade receivables are generally with the credit term of 30 to 90 days.

8 Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balance with banks		
- On current accounts	2,149.97	223.49
- Remittance in transit	31.81	-
- Deposits with original maturity of less than 3 months	3,021.48	-
Cash on hand	5.30	0.06
	5,208.56	223.55

9 Bank balances other than cash and cash equivalents

	Current	
	March 31, 2019	March 31, 2018
Deposits with original maturity of more than 3 months and less than 12 months	9.91	44.42
	9.91	44.42

9.1 For the purpose of statement of cash flows, cash and cash equivalents comprise of following:

	March 31, 2019	March 31, 2018
Cash and cash equivalents (refer note 8)	5,208.56	223.55
Less: Cash credit facility (refer note 16)	(1,094.78)	(1,593.54)
	4,113.78	(1,369.99)

10 Current tax assets, net

	March 31, 2019	March 31, 2018
Advance income tax (net of provision for tax)	199.82	-
	199.82	-

11 Other assets

	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unsecured, considered good unless stated otherwise				
Capital advances	7.04	140.00	-	-
Advance to vendors	-	-	-	-
Staff advances	-	-	53.53	71.20
Prepaid expenses	-	-	102.56	46.35
Balance with government authorities	-	-	944.37	560.31
	7.04	140.00	1,100.46	677.86

No advances are due from directors or other officers of the company or any of them either severally or jointly with any other persons or advances due to firms or private companies respectively in which any director is a partner or a director or a member.

12 Deferred tax asset, net

	March 31, 2019		March 31, 2018	
	Depreciation difference on property, plant and equipment and intangible assets	Provision for employee benefits	Depreciation difference on property, plant and equipment and intangible assets	Provision for employee benefits
Opening balance	-	-	49.55	233.41
Recognised in statement of profit or loss	-	-	(49.55)	(233.41)
Recognised in other comprehensive income	-	-	-	-
Closing balance	-	-	-	-

The Company has provided for income tax under Minimum Alternate Tax (MAT) for the year ended March 31, 2019 as it had accumulated book losses and unabsorbed depreciation. The deferred tax asset on the tax losses carried forward and deductible temporary differences and MAT credit amounting to Rs. 3,341.32 lakhs have not been recognised as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Refer note 35 for further details.

Cigniti Technologies Ltd.

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

13 Equity share capital

	March 31, 2019	March 31, 2018
Authorized share capital		
36,000,000 (March 31, 2018 : 36,000,000) equity shares of Rs. 10/- each	3,600.00	3,600.00
Issued, subscribed and fully paid-up shares		
27,664,269 (March 31, 2018: 27,248,029) equity shares of Rs. 10/- each fully paid-up	2,766.43	2,724.80
Total issued, subscribed and fully paid-up share capital	2,766.43	2,724.80

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	March 31, 2019		March 31, 2018	
	No's	Amount	No's	Amount
At the beginning of the year	272.48	2,724.80	265.09	2,650.95
Shares issued during the year against stock options	4.16	41.63	7.39	73.85
Outstanding at the end of the year	276.64	2,766.43	272.48	2,724.80

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	March 31, 2019		March 31, 2018	
	No's	% holding	No's	% holding
P. Sapna	34.59	12.50%	37.69	13.83%
C. V. Subramanyam	29.58	10.69%	29.58	10.86%
C. Srikanth	25.00	9.04%	25.00	9.17%
Kukunuru Samba Siva Rao	16.42	5.94%	16.61	6.10%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 32.

14 Other equity

	March 31, 2019	March 31, 2018
Securities premium		
Opening balance	26,218.83	23,192.21
Add: Issue of equity shares on exercise of employee stock options	1,711.66	3,026.62
Closing balance	27,930.49	26,218.83
Share based payment reserve		
Opening balance	2,004.09	3,479.21
Add: Issue of equity shares on exercise of employee stock options	(1,711.66)	(3,026.62)
Add: Share-based payment expense	585.22	1,551.50
Closing balance	877.65	2,004.09
Retained earnings		
Opening balance	(13,681.04)	(16,352.03)
Add: Profit during the year	5,971.43	2,541.07
Items recognised directly in Other comprehensive income		
Re-measurement (loss)/ gain on employee defined benefit plans (net of tax)	(21.18)	129.92
Closing balance	(7,730.79)	(13,681.04)
	21,077.35	14,541.88

Nature and purpose of reserves**14.1 Security premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

14.2 Share based payment reserve

The share-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan. Refer note 32 for further details of these plans.

14.3 Retained earnings

Retained earnings comprises of prior year's undistributed earnings after taxes along with current year profit.

15 Borrowings

	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
From financial institution (Secured)				
Rupee term loan (refer note below)	-	1,481.48	-	555.56
	-	1,481.48	-	555.56
The above amount includes:				
Secured borrowings	-	1,481.48	-	555.56
Amount disclosed under the head "other current liabilities" (refer note 18)	-	-	-	(555.56)
Net borrowings	-	1,481.48	-	-

Indian rupee term loan from a financial institution of Rs Nil (March 31, 2018: Rs. 2,037.04 lakhs) carried a floating interest rate of 14.65% (March 31, 2018: 13.51%) and was repayable on monthly basis in 54 equal instalments starting from June 2017. The loan was secured by pledge of own equity shares held by promoters and personal guarantee of the directors, Mr. C.V Subramanyam, Managing Director and Mr. C. Srikanth, Director. The outstanding loan was fully repaid during the current year.

