



Full Spectrum Banking and Insurance for the Digital Age  
differentiated by our principles and practice of Design Thinking

50 Digital led wins including 12 large Digital Transformation  
deals in FY18

Ranked #1 in Retail Banking & Payments by global research firm  
IBS Intelligence in the Annual Sales League Table 2018

[intellectdesign.com](http://intellectdesign.com)

# DRIVING DIGITAL LEADERSHIP

GLOBAL FINTECH PRODUCT COMPANY



**Annual Report 2017 - 18**

New York • London • Dubai • Singapore • Sydney • Toronto • Tokyo • Mumbai • Chennai

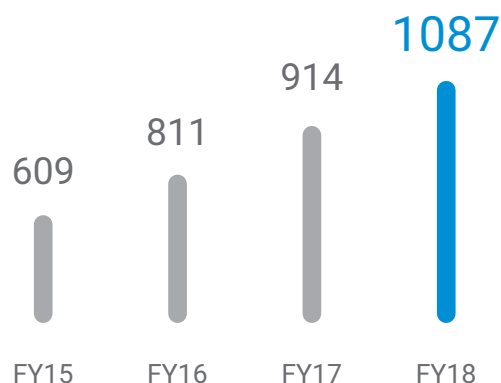


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Revenue (in INR)  
**21% CAGR**

# Numbers that Matter



Consolidated Revenues  
for FY18 (INR)

**1087 Cr**

Consolidated Revenues  
for FY18 (USD)

**\$169 Mn**

Consolidated Gross Margin

**538 Cr**

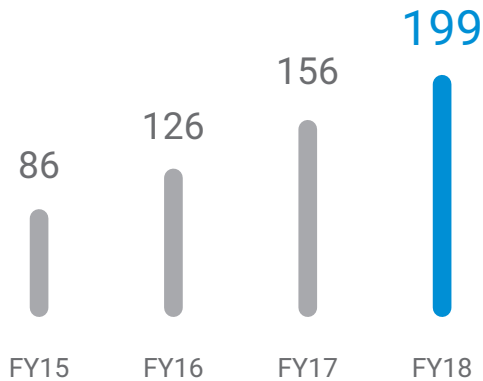
AMERICAS  
US \$ REVENUE



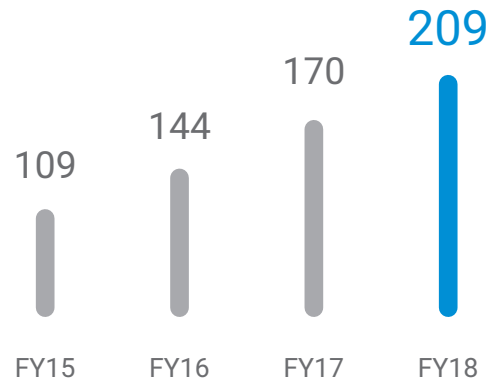
USD 25 MN  
INR 159 CR



↑ License Revenue (in INR)  
**32% CAGR**



↑ AMC Revenue (in INR)  
**24% CAGR**



EUROPE  
US \$ REVENUE



USD 56 MN  
INR 361 CR

INDIA  
US \$ REVENUE



USD 27 MN  
INR 173 CR

GROWTH MARKETS  
US \$ REVENUE



USD 61 MN  
INR 394 CR





# Letter to Shareholders

Dear Shareholders,

The building blocks that we created in the last three years for a solid and sustainable Financial Technology product company out of India are now yielding the results we desired. These include significant investments in enhancing our rich suite of products by continuously driving innovation to remain at the cutting edge of rapidly changing technology. This is truly a remarkable time for everyone in your Company and I feel your Company has done exemplarily well.

Your Company made significant investments in strengthening the sales and marketing infrastructure, execution capability and leadership pipeline across our 4 business lines, now manned by independent CEOs. These have resulted in our brand being recognized globally – including academic institutions such as iGTB Oxford School of Transaction Banking, international Analyst endorsements from Gartner,

Forrester, Celent and Aite. IBS Intelligence, a leading global research firm in its 2018 Sales League Table ranked Intellect #1 in Retail Banking Systems & Payment Systems and #2 in Lending Systems. And above all, we are also expanding our footprint into some of the world's best known banks across US, Europe and Asia.

At present, four technological trends dominate the banking space globally: Artificial Intelligence and Machine Learning for building intelligent and relevant algorithms, Cloud technologies for rapid deployment, API based open architecture precipitated by Open Banking initiatives in Europe and Robotic Process Automation. Your Company's digital architecture encompasses all four and is focused on providing real time and contextual experience keeping the customer at the center of all we do. We will also build a sizeable presence in SaaS model to augment the existing product license based business model and thus provide more flexibility to our customers.

It is my belief that these would position us very uniquely, far ahead in terms of the generation of technology vis-à-vis our competition in the relevant domain.

Each of your Company's products follow an in-house pattern that has ensured its success in the market. What we begin with is spotting an opportunity and work towards developing a product. We then move on to having this validated by clients. Stage three involves go-to market strategy development and fourth is where we garner analyst rating that contributes to commanding premium pricing and finally we are ready for partnership.

The financials reflect the result of these focused initiatives. Specifically, your Company's revenue crossed Rs. 1000 Cr with a 3 year CAGR of 21%, Gross Margins were steady at 50% and EBITDA saw a sharp upswing from a loss of (Rs.25 Cr) to Rs. 79 Cr over the past year. Your Company has been profitable at the PAT level for 5 quarters in a row with the year ending at Rs.47 Cr. The cash position is comfortable post a successful rights issue and collections exceeding revenue for the year.

Software License revenue grew at an impressive CAGR of 32% – an affirmation of our strategy and direction as well as our execution capabilities – apart from a validation and endorsement of our Leadership position in the Fintech Product space. License revenue grew to Rs. 199 Cr. in current year from Rs.156 Cr last year, registering 27% percent growth last year.

In view of the above, and my outlook of the technology trends mentioned herein, I am very optimistic of Intellect 2.0 – our journey over the next three years till 2021. The agenda has been set and during this period, plans have been laid to attempt monetisation of our product strengths by improving license pricing and deal size, upsell to our increasing customer base and ensure focused entry along with expansion strategies in specific countries through strategic alliances where appropriate. This would be complemented by institutionalising various functional processes, building a learning community to have ready access to continuous innovation, including third parties which are part of the eco-system and strengthening organisation capability for a rapid and sustainable growth.

I thank you for your confidence in Intellect and for your support through the formative years, which encouraged and strengthened our resolve to move ahead towards our goals. I look forward to the future with a huge sense of optimism and enthusiasm as we continue to build a global products company out of India – which has been my dream for many years.

**Arun Jain**  
Chairman & Managing Director



THE WORLD'S FIRST COMPLETE  
GLOBAL TRANSACTION BANKING PLATFORM



**Manish Maakan**  
Chief Executive Officer

### Digital Transformation and Contextual Banking – Now a Reality

I am delighted with our success: Over 30% revenue growth is tremendous, as is comparable revenue from each of the four regions. Now with 79 transaction banking clients, iGTB has become the gold standard.

Digital transformations are taking off apace. Until recently an ambition, the journey is now well underway. iGTB has already commenced digital transformation journey with no less than 10 banks. This demonstrates the strength of Digital Transaction Banking.

I see two factors at play. One, the introduction of clear validated transaction banking customer journeys, plus the model bank concept for rapid implementation, prompting many banks to embrace the integration of Cash and Trade. Second, the arrival of new commercial pressures, regulatory realignment and game-changing technologies. While APIs change banks' need to compete, AI changes banks' ability to compete.

The recent partnerships with Fifth Third Bank, Bangkok Bank and three other global banks show our leadership position in AI to deliver contextual banking – the ability for software to offer SMEs and corporate treasurers best-next actions – as do our recently announced partnerships with Pivotal and IBM.

Contextual banking has been talked about a lot. The reality is, iGTB are truly executing it.

Finally, three years ago we started the iGTB Oxford School of Transaction Banking. We now have over 120 alumni in 30 countries – a veritable army of transaction banking leaders.

I look ahead with great optimism to this financial year, for which we have ambitious and exciting plans.



### Digital Transaction Banking (DTB)

THE WORLD'S FIRST COMPLETE GLOBAL DIGITAL TRANSACTION BANKING PLATFORM: Full service transaction banking using the model-bank approach, the built-in and validated learning of all the key business customer journeys and rapid implementations.



### Digital (CBX)

REVOLUTIONIZING DIGITAL ACCESS TO BANKING: Provide seamless digital omnichannel execution across the full range of transaction banking, offering instant intelligent best-next actions – fully digitalized, cloud-ready and ground-up open APIs.



### Payments Services Hub

ANYTIME UNIVERSAL PAYMENTS: Capture growth opportunities of rising payment volumes and address regulatory challenges by providing enterprise-wide visibility into payment operations across all channels and business lines. Orchestrate payments end to end replacing all legacy siloed processing engines.



*#1 For Open Banking:  
Full Score on Interactive Open  
Banking Channel Capabilities  
– Gartner*

*ANZ named best bank for  
Liquidity Management in APAC  
– Global Finance*

*#1 In Global Payments Systems  
#2 In Global Digital Banking &  
Channels  
– IBS*



**Jeff Siekman**  
Senior Vice President  
and Director of  
Payment Products,  
*Fifth Third Bank*

We believe this collaboration with iGTB on future digital projects will help us deepen our relationship with existing customers and acquire new ones.



**Phan Thanh Son**  
Transformation Director,  
Transaction Banking,  
*Techcombank*

We have selected iGTB for its ability to deliver integrated solutions. Its products have been created leveraging their deep experience and capabilities in the transaction banking domain, and also their detailed understanding of Techcombank's corporate and SME customer segments.



**Sabine Zucker**  
Division Head Trade  
Finance & Transaction  
Banking, *Raiffeisen Bank  
International*

iGTB's technology will help us with harmonising our processes as well as reducing risk and complexity in our operating model, with the concomitant benefits to our clients.



Live Installations

**192**

Countries

**90**

Customers

**79**



#### Liquidity Management Solution

**CASH OPTIMISATION IN A RISING INTEREST RATE ENVIRONMENT:** Make the firm's cash work and grow 24x7 with the world's most comprehensive offering, now with new Global Deposit Manager and Operational Account Manager supplementing Investment Sweeps in rule-based algorithmic liquidity.



#### Trade Finance & Supply Chain Finance

**DIGITIZING FINANCIAL SUPPLY CHAIN & TRADE:** Improve ROE with the comprehensive supply chain financing solution with supplier – and buyer-centric financing. Leverage Letters of Credit, guarantees, bills, collections, reimbursements, loans, open account and more.

#### Customer Journeys and Model Bank

Complete catalogue of customer journeys across the full complexity of corporate banking as microservices and **UI components, based on the ready-formed Model Bank concept.**

#### Contextual Banking

Wouldn't it be great if your e-banking solution actually understood – even anticipated – what the business is actually trying to achieve? **Our "Lisa" video with Alexa has gone viral, being snapped up by banks.**



THE WORLD'S FIRST COMPLETE  
GLOBAL TRANSACTION BANKING PLATFORM

## Skandinaviska Enskilda Banken, Sweden (SEB)

A comprehensive Liquidity  
Management solution for a  
specialized European Bank:

Assets of SEK 2.485 Trillion

Multiple currency x multiple  
geography

2,900 corporate and institutional  
customers

400,000 SMEs and 4 million  
individual clients

## Global rollout of Liquidity Management for one of the oldest financial institutions in the United States

With a history dating back  
over 200 years

Presence in 60 countries

Pooling in 47 countries

48 host systems

Assets of \$2.4 Trillion

## One of the big five banks in Canada

Over 70% faster customer on-boarding

60-80% reduction in time-to-market for  
new launches or regulatory changes

6 regions, 2 instances, 25,000 customers,  
1,000 Users, 10 Lines of Businesses





## Leading British multinational banking & financial services

Leveraging iGTB's Cash Management solution has enabled 45 new customer acquisitions in just 3 months

Operational cost reduced by 20% through reduced transaction entry time and staff intervention

Operational efficiency increased by 34% with the advent of non-core activity outsourcing

Customer on-boarding time reduced by over 50%

## A British multinational banking and financial services company

Headquartered in London with operations in over 50 countries

Achieved 38% reduction in overdrawn positions at EOD

20% increase in STP significant risk reductions

Increase in customer service levels—better utilization of funds across accounts

## Bank of Baroda, India

A leading public sector bank in India with a presence across 26 countries

The bank's new digital Supply Chain Finance solution from iGTB opened up working capital opportunities and helps bank to contribute significantly to Prime Minister Modi's key initiatives

The bank chose the product for its omni-channel front-end portal (CBX) and the back-end product processor, a comprehensive solution across receivables and payables

iGTB's plug-and-play solution went live in just 4 months

Within just a few weeks, Bank of Baroda achieved:

- \$10 million loan disbursement
- 10 anchor clients
- More than \$50 million worth of facilities
- 100% STP with complete workflow automation
- Multi-fold faster customer on-boarding and document upload



**Rajesh Saxena**  
Chief Executive Officer

### Banking Re-imagined.

It is often said that every successful story is a tale of constant adaption, revision and change. With the tide of Digital here to stay, the banking industry now, more than ever, is forced to rethink their strategies to deliver holistic and impactful outcomes.

Digital has opened a plethora of opportunities on one side and has exposed the threat of disintermediation on the other.

In this scenario, how do banks remain agile and competitive and offer the quintessential *Amazon experience* to their customers?

With customers besieged by choices, how does a bank become the Primary bank or Everyday bank for them?

We foresaw the digital trends well in advance and invested significantly in building a comprehensive Consumer Banking suite that accelerates digital transformation agenda and enables banks to become integral to their client's life.

We emphasized on DESIGN. Moved away from process oriented or product oriented approach to a customer-oriented approach. What this translates to is powerful Digital 360 differentiation for banks.

With our Digital banking suite of products, banks can now accrue the 4E benefit proposition.

- #1 Experience (*Digital Outside*) – Hyper personalized, contextual banking experience across channels; Moving from Mass bank to My bank!
- #2 Efficiency (*Digital Inside*) – Building Lean operations
- #3 Economy & Scale – Significantly lower TCO
- #4 Ecosystem Integration – Go beyond the bank. Seamlessly collaborate with FinTechs and 3<sup>rd</sup> parties.

Isn't it any wonder we are Ranked #1 in Retail Banking and a leader in the Gartner Magic Quadrant?

## Bringing Powerful Digital 360 differentiation to your Transformation Agenda



### Digital Core

Banks can now have the Best of Both Worlds, i.e., Customer Experience & Operational Efficiency. Built on contemporary digital technologies to drive Digital 360, Real-Time & Context Aware banking.



### Digital Lending

Designed on the "Instant and More" principle the solution delivers superior customer experience with in-principle loan approval in 2 minutes and operational efficiency with over 99% STP.



### Digital Cards

A highly flexible and parameterized system benchmarked to support 10 million cards, 12 million transactions and 1000+ concurrent users.



*Rated No.1 in Retail Banking  
& Payments System  
IBS Sales League Table 2018*

*Celent Model Banker award for  
Intellect Digital Lending powered  
Majid Al Futtaim Finance  
Celent*

*Intellect Digital Core ranked  
Global No.2 in Peer Insights  
Gartner*



**Govind Singh**

MD & CEO, Utkarsh Small Finance Bank

On the occasion of going live with Intellect Digital Core: This is indeed a very proud and privileged moment for the entire Utkarsh family. **We are committed to the mission of making the unserved and underserved community of India our first priority as part of financial inclusion.** Our microfinance business has evolved into the Small Finance Bank and we will continue to provide easy access to finance for those who are skilled, but do not have the adequate financial support, by offering a wide range of banking products as we move ahead.



**Hasan Unal**

Deputy General Manager, Halk Bank

We chose Intellect to automate our Debt Management Processes. **We found Intellect Debt Management solution to be functionally rich with faster implementation cycle and global best practices; this strong value proposition made this our compelling choice.** We believe this transformation initiative will ensure effective collection strategies for us and deliver value-driven experience to our customers.



Live Installations

**132**

Countries

**42**

Customers

**117**



#### Digital Wealth

Supports transformation of the Wealth business with two major shifts; Transition from Wealth Management to Returns Management & Transition from Wealth Manager to Trusted Advisor.



#### Quantum Central Banking

Uniquely designed for Central Banks, the robust & comprehensive solution delivers the true real time advantage; Real-Time decisioning & risk management.

Highly personalized (contextual) products powered by Artificial Intelligence. **Moving from Mass bank to MY bank !**

Powered by BOTS, **expects to drive 50% reduction in operational costs** & Turn-Around-Time



## Leading American Bank

Consumer division of an American financial services giant:

With Intellect Collateral & Limits Management System (CLMS), the bank seamlessly consolidates 18 Legacy Systems real-time

Ability to track limits and collaterals for customer and products across PPs and real-time monitoring of all utilization of these Limits

Single view of customer relationship, presenting an accurate picture of the customer's liability position

Single instance across multiple countries supporting 18 different lines of business including 5 million Cards and 600,000 loans



## Sveriges Riksbank, Sweden

Implementation of advanced Quantum Collateral Management Solution:

99.99% Straight Through Processing

Real-time control, multiple collateral pools and better cover over the exposure derived from various credit facilities

Flexible integration of domestic CSDs, Cross Border and International CSDs as well as Triparty and Agency Arrangements

In-built automated collateral registry, risk management framework, eligibility check, mobilisation, revaluation, reporting & margin calls

Facilitates real-time reassessment of the pool, generation of margin call and security release

## The Reserve Bank of India

Progressive modernization for the largest democracy powered by Intellect Quantum Central Banking:

Robust solution enabled smooth migration from 6+ disparate systems to a single unified platform

Operational cost benefits with proven process automation, reporting and MIS

Zero reconciliation for 3,000+ transactions across 29 regional offices

Fully automated real-time view for better financial health monitoring

Flawless integration of payments and receipts processes

Highly parameterized product enabling Quicker Policy Implementation

Benchmarked to support 100 million transactions a day

## Majid Al Futtaim Finance, UAE

Winner of Celent Model Bank Award 2018

Automated credit card and consumer loan underwriting system powered by Intellect Digital Lending

Single integrated platform for credit card & loan origination and servicing

Providing instant approval and activation of a plastic credit card in 15 minutes

Real-time processing at point of sale – Identity verification, credit bureau-based credit evaluation & scoring and onsite card issuance

25% increase in new card issuance

## Utkarsh, India

Largest MFI in India, Utkarsh, transitions to Challenger Bank with IDC 17.1

Aspires to be the trusted financial service provider for over 10 million customers by 2021 with Intellect Digital Core

Provided the Bank with a completely hosted Digital Core Banking solution encompassing, Loans, Deposits, Internet Banking, Mobile Banking, Digital Branch and Tablet Banking

Designed & developed the fully customized Joint Liability Group Solution, enabling the bank to scale up & reach out to the unbanked rural population

Current span of operations includes over 400 Business Locations in 10 States with more than 12 lakhs active clients

Additionally it also provided the bank with complete offline capability enabling boundaryless banking



**Janet Thomas**  
Chief Executive Officer

Treasurers today operate against a backdrop of increasing regulation and market volatility for the foreseeable future. The global crisis of 2008-09, highlighted the strong inter-dependencies between solvency and liquidity across different risk types and the need to manage the balance sheet of the bank in an integrated manner, which is referred to as "Treasury of the Future". Aligned to this, iRTM's vision is two fold.