16 Short term borrowings

	March 31, 2019	March 31, 2018
Secured		
Cash credit from banks (refer note (a) below)	1,094.78	1,593.54
Term loan (refer note (b) below)	-	725.00
	1,094.78	2,318.54
Unsecured		
Loan from related parties (refer note (c) below)	-	1,596.10
	-	1,596.10
	1,094.78	3,914.64

- (a) Cash credit from banks Rs. 1,094.77 lakhs (March 31, 2018: Rs 1,593.54 lakhs) is secured by hypothecation of property, plant and equipment, trade receivables of the Company and immovable property of Mr. C.V Subramanyam, Managing Director and his relative. The cash credit is secured by personal guarantee of the directors, Mr. C.V Subramanyam, Managing Director and Mr. C. Srikanth, Director and their relatives. It is repayable on demand and carries floating interest rate of 12.05%p.a. (March 31, 2018: 11.85% p.a.)
- (b) Term loan from bank of Rs. Nil (March 31, 2018: Rs 725.00 lakhs) carried a floating interest rate of 11.75%-12.05% p.a. (March 31, 2018: 11.75%-12.30% p.a.) and was repayable in 12 monthly equal instalments. The loan was secured by hypothecation of property, plant and equipment. Further, it was secured by personal guarantee of the directors, Mr. C.V Subramanyam (managing director) and Mr. C. Srikanth (Director) and their relatives. The outstanding loan was repaid during the current year.
- (c) Loans from related parties were repayable on demand and carried an interest rate of 14% p.a. (March 31, 2018 : 14% p.a) and have been fully repaid in the current year.

17 Trade payables

	March 31, 2019	March 31, 2018
-Outstanding dues of micro enterprises and small enterprises(refer note 33 for details of dues to micro and small enterprises)	-	-
-Outstanding dues of creditors other than micro enterprises and small enterprises	777.33	647.00
- Outstanding dues to related parties (refer note 34)	190.65	28.50
	967.98	675.50
Terms and conditions of the above financial liabilities: Trade payables are non-interest bearing and are normally settled on 30-120 day terms. For explanations on the Company's credit risk management processes, refer to note 37.		

18 Other current financial liabilities

	March 31, 2019	March 31, 2018
At amortised cost		
Current maturities of non-current borrowings (refer note 15)	-	555.56
Interest accrued and due on borrowings (refer note below)	-	14.34
Interest accrued but not due on borrowings (refer note below)	-	13.19
Advances from related parties (refer note 34)	2,010.33	2,073.55
Capital creditors	34.24	38.83
	2,044.57	2,695.47

Interest payable is normally settled monthly/quarterly throughout the financial year.

Changes in liabilities arising from financing activities

	April 1, 2018	Cash flows	March 31, 2019
Current borrowings (excluding cash credit facility)	2,321.10	(2,321.10)	-
Non- current borrowings	2,037.04	(2,037.04)	-
Total liabilities from financing activities	4,358.14	(4,358.14)	-
Changes in liabilities arising from financing activities			
	April 1, 2017	Cash flows	March 31, 2018
Current borrowings (excluding cash credit facility)	2,285.06	36.04	2,321.10
Non- current borrowings	2,500.00	(462.96)	2,037.04
Total liabilities from financing activities	4,785.06	(426.92)	4,358.14

19 Provisions

	Long term		Short term	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provisions for employee benefits				
Provision for gratuity	747.47	649.49	-	70.23
Provision for leave benefits	-	-	119.39	107.89
	747.47	649.49	119.39	178.12

20 Current tax liability, net

	March 31, 2019	March 31, 2018
Provision for taxation (net of advance tax)	-	320.11
	-	320.11

21 Other current liabilities

	March 31, 2019	March 31, 2018
Statutory dues	82.42	757.95
	82.42	757.95

22 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from software testing services	26,088.90	24,375.58

22.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Year ended March 31, 2019	Year ended March 31, 2018
Related parties	23,278.67	20,907.81
Others	2,810.23	3,467.77
Total revenue from operations	26,088.90	24,375.58

Notes

- Income from software testing services rendered to related parties is recognised on accrual basis and billed as per the terms of specific contract, which is on the basis of cost expended plus an agreed profit margin (refer note 2.2.(e) for the revenue recognition policy).
- Income from software testing services rendered to others mainly comprises of time and material contracts (refer note 2.2.(e) for the revenue recognition policy).

22.2 Contract balances

	March 31, 2019	March 31, 2018
Trade receivables	10,793.97	14,759.53
Unbilled revenue (refer note 6)	82.37	61.12
Total contract balances	10,876.34	14,820.65

Unbilled revenue are initially recognised for the revenue earned in excess of amounts billed to clients as at the balance sheet date. Upon completion of acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

22.3 Performance obligation

The Company has arrangements with the customer which are “time and material” basis. The performance obligation in case of time and material contracts is satisfied over time. Revenue is recognised as and when the services are performed.