To be a globally recognized provider of best-of-breed solutions in Treasury & Capital Markets, acclaimed for:

- Enabling the treasurer grow the bank's business by efficiently managing the critical levers of liquidity, risk & trading
- Empowering Portfolio Management firms and Asset Service providers grow their business by achieving full STP in their operations, with innovative products and disruptive technologies

With a wide market presence, strong brand, credible leadership, client experiences of assured and timely implementations for a marquee clientele across the globe, iRTM is well poised for the next growth trajectory. This is globally reflected through its 70+ clients. Just this year alone, we have made a positive impact on 9 new organizations and have gone live, ahead of time, in 13 Global and Indian institutions earning us niche position in multiple global analyst reports. This reconfirms our commitment to the vision and impeccable implementation record founded on the time tested D-3 OTIF principle.



## Comprehensive suite of solutions for Banks and Capital Markets



### OneTREASURY

Intellect OneTREASURY connects the business levers for growth - Liquidity, Risk Management, Trading, and Client Servicing on real-time basis.



### One MARKETS

Capital Alpha empowers brokerage houses to move up the value chain, through the business accelerators of Speed, Leverage, Risk Management and Intelligence, propelling their business to the next level. Intellect Asset Servicing digitizes asset servicing functions and drives operational efficiency across the Total Trade Lifecycle.



*Featured Intellect's implementation at Chittagong Stock Exchange Celent*

*Intellect was on the winner's podium for Best Use of IT in Treasury & Capital Markets Banking Tech Awards 2017*

*Intellect ranked #4 in IBS Sales League Table 2017 for Risk Management Systems IBS*



**Pravin Batra**  
CEO, India, Bank Maybank Indonesia

We are happy to have chosen the stable and functionally rich solution from Intellect to manage our treasury operations in India. This implementation has been smooth and has enabled us to meet India-specific regulatory needs in line with our business objectives.

**At Maybank we believe in providing superior customer experience, with a stable treasury system from Intellect we are confident of providing an unprecedented service and banking experience.** We look forward to further strengthening the relationship between Maybank group and Intellect.



**Koichi Katakawa**  
President, BDO Nomura

We wanted to revamp and modernize our securities trading business. Our goal is to become one of the premier securities brokerage firms in the Philippines by providing online trading services for local and international stocks to investors. Intellect was the only technology partner to have successfully demonstrated an integrated seamless data flow between Front Office (FO), Mid Office (MO) and Back Office (BO) management. **We are sure that iPMS from OneMARKETS will help with the firm's 10X growth aspirations in three years.**



**Gulf Custody company, leaders in Fund Custody, Middle East quotes:**

Technological aspects are of prime importance to us, not only from a technical viewpoint in the investment field but also to all requirements within the company. The Funds are administered using "INTELLECT" Mutual and Fund Custody system. With over 43 clients managing in excess of 100 funds "INTELLECT" has the track record and client base to support the claim to being Middle East's leading fund accounting solution. <http://www.gulfcustody.com/technology.php>

Live Installations  
**76+**

Countries  
**70+**

Customers  
**67**

OneTREASURY: **Superior liquidity** Management enables just in time funding reducing the cost on avoidable borrowings. Machine Learning based Stress Testing to expect the unexpected and prepare for the worse with Black Swan-type stress scenarios.

OneMARKETS: AI based Sentiment Analysis  
API based Open Architecture-cutting down implementation time by 30%  
Cloud based model - Transforming Capital Markets  
Low Latency  
CoLo ready  
**Platform Economy - reducing Infrastructure cost by 40%**

## The Reserve Bank of India

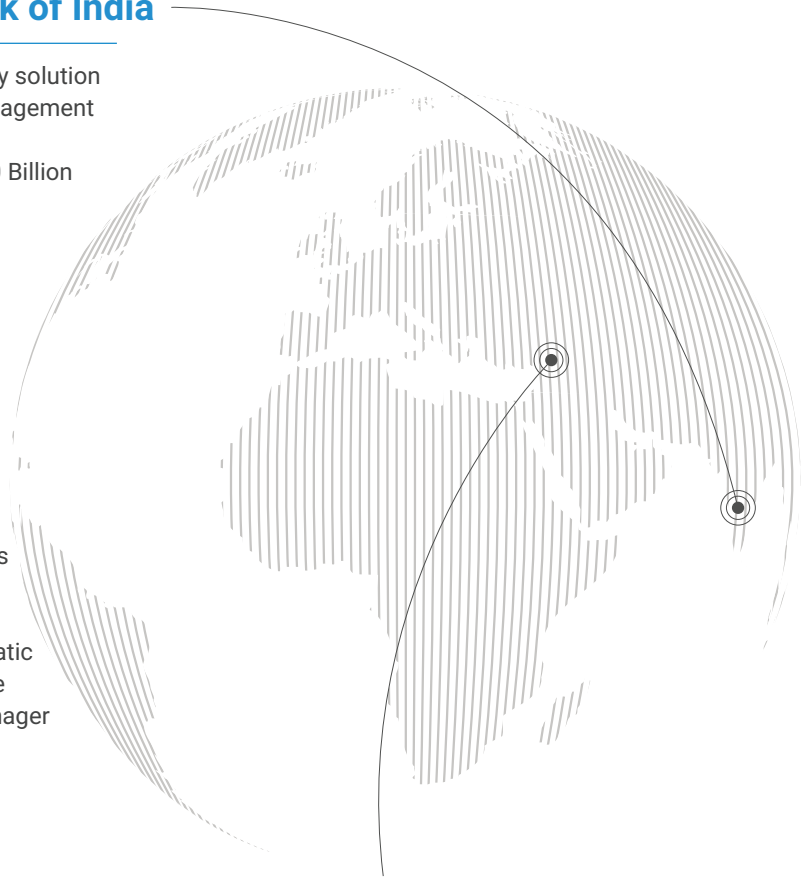
Implementation of Treasury solution  
with intra-day liquidity management

Balance sheet size of \$690 Billion

Replaced existing legacy  
front-office application,  
with Intellect Risk  
Treasury to consolidate  
& scale up nation-wide  
treasury operations

Processing 10K  
messages / hour  
– average online response  
time of 5 secs for all events

Advanced Reconciliation  
Module performing automatic  
reconciliation of 90% of the  
entries with Exception Manager



## Bank of Jordan

Second largest financial institution with over 68 bank  
branches in Jordan, West Bank and Gaza Strip

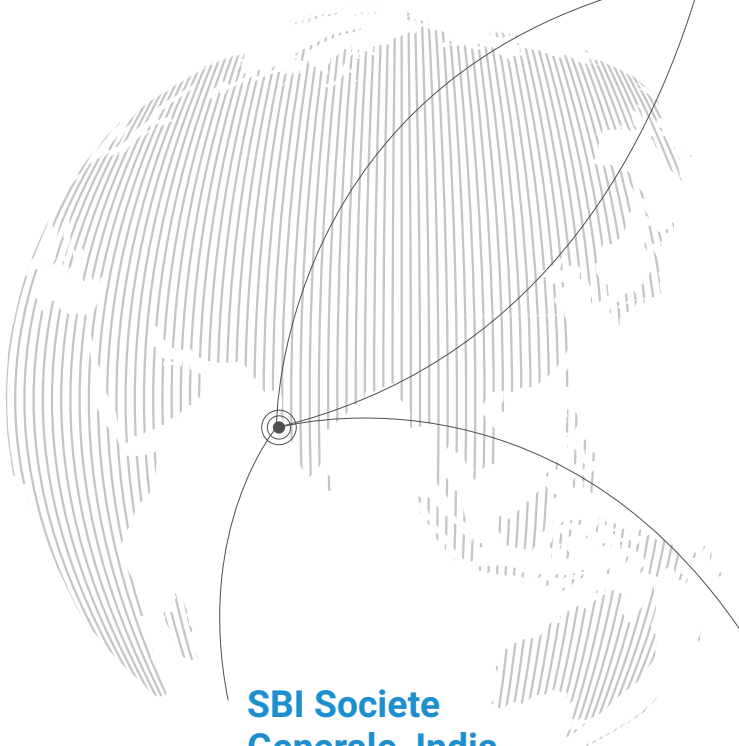
The bank wanted to bring in greater operational  
efficiency, technical superiority and reduce the  
go-to-market time

Went live within 3 months, actively serving both  
domestic and foreign clients

## Mutual Funds Utilities of India (MFUI)

Over 10 lakhs crore (INR) worth of transactions across 45+ fund houses, multiple point of sale centers, major banks and RTAs as digitally transform the mutual fund industry in India

Intellect helped AMFI have a comprehensive, first of its kind, national financial distribution infrastructure for investors, independent financial advisors (IFAs) and Fund Houses to improve retail penetration through geographic reach, enrich customer experience, and boost operations & service efficiency



### Kotak Bank, India

India's 4th largest private sector bank with revenue in excess of 1.8 Billion USD

A digital personalised experience for corporate treasury clients of the bank was provided. This was implemented on top of the existing eco-system which allowed the business to continue as it is, while end customer experience changed significantly.