The Company also performs work under “fixed-price” arrangements. Revenue from fixed-price contracts is recognized as per the ‘percentage- of-completion’ method, where the performance obligations are satisfied over time and when there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Percentage of completion is determined based on the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The input method has been used to measure the progress towards completion as there is direct relationship between input and productivity.

The payment is due within 30-90 days from the time the customer accepts the work performed by the Company.

23 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Export incentive (refer note below)	2,178.57	-
Exchange differences(net)	575.07	88.87
Liabilities no longer required written back	5.37	13.59
	2,759.01	102.46

Export incentive for the year ended March 31, 2019 includes Rs. 1,269.34 lakhs pertaining to the period from April 2015 to March 2018 recognized based on the duty scrips received.

24 Finance income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on bank deposits	47.16	2.29
Interest on loans to related party	63.50	117.88
Interest on loans to others	32.92	19.37
	143.58	139.54

25 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	14,050.87	12,113.97
Contribution to provident and other funds (refer note 31)	332.81	350.36
Share-based payment expense	562.56	1,480.11
Gratuity expense (refer note 31)	308.03	292.14
Staff welfare expenses	220.10	181.26
	15,474.37	14,417.84

26 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	383.33	459.88
Rent	1,061.82	939.53
Rates and taxes	33.13	413.06
Repairs and maintenance	362.35	289.82
Advertising and sales promotion	120.73	96.65
Travelling and conveyance	2,074.42	1,750.08
Communication costs	125.33	159.29
Sub-contracting charges	769.20	1,308.28
Legal and professional fees	494.04	413.46
Payment to auditor (refer note below)	91.24	70.49
Bad debts written off	54.85	-
Provision for doubtful receivables	79.95	75.10
Investment written off	-	39.00
Software licensing cost	481.90	346.00
Corporate social responsibility expenditure (refer note below)	43.00	-
Miscellaneous expenses	43.34	27.11
	6,218.63	6,387.75

Payment to Auditor

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit fee	60.00	40.00
Limited review	30.00	30.00
In other capacity		
Other services	-	-
Reimbursement of expenses	1.24	0.49
	91.24	70.49

Details of Corporate social responsibility expenditure

		Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year:		43.00	41.45
	In Cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending March 31, 2019			
i) Construction/Acquisition of any asset	-	-	-
ii) On purposes other than (i) above	43.00	-	43.00
	In Cash	Yet to be paid in cash	Total
(c) Amount spent during the year ending March 31, 2018			
i) Construction/Acquisition of any asset	-	-	-
ii) On purposes other than (i) above	41.45	-	41.45

27 Depreciation and amortization expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on property, plant and equipment (refer note 3)	255.90	207.68
	255.90	207.68

28 Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense	275.65	747.30
Other borrowing cost	42.61	-
Bank charges	7.07	32.98
	325.33	780.28

29 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

(i) Statement of profit and loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax		
Current income tax charge	745.83	-
Deferred tax expense		
Relating to origination and reversal of temporary differences	-	282.96
Total income tax expense recognised in statement of profit and loss	745.83	282.96

(ii) OCI Section: Deferred tax related to items recognised in OCI during the year

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain on remeasurement of defined benefit plans	-	-
Income tax charged to OCI	-	-

(b) Reconciliation of effective tax rate:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax (A)	6,717.26	2,824.03
Enacted tax rate in India (B)	34.94%	34.61%
Expected tax expenses (C = A*B)	2,347.28	977.34
Reconciling items:		
Tax effect on deductible temporary differences and set off of taxable profits for the year against the carry forward of taxable losses	(2,362.39)	(1,030.14)
Reversal of deferred tax asset of earlier years	-	282.96
Tax effect of expenses disallowed under Income Tax Act, 1961	15.11	52.80
Minimum Alternate Tax (MAT) expense	745.83	-
Total tax expense	745.83	282.96
Effective tax rate	11.10%	10.02%

The Company has provided for income tax under Minimum Alternate Tax (MAT) for the year ended March 31, 2019 as it had accumulated book losses and unabsorbed depreciation. The deferred tax asset on the tax losses carried forward and deductible temporary differences and MAT credit amounting to Rs. 3,341.32 lakhs have not been recognised as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Refer note 35 for further details.

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

30 Earnings per share (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to equity shareholders for basic earnings	5,971.43	2,541.07
Weighted average number of equity shares in computing basic EPS	274.81	266.31
Add: Effect of dilution:		
Employee stock options	2.10	3.53
Weighted Average number of equity shares adjusted for effect of dilution	276.92	269.84
Face value of each equity share (Rs.)	10.00	10.00
Earnings per share		
- Basic (Rs.)	21.73	9.54
- Diluted (Rs.)	21.56	9.42

There have been no other transactions involving equity shares or potential equity shares between the reporting date and date of authorisation of these financial statements.

31 Retirement and other employee benefits

I Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded through a policy with LIC. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

A) Net employee benefit expense (recognised in Employee benefits expenses)

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	255.53	220.71
Past service cost	-	32.68
Interest cost	53.18	39.87
Expected return on plan assets	(0.68)	(1.12)
Net employee benefit expenses	308.03	292.14
Actual return on plan asset	0.68	(1.12)

B) Amount recognised in the Balance Sheet

	March 31, 2019	March 31, 2018
Defined benefit obligation	1,008.45	729.02
Fair value of plan assets	260.98	9.30
	747.47	719.72

C) Changes in the present value of the defined benefit obligation

	March 31, 2019	March 31, 2018
Opening defined benefit obligation	729.02	586.63
Current service cost	255.53	220.71
Past service cost	-	32.68
Interest cost	53.18	39.87
Benefits paid	(50.46)	(7.71)
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	21.18	(143.16)
Closing defined benefit obligation	1,008.45	729.02

D) Change in the fair value of plan assets

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	9.30	16.42
Investment income	0.68	1.12
Employer's contribution	251.00	5.00
Return on plan assets, excluding amount recognised in net interest expense	-	(13.24)
Closing fair value of plan assets	260.98	9.30

The Company expects to contribute Rs. 350 lakhs to the gratuity fund in the next year (March 31, 2018: Rs. 70.00 lakhs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2019	March 31, 2018
Investments with LIC	100.00%	100.00%

E) Remeasurement adjustments:

	Year ended March 31, 2019	Year ended March 31, 2018
Experience loss/ (gain) on plan liabilities	1.18	(120.37)
Financial loss/ (gain) on plan liabilities	20.00	(22.79)
Actuarial loss on plan assets	-	13.24
Remeasurement gains/(losses) recognised in other comprehensive income:	21.18	(129.92)

(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2019	March 31, 2018
Discount rate	6.95%	7.30%
Expected rate of return on assets	7.31%	6.80%
Salary rise	12.00%	12.00%
Attrition Rate	20.00%	20.00%

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

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Year ending	March 31, 2019	March 31, 2018
Expected benefit payments for the year ending:		
1 year	136.49	70.23
2-5 years	544.80	404.60
6-10 years	472.63	375.21
More than 10 years	470.92	389.38

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2018: 6 years)

(iii) Sensitivity analysis:

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

	March 31, 2019	March 31, 2018
(a) Effect of 1% change in assumed discount rate		
- 1% increase	55.32	42.19
- 1% decrease	(61.32)	(46.82)
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	(53.24)	(41.90)
- 1% decrease	50.27	39.40
(c) Effect of change by 50% of attrition rate		
- increase by 50% of the attrition rate	138.09	129.75
- decrease by 50% of the attrition rate	(292.30)	(254.06)

II Defined contribution plan

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to provident and other funds	332.81	350.36

32 Share based payments

Under the Employee Stock Option Plan, the Company, at its discretion, may grant share options of employees of the Company. The remuneration committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period ranging from 1 to 4 years subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price equal to the face value. The fair value of share options granted is estimated at the date of grant using a Black- Scholes model, taking into account the terms and conditions upon which the share options were granted. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Company and its competitors to predict the distribution of relative share performance.

The expense recognised for employee services received during the year is shown in the following table:

	Year ended March 31, 2019	Year ended March 31, 2018
Expense arising from equity-settled share-based payment transactions*	585.22	1,551.50

*The above expense include expense arising from equity-settled share-based payment transactions of the subsidiaries amounting to Rs. 22.66 lakhs (March 31, 2018: Rs 71.39 lakhs).

Movements during the year: The following table illustrates movements in share options during the year:

	March 31, 2019					March 31, 2018			
	Grant 2011	Grant 2013	Grant 2014-I	Grant 2014-II	Grant 2015	Grant 2011	Grant 2013	Grant 2014-I	Grant 2014-II
Total No. of options under the grant	15.00	10.00	20.00	5.00	5.00	15.00	10.00	20.00	5.00
Outstanding at April 01	2.31	-	1.15	3.75	-	7.44	1.09	2.40	5.00
Granted during the year	-	-	-	-	1.60	-	-	-	-
Forfeited during the year	-	-	0.09	-	-	1.07	-	0.26	-
Exercised during the year	2.24	-	0.67	1.25	-	4.05	1.09	0.99	1.25
Outstanding at March 31	0.07	-	0.39	2.50	1.60	2.31	-	1.15	3.75
Exercisable at March 31	-	-	0.13	-	-	2.17	-	0.11	-

The weighted average share price at the date of exercise of these options was Rs 317.48 (March 31, 2018: Rs 294.09)

The following table lists the weighted average remaining contractual life for the share options as at March 31, 2019 and as at March 31, 2018

	March 31, 2019	March 31, 2018
Grant 2011	4.76	1.72
Grant 2014-I	3.96	4.67
Grant 2014-II	5.26	5.76
Grant 2015	3.64	-

The weighted average fair value of options granted during the year was Rs 91.88 (March 31, 2018: Rs Nil).