The bank has been able to grow business significantly by increasing its corporate customer base to 2,000 clients in 8 months of new product launch.

### HDFC, India

Increased scalability of custodial operations and better access to end customers

Intellect provided Custody solution covering multiple asset classes: Equities, Debt, Warrants and Mutual Funds

400% to 500% growth in AUC / transactions

### SBI Societe Generale, India

Comprehensive Straight-Through-Processing Custody solution for kick-starting the custodial service operations across the nation

Auto repair mechanism enabling >96% STP

Supports exponential growth in Assets Under Custody (AUC) with reduction in operational cost and risk



**Pranav Pasricha**  
Chief Executive Officer

IntellectSEEC has a dual mission: to 'make Insurance about the Insured' and to 'level the playing field through technology'. As an exponential age InsurTech company, tackling the biggest challenges of Insurance, we are in the forefront making Insurance progressive and competitive with technologies such as Artificial Intelligence, Machine Learning, Big Data and Cloud.

We built the 'FABRIC' platform with capability to transform the core of Insurance: Risk Data. Today, we have disrupted distribution, pricing, underwriting and claims by eliminating inaccurate, tedious and outdated processes.

**In the first year of the complete platform, we deployed it in seven new clients. The power of our product has helped them reap benefits within mere months.**

This year we won four prestigious industry awards and were featured in multiple analyst reports and insurance publications. Even Amazon Web Services profiled us as a standard bearer for Cloud-native applications in the FinTech space. But the best part is that we have just begun to scratch the surface of the possibilities of exponential technologies. Our vision has begun to deliver on its promise.



## Powering the Insurance of tomorrow, today



### Intellect Distribution and Service Suite 3.0

Sell and Engage. Anywhere, Anytime. / Digital Engagement, Advice and Servicing for All Products, Channels and Users.



### Intellect Xponent

10X risk information analyzed in 1/10th of the time. Underwriting redefined.



### Intellect Risk Analyst

The only AI-based risk discovery and assessment software for the commercial insurance industry.



*Best in Data Mastery  
and Analytics*  
Celent honors StarStone

*Innovation in Technology  
(Gold Winner)*  
Golden Bridge Awards

*Innovation in Action Award*  
SMA



**Daniel Dijak**  
Director of Underwriting Controls –  
eCommerce, StarStone Insurance

Our ability to quickly adapt to change, while providing the highest quality service, is just one of the reasons our clients rely on us. **Intellect Risk Analyst will both broaden and deepen our underwriting process by giving our underwriters the ability to quickly access quality information in a single dashboard.**



**Tony Mravle Jr.**  
CEO, KSKJ Life

Intellect SEEC was an easy choice for us because their suite allows KSKJ Life to bring forth the technology advancements we need, to keep us competitive and enable business growth. **We are giving our agents tools that not only help them sell, but also provide key insights for deeper engagement with our members.**

Live Installations

**20**

Countries

**06**

Customers

**20**

Intellect Xponent - The global Insurance industry's **first ever automated, Artificial Intelligence-based underwriting software.**

Intellect Distribution and Service Suite 3.0 - Enabling advisors, contact center representatives and customers to **engage and transact seamlessly across devices in real-time and out-of-the-box, leveraging Artificial Intelligence.**

Intellect Risk Analyst - The most advanced risk discovery tool in the industry that **leverages Artificial Intelligence and Big Data and known sources to uncover hidden risk in minutes.**



Xponential is the new normal®

## Federal Life Insurance Company (Mutual), United States

Create business growth at reduced cost

New channel introduction and quick roll out of new products

Intellect SEEC provided new business solution with a component architecture seamlessly integrated with internal and external systems through ACCORD standards based services

Scalable and agile solution enabling straight through processing (STP) for policy issuance Increased revenues with reduced underwriting and overhead costs

## Digital Transformation of a Canadian Flagship Financial Institution

6000 Independent Agents; 600 CSRs;  
80,000 Employees and 15 million policies

Low number of products to customer (average 1 per Vs potential 3-4), no holistic view of policies, assets & personal information, no mobile capabilities and losing millennials to direct competitors

Digital Transformation across all lines (Life, Home, Auto and Travel), across all channels (Agent, Direct and Call Center) and all devices (web, tablet and smart phone)

\$34 million saving in program costs

Completed 3 major milestones within 14 months





## Digital Transformation of a leading U.S. Property & Casualty carrier

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Leading Commercial Lines Carrier powers underwriting for exponential growth with Intellect Xponent, AI-based Underwriting Software

Operating in 50 states, with comprehensive commercial insurance products for construction, manufacturing and healthcare industries

Underwriting transformation program to improve underwriting decisions, loss ratio improvement, and bringing efficiencies to their underwriting process

Underwriting decision-making time reduced by 60%, lowered cost to access new third-party data sources and is expecting premium growth plans for new classes and market segments

## StarStone Specialty Insurance Company

---

Global specialty insurer providing a diversified range of property, casualty and specialty insurance to customers worldwide

Teamed up with Intellect SEEC to leverage on unstructured data to improve Underwriting

The new system allowed for much faster decisions, reducing 70% time to make underwriting decisions

Intellect SEEC's DIASY (Dynamic Insurance Alert System) reduced the loss ratio conservatively by 3 percentage points over time

The new system allows for identification and analysis of new data points for underwriting using Big Data and Artificial Intelligence

# DESIGN DNA

## The single most powerful competitive differentiator for Financial Institutions

An emphasis on design results in elegant solutions to the most challenging problems. A commitment to continuous innovation in a product company is only meaningful when it results in robust and high performance products that directly address customer pain points.

Design is the single most powerful competitive differentiator for financial institutions. The Design of Business is described as the pace at which knowledge advances from an inexplicable problem to a rule of thumb that guides us to a solution, to a replicable success formula. **Traversing from mystery through heuristic to algorithm.**

Our design principles are centred in a four-stage process that begins with defining the problem by asking the right questions. The purpose here is to understand stated and unstated needs, and

overcome the 'don't know that the problem owner doesn't know' barrier. Stage 2 involves observing patterns with an emphasis on accidents and exceptions. Stage 3 is all about the rigour of knowing and connecting the dots between customer experience and operations design. Stage 4 focuses on deep diagnostics to unearth blind spots.

Intellect provides the complete suite of technologies that enable a holistic Digital 360 adoption.

**At 8012 FT Digital Design Centers customers can experience their digital vision in real time.** And work with specialists on the customer experience and operational excellence drivers, sharing pain points, getting under the hood to better appreciate gaps in current systems, identify change opportunities and establish priorities for progressive modernisation.

## Design for Predictability



Understanding Requirements  
- Stated  
- Felt  
- Unstated



Observing Patterns



Connecting the Dots



Unearthing Blind Spots



World's first Design Center for financial institutions opened in 2013. 8012 FinTech Center, Chennai.

8012 FinTech Design Center, Mumbai opened in 2014 for digital design sessions in banking and insurance.



Edison Center sees collaborative engineering come alive with teams working in Benzene units.



Deming Center heralds the unshackling of limiting beliefs. Institutionalising customer centric design to leverage digital to the fullest.

*Our design principles are centred in a four-stage process that begins with defining the problem by asking the right questions.*

# IMPLEMENTATION CERTAINTY

**Consistent delivery 3 days  
ahead of schedule and in full**

Financial institutions are understandably wary of implementation failures – the biggest challenge they grapple with! The industry is replete with instances of ambitious modernisation programmes that grossly overrun time and budget schedules, causing considerable reputational and financial damage to the customer and a significant setback to their strategic goals.

Design Thinking is hardwired into the Intellect DNA and this reflects in absolute implementation certainty.



Design Thinking  
powers value



Complexity Reduction  
with deep insights  
into patterns  
and anti-patterns



Connect Business,  
Technology  
and Operations

---

*Design Thinking is hardwired into the Intellect DNA and this reflects in absolute implementation certainty.*

---

Our aggressive Delivery Excellence programme is called D-3 OTIF – which translates to delivery 3 days before time, in full. The framework is built on the pillars of Design and Diagnostics and contains distilled progressive thinking on Agile Engineering, Theory of Constraints and Six Sigma.

Consistent delivery 3 days ahead of schedule and in full is the ultimate test of customer-centric design. We use Engineering Centres specially designed on agile principles, where six-people teams work as unit cell structures, ensuring high productivity delivery excellence along 8 dimensions.