The range of exercise prices for the options outstanding at the beginning, forfeited, exercised, expired and outstanding at the end of the year is Rs 10 (March 31, 2018: Rs 10). The exercise price for the options granted during the year under Grant 2015 and outstanding at the end of the year is Rs 240 (March 31, 2018: Nil)

Cigniti Technologies Ltd.

The following tables list the inputs to the models used for the year ended March 31, 2019. There were no grants during the previous year.

	March 31, 2019
	Grant 2015
Dividend yield	0%
Expected volatility	38.45% - 41.36%
Risk-free interest rate	7.30% - 7.91%
Expected life of options granted in years	2 - 5 years
Weighted average share price	91.88
Model used	Black-Scholes model

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

- 33** The Company has not dealt with any party as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 during the current and previous year.

34 Related party disclosures

a. Names of related parties and description of relationship	
Name of the related party	Relationship
Subsidiaries	
Cigniti Technologies Inc., USA	100% Wholly owned subsidiary
Cigniti Technologies (Canada) Inc., Canada	100% Wholly owned subsidiary
Cigniti Technologies (UK) Limited, UK	100% Wholly owned subsidiary
Cigniti Technologies (Australia) Pty Ltd, Australia	100% Wholly owned subsidiary
Cigniti Technologies NZ Ltd, New Zealand	100% Wholly owned subsidiary
Gallop Solutions Private Limited, India	100% Wholly owned subsidiary
Cigniti Software Services Private Limited, India	100% Wholly owned subsidiary (struck off by MCA)
Enterprise over which Key Management Personnel exercise significant influence	
Kairos Technologies Inc. (upto May 16, 2017)	Enterprise over which Key Management Personnel exercise significant influence.
Key Management Personnel	
Mr. C. V. Subramanyam	Chairman & Managing Director
Mr. C. Srikanth	Non-Executive Director
Mr. Sudhakar Pennam (resigned w.e.f from May 17, 2017)	Director
Mr. Krishnan Venkatachary	Chief Financial Officer
Ms. Naga Vasudha	Company Secretary
Mr. Ram Krishna Agarwal	Independent director (appointed w.e.f June 30, 2017)
Mr. Phaneesh Murthy	Independent director (appointed w.e.f June 30, 2017)
Ms. Nooraine Fazal	Independent director (appointed w.e.f June 30, 2017)
Mr. Srinath Batni	Independent director (appointed w.e.f August 24, 2017)
Mr. K CH Subbarao	Independent director

(b) Transactions/ Balances with above mentioned related parties
For the year ended March 31, 2019

Transactions	Cigniti Technologies Inc., USA	Cigniti Technologies (Canada) Inc., Canada	Cigniti Technologies (UK) Limited, UK	Cigniti Technologies (Australia) Pty Ltd, Australia	Cigniti Technologies (NZ) Limited, New Zealand	Gallop Solutions Pvt. Ltd, India	Cigniti Software Services Private Limited, India	Kairos Technologies Inc.
Rendering of software testing services	19,684.31	567.68	2,690.80	335.88	-	-	-	-
Interest on loan	63.50	-	-	-	-	-	-	-
Reimbursement of expenses	139.81	10.33	41.94	4.55	(3.51)	(21.96)	-	3.35
Balances outstanding receivable/ (payable)								
Trade receivable	8,497.05	214.00	1,267.48	193.67	20.44	-	-	-
Advances to related parties	20.38	247.14	434.43	466.05	-	-	-	-
Advances from related parties	(1,957.43)	-	-	-	-	(52.90)	-	-
Investments	5,549.49	0.00	839.57	442.25	-	110.00	-	-

Key Management Personnel

Transactions	Mr. C. V. Subramanyam	Mr. C. Srikanth	Mr. Sudhakar Pennam	Mr. Krishnan Venkatachary	Ms. Naga Vasudha	Mr. Ram Krishna Agarwal	Ms. Nooraine Fazal	Mr. Srinath Batni
Managerial remuneration	240.00	-	-	-	-	23.00	23.00	23.00
Director sitting fees	-	-	-	-	-	14.00	12.00	9.00
Salary	-	-	-	96.00	12.02	-	-	-
Repayment of loan	(813.75)	(279.00)	(500.00)	-	-	-	-	-
Interest on loan	28.65	6.51	-	-	-	-	-	-
Balances outstanding receivable/ (payable)								
Managerial remuneration payable	(120.00)	-	-	(1.50)	(0.15)	(23.00)	(23.00)	(23.00)

For the year ended March 31, 2018

	Cigniti Technologies Inc., USA	Cigniti Technologies (Canada) Inc., Canada	Cigniti Technologies (UK) Limited, UK	Cigniti Technologies (Australia) Pty Ltd, Australia	Cigniti Technologies (NZ) Limited, New Zealand	Gallop Solutions Pvt. Ltd, India	Cigniti Software Services Private Limited, India	Kairos Technologies Inc.
Transactions								
Rendering of software testing services	17,667.98	422.07	2,515.48	270.24	32.04	-	-	-
Interest on loan	117.88	-	-	-	-	-	-	-
Reimbursement of expenses	(993.76)	(25.31)	13.20	14.00	(0.29)	(127.10)	-	-
Investment written off	-	-	-	-	-	-	39.00	-
Balances outstanding receivable/ (payable)								
Trade receivable	10,966.12	120.03	2,325.64	329.30	144.90	-	-	-
Loan receivable	714.10	-	-	-	-	-	-	-
Interest receivable	117.88	-	-	-	-	-	-	-
Advance receivable	479.72	230.03	396.24	469.36	3.51	-	-	-
Advance payable	(2,042.62)	-	-	-	-	(30.93)	-	(3.35)
Borrowings	-	-	-	-	-	-	-	-
Investments	5,549.49	0.00	839.57	442.25	0.00	110.00	-	-

Key Management Personnel

	Mr. C. V. Subramanyam	Mr. C. Srikanth	Mr. Sudhakar Pennam	Mr. Krishnan Venkatachary	Ms. Naga Vasudha	Mr. Ram Krishna Agarwal	Ms. Nooraine Fazal	Mr. Srinath Batni
Transactions								
Managerial remuneration	120.00	20.00	-	-	-	9.50	9.50	9.50
Director sitting fees	-	-	-	-	-	9.00	8.00	6.00
Salary	-	-	-	75.41	6.91	-	-	-
Repayment of loan	(445.00)	(112.00)	-	-	-	-	-	-
Interest on loan	171.41	55.76	-	-	-	-	-	-
Rent expense	-	18.00	-	-	-	-	-	-
Refund of security deposit	-	(9.00)	-	-	-	-	-	-
Balances outstanding receivable/ (payable)								
Borrowings	(813.75)	(279.00)	(500.00)	-	-	(9.50)	(9.50)	(9.50)
Managerial remuneration payable	-	-	-	-	-	-	-	-

* Key management personnel (Mr. C.V. Subramanyam and his wife) have given personal guarantees and personal property as collateral security in favour of bankers in connection with cash credit facility whose closing balance in total is Rs. 1,094.77 lakhs (March 31, 2018: Rs. 4,355.58 lakhs- cash credit facility and term loan). As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

35 Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 32.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies (Refer note 29).

(iii) Defined employee benefit plans (Gratuity)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 31.

36 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets at amortised cost:				
Loans	463.11	2,769.56	463.11	2,769.56
Trade receivables	10,793.97	14,759.53	10,793.97	14,759.53
Cash and cash equivalents	5,208.56	223.55	5,208.56	223.55
Bank balances other than cash and cash equivalents	9.91	44.42	9.91	44.42
Other financial assets	2,879.07	1,778.08	2,879.07	1,778.08
Financial liabilities at amortised cost:				
Borrowings	1,094.78	5,951.68	1,094.78	5,951.68
Other financial liabilities	2,044.57	2,139.91	2,044.57	2,139.91
Trade payables	967.98	675.50	967.98	675.50

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest. Investment in subsidiaries is carried at cost.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

The Company considers a counterparty whose payment is due more than 90 days after the due date as a defaulted party. This is based on considering the market and economic forces in which the entities in the Company are operating. The Company creates provision for the amount if the credit risk of counter-party increases significantly due to its poor financial position and failure to make payment beyond a period of 90 days from the due date.

i. Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. Outstanding customer receivables are regularly monitored. The Company's receivables turnover is quick and historically, there were no significant defaults. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or

reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. 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 adjusted for forward-looking information.

At March 31, 2019, the Company had 17 customers (March 31, 2018: 17 customers) that owed the Company more than 1% each of total receivable from parties other than related parties and accounted for approximately 96% (March 31, 2018: 90%) of receivables outstanding pertaining to other parties. There were 8 customers (March 31, 2018: 4 customers) with balances greater than 5% each accounting for approximately 76% (March 31, 2018: 56%) of total amounts receivable from parties other than related parties.

The Company has made provision for trade receivables amounting to Rs. 116.79 lakhs (March 31, 2018: Rs 75.10 lakhs) as there was no reasonable expectations of recovery and were outstanding for more than 90 days from becoming due. These are however, still subject to enforcement activity.

B Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

	On demand	< 1 year	1 to 5 years	> 5 years	Total
March 31, 2019:					
Borrowings	1,094.78	-	-	-	1,094.78
Interest payable	-	-	-	-	-
Trade payables	-	967.98	-	-	967.98
Other payables	-	82.42	-	-	82.42
Other financial liabilities	-	2,044.57	-	-	2,044.57
	1,094.78	3,094.97	-	-	4,189.75
March 31, 2018:					
Borrowings	3,189.64	1,280.56	1,481.48	-	5,951.68
Interest payable	-	27.53	-	-	27.53
Trade payables	-	675.50	-	-	675.50
Other payables	-	1,078.06	-	-	1,078.06
Other financial liabilities	-	2,112.38	-	-	2,112.38
	3,189.64	5,174.03	1,481.48	-	9,845.15

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other market changes. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The sensitivity analysis have been prepared on the basis that the amount of debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2019 and March 31, 2018.