Four dimensions relate to 'In Full', which drives the behaviour of implementation (Requirements, Technology solution, Engineering, Support). The 'On Time' dimensions focus on Planning, Monitoring & Control, Stakeholder management and on how we

participate as a partner with the customer for higher throughput.

Consistent performance requires high performance engines around domain efficiency, technology efficiency, process efficiency, customer knowledge, re-usability, IP innovation, and people energy. **Deep diagnostics unearth blind spots. Design principles engineer for predictability. Chemistry is the secret sauce that makes D-3 OTIF possible.**

Financial institutions vary in their adoption of technology and their path on the technology journey lifecycle. Intellect works on diverse customer requirements with aggressive outcome-focused engagement, delivery and pricing models aligned to their strategic roadmap, execution infrastructure and investment landscape, providing reassuring Implementation Certainty. On Time. In Full.



Delivery  
Excellence  
Framework



Full Lifecycle  
Support

# Brand Beacons

Visibility to the enterprise brand and cutting edge products of Intellect have been amplified manifold through product launches, thought leadership in global events, recognition through awards and media features.

Banks can now create a range of new business deposit products and bring them to market quickly with Global Deposit Manager (GDM)

**GDM Launch, London**  
April 2018



**Intellect Digital Core 17.1 Launch, Mumbai**  
October 2017

► Digital 360, real time & context aware banking made possible with the launch of IDC 17.1

iRTM demonstrates the prowess of the OneLRM Solution – The world's most robust Basel III Liquidity Risk Management Platform with intuitive, actionable risk visualisation

**6th Annual Liquidity Risk Management, London**  
June 2017

## LAUNCHES



**Thailand Wealth Management Forum, Bangkok**  
May 2017

► Make the most in the Wealth industry! Nagaraj Prasad, Country Head, Thailand, presents a key note on "What if an Uber Wealth was born?"

## EVENTS

iGTB ranked in the highest category: "Ready for wholesale banking API open competition", receives Top Rating on all Six Measures\*.

**Aite report on wholesale banking APIs**

## AWARDS

World #1 in Retail Banking Systems and Payment Systems

**IBS Intelligence Sales League Table 2018**

## MEDIA

Intellect, Infibeam bag contract for Government eMarketplace (GeM)  
**Economic Times**  
July 2017

\*API development, APIs developed for wholesale banking services, API sandbox, API connectivity, API management and API analytics.



**Sibos 2017, Toronto**  
October 2017

- Launch of Contextual Banking eXperience (CBX 18) revolutionizes digital access to banking

Intellect recognised as 'Global Pursuer' & 'Global Player'

**2018 Global Banking Platform Deals Survey, Forrester Research**



**Marketforce the Future of Life & Pensions, London**  
June 2017

- Setting the record straight on Chatbots and their impact on the insurance industry was Mark Broadhurst, Head of Insurance, EMEA, as part of his address on Intellect SEEC's ideas for the future of life insurance

Now all it takes is 90 days for end-to-end digitization of debt management business with Intellect Debt Management (IDM)18

**IDM 18, Chennai**  
February 2018

The Future of Banking in Digital age  
**CNBC TV18**  
December 2017



**Treasury For NBFCs, Mumbai**  
September 2017

- Thought Leadership Conclave accelerates potential for NBFCs through Treasury

Focussing on developing IT products for banks helps Intellect Design Arena cross Rs. 1,000-cr revenue

**Business Line**  
May 2018

Intellect Risk Analyst bags the Prestigious American Business Award®

**Silver Stevie Awards 2018**

Intellect and IBM present new digital solutions for finance  
**Digital Journal**  
May 2018

BDO Nomura selects OneMarkets from Intellect to provide omni-channel Digital Trading and Equity Research

**Capital Markets**  
November 2017



**MEBIS, Dubai**  
September 2017

- Leading the way on all things in Digital was K. Srinivasan, President, Growth Markets, Moderator of the Panel Discussion on "Blockchain – The Next Step in Digital Transactions"



## Intellect Executive Council



**Arun Jain**  
Chairman &  
Managing Director



**Manish Maakan**  
Chief Executive Officer  
Intellect Global Transaction Banking



**Rajesh Saxena**  
Chief Executive Officer  
Intellect Global Consumer Banking



**Janet Thomas**  
Chief Executive Officer  
Intellect Risk, Treasury & Markets



**Pranav Pasricha**  
Chief Executive Officer  
Intellect SEEC



**Andrew England**  
Director and Head – Strategy  
Intellect Global Transaction Banking



**Michel Jacobs**  
Head – New Market Strategy  
Intellect Global Transaction Banking



**K Srinivasan**  
President  
Growth Markets



**Banesh Prabhu**  
Chief Strategy Advisor  
Intellect Global Consumer Banking



**Govind Singhal**  
Group Business  
Enablement Officer



**Padmini Sharathkumar**  
Head – Business Enablement Group  
Intellect Global Consumer Banking



**Lakshan De Silva**  
Chief Technology Officer  
Intellect SEEC



**Paul Hansford**  
Global Head of Service Delivery  
Intellect Global Transaction Banking



**S Swaminathan**  
Chief Financial Officer  
(Till 30th June 2018)



**Venkateswarlu Saranu**  
Chief Financial Officer  
(Effective 1st July 2018)

## Board of Directors



**Arun Jain**  
Chairman &  
Managing Director



**Anil Kumar Verma**  
Whole Time Director



**V Balaraman**  
Independent Director



**Aruna Krishnamurthy Rao**  
Independent Director



**Arun Shekhar Aran**  
Independent Director

## Global Offices

### REGISTERED OFFICE

INTELLECT DESIGN ARENA LIMITED  
No. 244, Anna Salai, Chennai – 600 006, India  
Phone: +91 44 3987 4000, Fax: +91 44 3987 4123

### CORPORATE HEAD QUARTERS

#### NxT LVL

INTELLECT DESIGN ARENA LIMITED  
Plot No.3/ G-3, SIPCOT IT Park,  
Siruseri, Chennai – 600 130, India  
Phone: +91 44 3341 8000

## AMERICAS

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### USA

INTELLECT DESIGN ARENA INC  
20 Corporate Place South Piscataway,  
New Jersey 08854, USA | Phone: +1 732 769 1062

INTELLECT DESIGN ARENA INC  
25 Broadway, Level 9, NY, 10004. USA

### CANADA

INTELLECT DESIGN ARENA INC  
Suite 400, 181 University Avenue, Toronto, ON M5H  
3M7, Canada | Phone: +416 800 0216

### CHILE

INTELLECT DESIGN ARENA LTDA  
Monseñor Sotero Sanz N° 161, Piso 8, Providencia,  
Santiago, Chile. | Phone: +56 2 2796 55-30

## ASIA PACIFIC

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### SINGAPORE

INTELLECT DESIGN ARENA PTE LIMITED  
No 10, Ubi Crescent, #04-48 Lobby C, Ubi Tech Park,  
Singapore - 408564  
Phone: +65 6848 2870, Fax: +65 6333 1431

### VIETNAM

INTELLECT DESIGN ARENA CO. LTD  
M Level, HSC Tower, 162B Dien Bien Phu Street,  
Ward 6, District 3, HCMC, Vietnam  
Phone: +84 4 3941 3076, Fax: +84 4 3941 2991

### Sales Office

Unit 2122 - 2123, 21st floor, Capital Tower,  
109 Tran Hung Dao Street, Hoan Kiem District,  
Ha Noi City, Postal Code 10000, Vietnam  
Phone: +84 4 3941 3076, Fax: +84 4 3941 2991

### PHILIPPINES

INTELLECT DESIGN ARENA PHILIPPINES INC  
LKG Tower, 37th Floor, 6801 Ayala Avenue,  
Makati City 1226, Philippines | Phone: +63 2 859 2810

### THAILAND

INTELLECT DESIGN ARENA LIMITED  
100/42, Sathorn Nakorn Tower, 23rd Floor,  
North Sathorn Road, Bangkok 10500, Thailand  
Phone: +66 2 026 2311

### JAPAN

INTELLECT DESIGN ARENA LIMITED  
32 Shiba Koen building 8th Floor, Shiba Koen,  
Minato-ku, Tokyo 105-0011, Japan  
Phone: +81 3 5405 9410

### INDONESIA

PT. INTELLECT DESIGN ARENA  
Menara BCA 50th Fl, Jl MH. Thamrin No.1,  
Jakarta 10310, Indonesia  
Phone: +62 21 2358 4400, Fax: +62 21 2358 4401

### MALAYSIA

INTELLECT DESIGN ARENA, SDN BHD  
Suite 1007, 10th Floor, Wisma Lim Foo Yong,  
No. 86, Jalan Raja Chulan, 50200, Kuala Lumpur,  
Malaysia

### Sales Office

INTELLECT DESIGN ARENA LIMITED  
Suite 5, Level 21, Block 3B, Plaza Central,  
Jalan Stesen Sentral 5, 50470, Kuala Lumpur,  
Malaysia | Phone: +60 3 2773 5636

## ANZ

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### AUSTRALIA

INTELLECT DESIGN ARENA PTY LTD  
Level 25, Tower 3, 300 Barangaroo Avenue,  
NSW 2000, Australia | Phone: +61 2 8277 4512



# EUROPE

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## UNITED KINGDOM

INTELLECT DESIGN ARENA LIMITED  
Level 21, 25 Canada Square,  
London, E14 5Lq, United Kingdom  
Phone: +44 2075 160113, Fax: +44 2075 161398