C1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2019				
Indian Rupees	+0.5%	-0.50%	(10.91)	10.91
March 31, 2018				
Indian Rupees	+0.5%	-0.50%	(27.60)	27.60

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

C2 . Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument are as under -

	March 31, 2019				March 31, 2018		
	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	0.00	0.32	69.32	0.01	0.85	64.92
	AED	1.75	33.04	18.87	-	-	-
	ZAR	46.98	224.12	4.77	0.00	0.00	5.48
Trade receivables	USD	123.72	8,576.50	69.32	170.39	11,061.72	64.92
	GBP	14.22	1,283.68	90.28	25.53	2,325.53	91.09
	AUD	3.94	193.67	49.19	6.60	329.27	49.89
	CAD	4.12	214.00	51.91	2.38	120.02	50.43
	NZD	-	-	-	3.09	144.89	46.89
	ZAR	13.90	66.29	4.77	71.19	390.12	5.48
	SGD	1.20	61.40	51.12	1.06	52.71	49.73
	DKK	9.20	95.84	10.41	3.63	38.88	10.71
AED	4.59	86.65	18.87	-	-	-	
Loan	USD	-	-	-	11.00	714.12	64.92
Other financial asset	USD	-	-	-	1.82	117.88	64.77
Advances recoverable in cash or kind	USD	0.29	20.38	69.32	7.39	479.76	64.92
	GBP	4.81	434.43	90.28	4.35	396.24	91.09
	AUD	9.47	466.05	49.19	9.41	469.37	49.88
	CAD	4.76	247.14	51.91	4.57	230.01	50.33
	NZD	-	-	-	0.07	3.51	50.14
Advance from related parties	USD	28.24	1,957.43	69.32	31.46	2,042.70	64.93
Trade payables	USD	-	-	-	-	-	-
	ZAR	8.86	42.28	4.77	3.53	19.38	5.49
	AED	0.01	0.09	18.00	-	-	-

b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange rate		Effect on profit/(loss) before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2019				
USD	1.00%	-1.00%	66.40	(66.40)
GBP	1.00%	-1.00%	17.18	(17.18)
ZAR	1.00%	1.00%	2.48	(2.48)
March 31, 2018				
USD	1.00%	-1.00%	103.32	(103.32)
GBP	1.00%	-1.00%	27.22	(27.22)
ZAR	1.00%	-1.00%	3.71	(3.71)

38 Segment reporting

The Company has only one reportable business segment, which is rendering of software testing services. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

Geographical information

a) Revenue	March 31, 2019	March 31, 2018
Revenue from related parties		
US	19,684.31	17,667.98
Others	3,594.36	3,239.83
Revenue from external customers		
India	1,079.62	1,338.26
Outside India	1,730.61	2,129.51

b) Assets: All the non-current assets are located in India.

No single external customer revenue is more than 10% of the Company's revenue.

39 Capital management

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

The Company's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

	March 31, 2019	March 31, 2018
Borrowings	1,094.78	5,951.68
Less: Cash and cash equivalents	(5,208.56)	(223.55)
Net debt*	-	5,728.13
Equity	2,766.43	2,724.80
Other Equity	21,077.35	14,541.88
Total Capital	23,843.78	17,266.68
Capital and net debt	23,843.78	22,994.81
Gearing ratio (Net Debt/ Total Equity)	-	25%

* Since the Company has cash surplus in the current year, the net debt for the purpose of computation of gearing ratio is taken as zero.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018.

40 Commitments and contingencies

a. Leases

Operating lease commitments - Company as lessee

The Company has entered into operating leases of office premises with no restrictions and are renewable at the option of either of the parties for a period of 11 months to 5 years. The escalation rates range from 0% to 10% per annum as per the terms of the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is Rs. 1061.82 lakhs (March 31, 2018: Rs. 986.92 lakhs).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	March 31, 2019	March 31, 2018
Within one year	935.31	904.57
After one year but not more than five years	3,732.99	2,332.17
More than five years	757.08	-

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2019 is Rs. 9.81 lakhs (March 31, 2018 : Rs. 488.44 lakhs)

c. Contingent liabilities

The contingent liabilities outstanding as at March 31, 2019 is Rs. Nil (March 31, 2018: Rs. Nil)

41 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

i. Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from 1 April 2019. The Company is evaluating the impact of this amendment on its standalone financial statements.

ii. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

42 Previous period figures have been regrouped/reclassified wherever necessary to conform to the current period classification.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration No: 101049W/E300004