## SWITZERLAND

INTELLECT DESIGN ARENA S.A.  
Avenue de la Gare 49, Case Postale, 2067,  
CH 2001, Neuchatel, Switzerland  
Phone: +41 3272 21990, Fax: +41 3272 21999

## FRANCE

INTELLECT DESIGN ARENA LIMITED  
30 bis, Rue du vieil abreuvoir, 78100,  
Saint-Germain En-Laye, France  
Phone: +33 1 46 94 66 66, Fax: +33 1 46 37 87 88

## SWEDEN

INTELLECT DESIGN ARENA SWEDEN  
Filial Wallingatan 38, 4 tr, S – 111 24  
Stockholm, Sweden  
Phone: +46 8 55 11 36 90, Fax: +46 7 33 58 53 13

## SPAIN

INTELLECT DESIGN ARENA LIMITED  
Sucursal en Espana Avenida de Aragan  
330 Praque, Empresarial Las, Mercedes, Edificio 5,  
Planta 3, Madrid 28022, Spain  
Phone: +34 9 15 62 51 52, Fax: +34 9 15 62 78 73

## GERMANY

INTELLECT DESIGN ARENA LIMITED  
German Branch, Herriotstrasse 1,  
Frankfurt Am Main, 60528, Germany  
Phone: +49 69 6773 3000

## AUSTRIA

INTELLECT DESIGN ARENA LIMITED  
Fleischmarkt 1 Vienna A 1010, Austria  
Phone: +43 0 1 23060 3110

INTELLECT DESIGN ARENA LIMITED  
"Intellect Towers", Plot No. 249,  
Udyog Vihar Phase IV, Gurgaon – 122001, India  
Phone: +91 11 2261 1719

INTELLECT DESIGN ARENA LIMITED  
SEEC Towers, Plot No. 6, APIIC Layout, Adj. BSNL  
Office, Hi-Tech City, Madhapur, Hyderabad – 500 081,  
India | Phone: +91 40 4463 1000

INTELLECT DESIGN ARENA LIMITED  
"The N Heights" Plot No. 38, Survey No.64,  
Madhapur Village, Serilingampally Mandal,  
Ranga Reddy Dist, Hyderabad – 500 081, India  
Phone: +91 40 677 2100

INTELLECT DESIGN ARENA LIMITED  
Marisoft III, 5th floor, West Wing, Kalyani Nagar,  
Pune - 411014, India | Phone: +91 20 2809 7541

## SRI LANKA

INTELLECT DESIGN ARENA LTD  
No 123, Baudhaloka Mawatha,  
2nd Floor, McLaren's Building,  
Bambalapitiya, Colombo 4. Sri Lanka  
Phone: +94 11 744 4135

## SOUTH AFRICA

INTELLECT DESIGN ARENA EXTERNAL COMPANY  
The Business Centre 377, Rivonia Boulevard, Sandton,  
Johannesburg 2128, Republic of South Africa  
Phone: +27 11 593 2000

## BANGLADESH

35, Kemal Ataturk Avenue, 7th Floor, Abedin Tower,  
Banani C/A Dhaka – 1213, Bangladesh  
Phone: +880 966 691 0800

## UAE

INTELLECT DESIGN ARENA FZ LLC  
Building No. 14, Office 118-120,  
Dubai Internet City, Dubai, UAE  
Phone: +971 4 4369 461, Fax: +971 4 369 7459

## KENYA

INTELLECT DESIGN ARENA LIMITED  
#1, 10th Floor, Tower 3, 'The Mirage' Waiyaki Way,  
Westlands Nairobi, Kenya

## KAZAKHSTAN (Representative Office)

INTELLECT DESIGN ARENA FZ LLC  
Office 60-61, 6th floor, Koktem Business Center 180,  
Dostyk Avenue, 050051, Almaty, Republic of  
Kazakhstan | Phone: +7 727 220 72 07

# IMEA

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## INDIA

INTELLECT DESIGN ARENA LIMITED  
Silver Metropolis, CTS No. 213/A/2 & 214,  
Western Express Highway, Goregaon East,  
Mumbai – 400 063, India | Phone: +91 22 6780 1500

INTELLECT DESIGN ARENA LIMITED  
Unit 35-A, SDF II, Unit 174-C & 175-C, SDF VI,  
SEEPZ-SEZ, Andheri East, Mumbai – 400 096, India  
Phone: +91 22 3981 5300 / 2829 2646

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# **INTELLECT DESIGN ARENA LIMITED**

Annual Report for the year ended March 31, 2018

Regd. Office: No.244, Anna Salai, Chennai - 600 006. INDIA.

## FINANCIAL REPORT

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### Bankers

Citibank N.A  
HSBC Ltd.  
HDFC Bank Ltd.  
IDFC Bank Ltd.  
Axis Bank Ltd.  
Barclays Bank  
Bank of America

### Auditors

**M/s. S.R.Batliboi & Associates LLP**  
6<sup>th</sup> & 7<sup>th</sup> Floor, A Block  
(Module 601, 701 – 702), Tidel Park, No.4,  
Rajiv Gandhi Salai, Taramani,  
Chennai – 600 113. India.

## **DIRECTORS' REPORT**

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**DIRECTORS' REPORT**

To the members,

We are pleased to present the 7th Annual Report on our business and operations for the year ended 31st March 2018, of Intellect Design Arena Limited ("Company"). This is our fourth year of business operations.

**1. Results of operations** (In Rs. Lakhs, except EPS data)

Description	Standalone		Consolidated	
	Year ended March 31			
	2018	2017	2018	2017
Income (Including Other Income)	702,81.50	548,43.56	1,113,96.89	947,70.28
Expenses (Including exceptional items)	628,89.52	571,45.46	1,014,90.89	938,37.23
Profit/(Loss) before Interest, Depreciation & Tax (PBIDTA)	73,91.98	(23,01.90)	99,06.00	9,33.06
Finance Charges	13,73.13	10,52.30	13,82.62	11,30.24
Depreciation & amortization	25,13.54	22,60.71	26,53.49	24,13.99
Net Profit/(Loss) Before Tax	35,05.31	(56,14.91)	58,69.89	(26,11.17)
Provision for tax including Deferred Tax	2,20.43	-	7,02.98	2,83.63
Net Profit/(Loss) after tax	32,84.88	(56,14.91)	51,66.91	(28,94.79)
Add / (Less): Share of Profit / (Loss) on Associate Companies	-	-	5,04.05	6,56.22
Net Profit / (Loss)	32,84.88	(56,14.91)	56,70.96	(22,38.58)
Re-measurement gains/(losses) on defined benefit plans	37.60	(1,87.44)	(11.99)	(1,94.16)
Exchange differences on translation of foreign operations	-	-	13,33.54	(13,99.70)
Net movement on cash flow hedges	(18,14.18)	12,23.97	(18,14.18)	12,23.97
Other comprehensive income for the year, net of tax	(17,76.58)	10,36.53	(4,92.63)	(3,69.89)
Total comprehensive income for the year, net of tax	15,08.30	(45,78.38)	51,78.33	(26,08.47)
Attributable to : Equity shareholders of the Parent	-	-	4,17.98	(26,08.47)
Less: Non Controlling Interest	-	-	9,98.34	-
EPS				
Basic Rs.	2.79	(5.24)	3.97	(2.09)
Diluted Rs.	2.72	(5.24)	3.87	(2.09)

**Table No. 1.1****Function wise classification of statement of consolidated Profit and Loss**

(In Rs. lakhs)

PARTICULARS	Year Ended	
	March 31, 2018	March 31, 2017
<b>INCOME</b>		
<b>Income from software product license and related services</b>	<b>1,087,29.07</b>	<b>913,57.50</b>
<b>EXPENDITURE</b>		
Software development expenses	548,98.30	463,26.00
Selling and marketing & General and administrative expenses	376,62.45	391,02.94
Research & Engineering expenses	72,44.46	71,92.08
Provision for Debts and Write Offs	10,60.48	12,33.16
<b>Total Expenditure</b>	<b>1,008,65.69</b>	<b>938,54.18</b>
<b>EBITDA</b>	<b>78,63.38</b>	<b>(24,96.68)</b>
Depreciation / Amortisation	26,53.49	24,13.99
Finance Charges	13,82.62	11,30.24
<b>Profit / (Loss) before other income / minority interest</b>	<b>38,27.26</b>	<b>(60,40.91)</b>
Other Income including exceptional items	20,42.65	32,35.56
Minority Interest / Share of profit / (loss) of Associate Companies	5,04.05	6,56.24
<b>Profit / (Loss) before tax</b>	<b>63,73.96</b>	<b>(21,49.11)</b>
Provision for taxation	7,02.98	(2,83.63)

PARTICULARS	Year Ended	
	March 31, 2018	March 31, 2017
<b>Profit / (Loss) after tax</b>	<b>56,70.98</b>	<b>(24,32.74)</b>
Net movement on cash flow hedges & Exchange differences on translation of foreign operations	4,92.63	(1,75.73)
<b>Total comprehensive income for the year, net of tax</b>	<b>51,78.35</b>	<b>(26,08.47)</b>

**Table No. 1.2****2. State of Company's affairs**

The consolidated revenue of the Company for the year ended March 31st, 2018 stood at Rs.1,087,29.07 lakhs as against Rs. 913,57.50 Lakhs for the previous year and delivered a growth of 19%. The consolidated Net Profit/(Loss) for the fiscal year ended March 31st, 2018 stood at Rs. (56,70.96) lakhs as against the previous year's Net Profit/(Loss) of Rs.(22,38.58) Lakhs. The Consolidated Reserves and Surplus as of 31st March 2018 stood at Rs.784,34.19 Lakhs as against Rs. 547,47.69 Lakhs as of March 31st, 2017. For the financial year ended 2017-2018 the Company has not transferred any amount to the reserves.

**3. Material Changes and Commitments**

There were no material changes and commitments from the end of the financial year till the date of this report.

**4. Subsidiaries****Details of Subsidiary Companies, Joint Ventures and Associate Companies, and their financial position.**

Your Company has 23 (13 direct, and 10 step down) subsidiary companies and 3 Associate Companies for the financial year ended on March 31st, 2018. The information as required under the first proviso to sub-section (3) of Section 129 is given in Form AOC-1 in Annexure [1].

**5. Cash & Cash Equivalents**

Your Company's has cash reserve of Rs. 170,01.20 lakhs.

**6. Share Capital**

The paid-up Capital of the Company was increased to Rs.62.76 Crs through share allotments made against exercise of Options (659,502 equity shares) under the ASOP Schemes and rights issue (23,135,710 equity share) comprising of 125,529,084 equity shares of Rs.5/- each as on March 31st, 2018.

The details of all the stock option plans, including terms of reference, and the requirements are set out in Annexure 2.

**7. Corporate Governance**

Your Company has been complying with the provisions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated under Chapter IV of the Listing Regulations and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

**8. Transfer to Investor Education and Protection Fund**

As required under the provisions of Section 125 and other applicable provisions of Companies Act, 2013 (hereinafter "the Act"), dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz: Investor Education and Protection Fund ("IEPF"). Any person claiming to be entitled to the amount transferred to IEPF may apply to the Investor Education and Protection Fund Authority (IEPF Authority) by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the IEPF Authority.. The Company had not declared any dividend so far, hence the above provisions are not applicable to our Company. Keeping in view of the growth of the business your Director does not recommend any dividend for the financial year ended 2017 – 2018.

**9. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in the Annexure 3 to this Report.

## 10. Particulars of employees

(a) The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of the Act the same is open for inspection during working hours at the Registered office of your company. A copy of this statement may be obtained by the members by writing to the Company Secretary of your Company.

(b) The Ratio of remuneration of each director to the median remuneration of the employees of the company and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as Annexure 4.

## 11. Directors' responsibility statement as required under Section 134 (5) of the Companies Act, 2013

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 the Directors of your company confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgements 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 loss of the company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts on a "going concern basis".
- The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 12. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors

### (a) Board Meetings:

The Board of Directors of the Company met 9 times during the year 2017-18. The details of various Board Meetings are provided in the Corporate Governance Report. The gap intervening between two meetings of the board is as prescribed in the Act.

### (b) Changes in Executive Directors & Key Managerial Personnel

During the year under review Mr. Arun Jain was re-appointed as a Managing Director of the Company at the 6th AGM held on 21st August, 2017 for a period of 3 years upto the conclusion of 9th AGM of the company to be held in the calendar year 2020.

### (c) Re-Appointment

As per Article 34(I) of the Articles of Association of the Company, one third of the Directors were liable to retire by rotation at the 6th AGM of the Company held on 21st August 2017. Mr. Anil Kumar Verma, Director was liable to retire by rotation and offered himself for re-appointment and the same was approved by the members of the Company.

Mr. Anil Kumar Verma, who is also an executive director, was reappointed as executive director by the Board with effect from 1st February 2018 for a further period of 3 years, subject to the approval of the shareholders. The resolution for the said reappointment is forming part of the notice of this AGM.

### (d) Independent Directors

Mr. V. Balaraman and Ms. Aruna Krishnamurthy Rao were re-appointed as Independent Directors at the 6th AGM held on 21st August, 2017 for a period of two (2) years and three (3) years respectively, upto the conclusion of 8th AGM and 9th AGM respectively. Mr. Arun Shekhar Aran was appointed as independent director at the 5th AGM held on 21st July 2016 for a period of three (3) years, till the conclusion of 8th Annual General meeting. No Directors resigned during the year 2017-2018.

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Act, that they meet the criteria of independence as laid down in Section 149(6) of the Act.

**(e) Details of remuneration to Directors:** The information relating to remuneration of directors as required under Section 197(12) of the Act, is given elsewhere in the report.

### (f) Board Committees

The Company has the following Committees of the Board:

- Audit Committee
- Nomination and Remuneration & Compensation committee
- Stakeholders' Relationship committee
- Corporate Social Responsibility committee
- Risk Management Committee

### Sub-committees:

- Share transfer Committee

The composition of each of the above Committees, their respective role and responsibility is as detailed in the Report of Corporate Governance.

The policy framed by the Remuneration and Compensation Committee under the provisions of Section 178(4) of the Act, is as below:

### (g) Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration & Compensation Committee decides the remuneration policy for Directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective Directors for the growth of the Company.

The remuneration policy of the Company and other matters as required under Section 178 sub-section 3 of the Act is available. There has been no change in the policy since the last fiscal year. We affirm that the remuneration paid to the Directors is as per the terms laid out in the remuneration policy of the Company.

Weblink of the Nomination and remuneration policy <https://www.intellectdesign.com/investor/corporate-governance.asp>.

### (h) Board Evaluation

As required under the provisions of Section 134(3)(p) and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance and that of its committees and individual directors and the manner in which such performance evaluation was carried out is as under:

The performance evaluation framework is in place and the performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. .

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as exercise of responsibilities in a bona fide manner in the interest of the Company, striving to attend meetings of the Board of Directors/ Committees of which he/she is a member/ general meetings, participating constructively and actively in the meetings of the Board /committees of the Board etc.

In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated.

### (i) Vigil Mechanism

The Company has established a whistle-blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same is explained in the Corporate Governance Report.

#### (j) Related Party Transactions

All related party transactions that were entered during the financial year were on arm's length basis and were in the ordinary course of business. There are no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions as required under Section 134(3)(h) r/w Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure [5].

#### 13. Auditors

**Statutory Auditors:** S.R. Batliboi & Associates LLP, Chennai, Chartered Accountants who are the Financial Auditors of the Company hold office as statutory auditors until the conclusion of the 8th Annual General Meeting of the meeting to be held in the Calendar year 2019. Their appointment is subject to ratification by the members at the 7th Annual General Meeting. There are no qualification or adverse remarks in the Auditors Report for the financial year ended 31st March 2018.

**Secretarial Auditors:** Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been carried out by Mr. S Eshwar, Practising Company Secretary, and his report is annexed as Annexure [6]. There are no qualification or adverse remarks in the Secretarial Audit report for the financial year ended 31st March 2018.

#### 14. Fixed Deposits

Our Company has not accepted any deposits during the financial year and as such, no amount of principal or interest was outstanding as on March 31, 2018.

#### 15. Social Connect

##### Ullas Trust

A Social initiative started in 1997 with an aim to integrate associates with the larger community to enable them to enjoy the bliss of working with young minds in the country continues to grow into a movement exemplifying the power of inclusive CSR. A seed of an idea sowed in 1997 to "ignite Young Minds" has grown into a movement across 5 states in the country powered by belief that we are making a difference! In its 20 year journey the Ullas movement has grown beyond our associate community to include committed partners to the cause of igniting young minds. These partners include family and friends of our associates, associates from our clients, Civil Society Organizations, and youth from colleges in the districts of Tamil Nadu all united by the common purpose of shaping the thinking of adolescent young students.

Over the 2 decades, Ullas has awarded merit scholarships to more than 54,000 students across Chennai, Delhi, Hyderabad, Mumbai and Pune. While the merit scholarships recognize their academic excellence, these "Young Achievers" as they are called, receive weekend enrichment programs aptly titled as SUMMIT, delivered by our associate community – through packaged modules of 5 interventions of 3 hours each - 15 magical hours per year over the four year period of the child's association with Ullas. This academic year, over 6100 children from Corporation, Government and Government-Aided schools in five cities – Chennai, Delhi, Hyderabad, Mumbai, and Pune attended these intervention programs – that aid not just with life skills but also in designing their thinking. Under the rural re-connect program "Touch The Soil", 2.5 lakh young minds were ignited with the power of "CAN DO" and "Planning" with the active engagement and support of over 1800 volunteers across 105 districts in 5 states.