Chartered Accountants

per Shankar Srinivasan

Partner

Membership No. 213271

For and on behalf of the Board of Directors

Cigniti Technologies Limited

C. V. Subramanyam

Chairman & Managing Director

DIN: 0071378

C. Srikanth

Director

DIN: 06441390

Krishnan Venkatachary

Chief Financial Officer

A. Naga Vasudha

Company Secretary

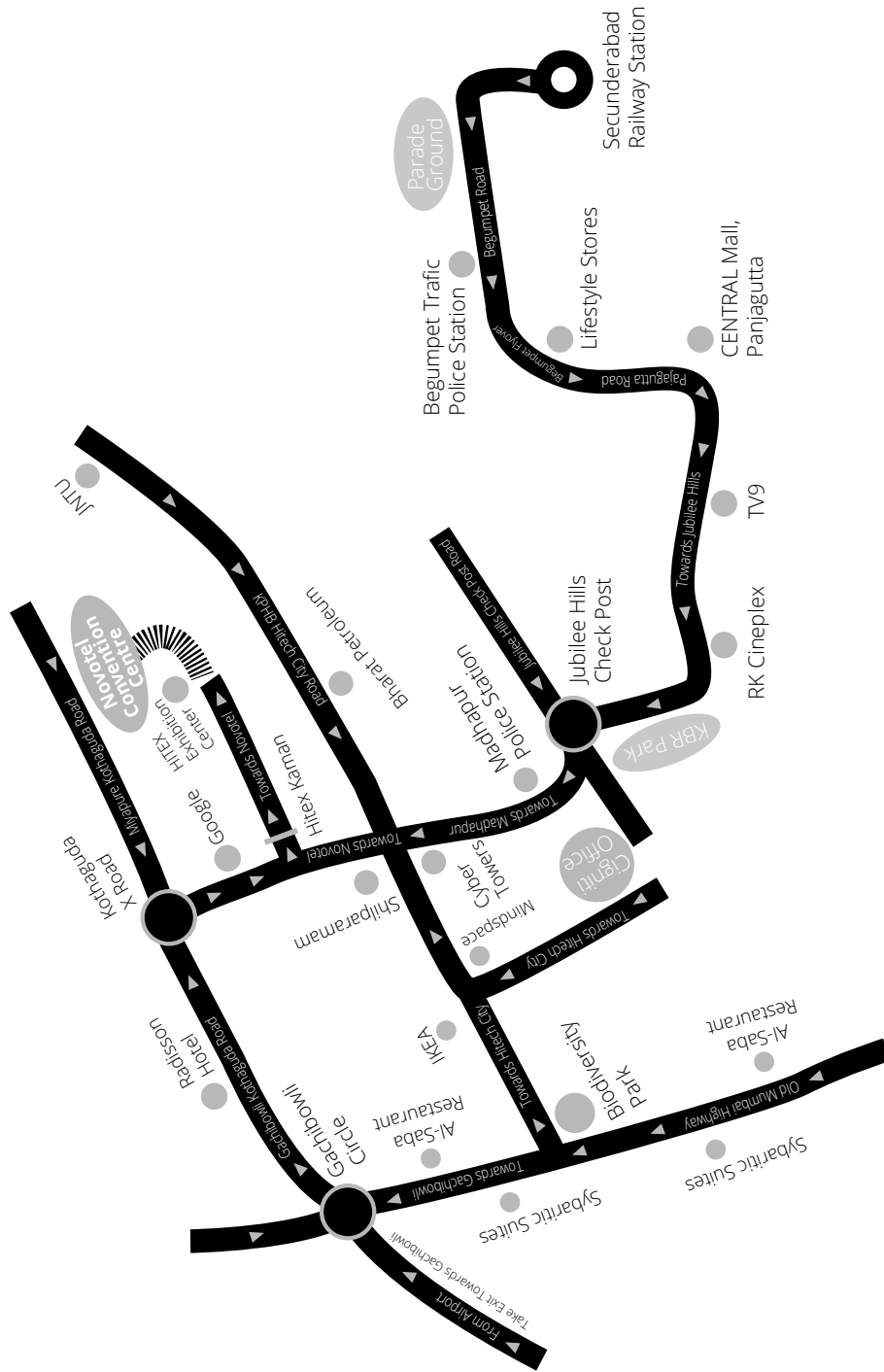
Place: Hyderabad

Date: May 2, 2019

Place: Hyderabad

Date: May 2, 2019

AGM 2019 Venue Route Map



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Hyderabad

Form no. Mgt-11**Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200TG1998PLC030081
 Name of the Company: Cigniti Technologies Limited
 Registered Office : Suit No. 106 &107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Panjagutta,
 Hyderabad - 500082. Telangana State.
 Ph No 040-40382255, Fax: 30702299

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____ or failing him/her
2. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____ or failing him/her
3. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____ or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Wednesday, 24th day of July, 2019 at 10.00 A.M. at Hall No.5 & 6. Novotel & HICC Complex, (Near Hitech City), P.O. Bag 1101, Cyberabad Post Office, HYDERABAD - 500 081, INDIA and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution no.

1. Approval of financial statements for the year ended 31.03.2019.
2. Appointment of Mr. K. Ch. Subba Rao (DIN: 01685123) as Director who retires by rotation and being eligible, offers himself for re-appointment.

Signed this day of 2019

Signature of shareholder

Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

CIGNITI TECHNOLOGIES LIMITED

SUIT NO. 106 &107, 6-3-456/C, MGR ESTATES, DWARAKAPURI COLONY, PANJAGUTTA,
HYDERABAD- 500082. TELANGANA STATE.

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 21st Annual General Meeting of the members of the company to be held on Wednesday, 24th day of July, 2019 at 10.00 A.M. at Hall No.5 & 6. Novotel & HICC Complex, (Near Hitech City), P.O. Bag 1101, Cyberabad Post Office, HYDERABAD - 500 081 and at any adjourned meeting thereof.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____

(In block letters)

Folio No./Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.



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