##### Ullas – Chennai

Ullas Trust celebrated its 20th Annual workshop on Sep 24th, 2017 at The Madras University Centenary Hall in Chennai. The workshop was all about Igniting Young Minds and celebrating our very own – Ullas Alumnus (our Higher Education Scholars) of over 200+ since 2003. The workshop saw over 3000 grade IX, X and XI Ullas Young Achievers from 218 - Corporation, Government and Government-Aided schools, who not only participated in the aspirational "CAN DO" workshop but also were awarded the Ullas Young Achievers Merit Scholarships. Nearly 100 Ullas Alumnus (Ullas Higher Education Scholars) since 2003 came onstage to share their joy at being a part of the 2 decade celebration of "Being Ullas"! The workshop saw real life role models Smt. Valarmathi N, Deputy Director, PDMSA, Indian Space Research Organization; Shri. Ganesh Kumar, Executive Director, Reserve Bank of India; Dr. Ruchi Gupta, MD, MPH,

Associate Professor of Pediatrics and Medicine, Northwestern University Feinberg School of Medicine – share their life journey - events and incidents that shaped them, inspire and interact with the students. Continuing its endeavor of recognizing and Encouraging Excellence in Education (EEE), 3 schools one each from corporation, government, and government aided were awarded the EEE award. Associate volunteers conducted the weekend enrichment program (SUMMIT) across 7 venues in the city (including our corporate offices) covering over 3,684 young achievers from grade 9-12. As part of the Touch The Soil program, over 350 volunteers visited 445 schools in the 32 districts of TN, igniting over 1.68 lakh grade 9-12 students, conducting the Diary of Dreams and Planning workshop. A total of 4251 scholarships were given to toppers in grade 9 and 10 in the district schools. During this academic year Ullas inducted 63 Higher Education Scholars (25 professional stream, and 38 arts and science students) while continuing to support an overall of 220 Higher Education Scholars who come back as mentors to the incoming Ullas Young Achievers. These Higher Education Scholars not only inspire their juniors but also dazzle the associate mentors with their commitment and thirst to pay it forward! Ullas continues to sponsor Easy Learning English (ELE) program of Vidyarambham Trust (VT) for grade 6 to 8 students in over 25 schools in 5 districts of TN. Vidyarambham Akkas also deliver our SUMMIT interventions to over 1,500 grade 9 and 10 students in 21 schools, further extending the engagement with these young minds! In the spirit of partnering with likeminded partners to reach as many young minds in schools, Talent Quest for India Trust (TQI) a student volunteer body movement has taken the SUMMIT Level 1, 2, 3 and 4 interventions to over 10,000 students (grade 9,10, 11 and 12) in 27 schools, across 21 districts of TN, through their army of over 350 college student volunteers from nearly 50 different colleges. The third edition of Ullas Confluence was held in Feb 2018, to celebrate and recognize these young TQI volunteer mentors from various colleges across the districts who are giving back selflessly. Common purpose and intent unites these partners with Ullas in reaching not just the students from the urban schools but also rural schools enabling dreams and aspirations!

##### Ullas – Mumbai

Mumbai Ullas chapter conducted the "CAN DO" workshop on 2<sup>nd</sup> December at Mahakavi Kalidas Natyamandir, celebrating over 540 young achievers from 24 schools (14 Municipal and 10 Govt-Aided schools). The interactive workshop encouraged the students to dream big, and dream big with conviction. Associate volunteers including over 50 volunteers from our client partner - Morgan Stanley conducted SUMMIT in the chapter schools during the weekends – reaching out to a total of 1010 students between grade 9 and 10. As part of the Touch The Soil program, 111 volunteers visited 121 schools in 14 districts covering 18,912 grade 9 and 10 students with 1042 scholarships for the toppers in 9<sup>th</sup> and 10<sup>th</sup>, and conducting the Diary of Dreams and Planning workshop for the young minds.

##### Ullas – Hyderabad

In Hyderabad, 288 students enthusiastically participated in the Annual "CAN DO" Workshop on November 11<sup>th</sup>, 2017. The Young Achievers enthralled everyone with their rendering of Saraswathi Vandanam and cultural performances. The Diary of Dreams workshop was very interactive and enabled students to share their aspirational dreams. SUMMIT classes also saw our associate volunteers conduct the weekend intervention program for 288 grade 9 students and 271 grade 10 students at 9 school chapters. As part of the Touch the Soil initiative, over 112 associate volunteers, their family and friends went in teams to 219 schools in 32 districts conducting the "CAN DO" and Planning workshop for 32,027 students, along with 1979 merit scholarships for deserving grade 9 and 10 students.

##### Ullas – Delhi

Ullas NCR chapter conducted the Annual CAN DO workshop on 18<sup>th</sup> November 2017, at Chinmaya Mission, New Delhi. 267 grade 9 young achievers from 20 government and government-aided schools were inducted into the portals of Ullas Trust. The workshop also saw 45+ associate volunteers who cheered and supported the young achievers. The weekend enrichment program – SUMMIT was conducted by our associate volunteers in school chapters and our corporate office for over 800 young achievers (grade 9 to 12) and was received very well by the students and their school authorities. As part of the Touch The Soil initiative, 37 volunteers travelled to 14 districts of NCR, reaching 11,639 students of grade 9-12 from 41 schools, inspiring and igniting young minds

delivering the Diary the Diary of Dreams workshop and Planning workshop, and also with a merit scholarship to 355 toppers in 9<sup>th</sup> and 10<sup>th</sup>.

#### Ullas – Pune

Ullas Pune Chapter continued its engagement with 4 schools this year. The Annual Diary of Dreams workshop was conducted on Dec 2<sup>nd</sup>, 2017 for incoming young achievers, covering over 200 eager students across three locations. A total of 80 scholarships were awarded in the urban schools as part of the SUMMIT program. Associate volunteers along with family and friends conducted the subsequent weekend enrichment programs in the schools over 8 weekends, covering over 800 grade 9 and 10 students. As part of the Touch The Soil initiative, 40 volunteers went to 8 districts covering 66 district schools, reaching 12236 students from grade 9 and 10 with the diary of dreams and planning workshop. 606 scholarships were given to 5 toppers each from grade 9 and 10 in these 53 schools.

Stepping into its 21<sup>st</sup> year, the Ullas movement continues to be strengthened not just by our associates but also their family and friends, and strong like-minded partners driven by the common purpose of “igniting young minds” and seeding the “CAN DO” spirit.

#### 16) Audit Committee Recommendation

During the year all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

#### 17) Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure [7].

#### 18) Significant & Material Orders passed by the Regulators or Courts

During the Financial Year 2017-18, no order has been passed by any regulatory authorities or Courts.

#### 19) Particulars of Loans, Guarantees and Investments u/s 186\*

Investments made during the year 2017-18:

SL. no.	Name of the Investee	Currency	Face Value	Amount in FCY	Amount in Lacs
1	Intellect Design Arena Pte Ltd, Singapore	SGD	1	1,418,000	655.19
2	Intellect Design Arena Limited, Kenya	KSHS	1000	20,770,000	131.98

**Table No. 1.3**

\* The Company has not granted Loans and Guarantees under Section 186 of the Companies Act, 2013

#### 20) Risk Management Policy

Being a pioneer in the Intellectual property led Business in India, the company is continuously focussing and committing itself to have a Risk Management system suited for the Products business. Every potential risk has designated risk owners who are responsible for risk treatment as per the Risk management policy.

Towards this, the Board has formed a Risk Management Committee with Directors, the Chief Financial Officer & the Chief Risk Officer as members of the committee. The Committee works to mitigate any inherent risks faced by the Business and to meet the increasing demand of Customer's liability through different means within the overall framework listed below.

#### Risk Management Framework

##### Objective

The Organization is subject to certain risks that may affect our ability to operate, may disrupt our business model due to changes in competitive landscape, changes in Technology which may render our capabilities obsolete, and thus hamper our ability to serve our customers and protect assets. These risks could adversely affect Customer projects, Employees, Shareholders, liability to Third Party and risks to Property among others. Controlling these risks through a formal process is necessary for the well being of the Organization and its stakeholders.

The organization's Risk policy identifies these Risks on a continuous basis and proposes mitigation measures. Our risk policy aims to minimize adverse impact of these risks on Company's growth, Profit margins and People engagement besides Regulatory Compliance. Risk Management has been made an integral part of the Organization by encouraging Risk Awareness among employees.

#### Risk Management Framework

The Audit Committee of the Board of Directors oversees the Risk Management process done by the Risk Committee under the overall direction of the Board of Directors. The Risk Management Committee consists of the Board of Directors, Chief Financial Officer & the Chief Risk Officer.

#### Risk Management Process

Risk Management is a continuous and developing process which runs throughout the Organization's strategy and the implementation of that strategy. The Risk Management helps the organization to proactively manage uncertainties in the internal and external environment and to limit the negative impacts and benefit on the opportunities.

**Some of the Major risks and risk mitigation measures can be grouped in the following four categories:**

1. Business Risk	2. Operational Risk	3. Financial Risk	4. Legal & Compliance Risk	5. Risks Emanating from Data Privacy & Regulations
Business Segment Concentration	Recruitment - difficulty in finding specialized skill	Foreign Exchange	Geo Subsidiary Compliance Reporting	Data Protection & Privacy
Business Model	New Country Entry Risk	Risk due to Large Order to Cash cycle and Liquidity Risk	Intellectual Property Protection Risk	
Geography Concentration	Use of "Open Source" Software		Internal Financial Control (IFC) implementation	
Competition	Implementation Challenges		Contractual Compliance	
	Large Cycle Time for Sales & Implementation			

**Table No. 1.4**

#### 1. Business Risk

##### 1.1. Business Segment Concentration

The company is specialized in BFSI space and could face the risk of concentration in a single space. However, this risk is mitigated to a large extent because the company has presence in all the 4 sub segments of BFSI namely Corporate Banking, Retail Banking, Capital Markets and Insurance. These 4 sub segments have different boom and bust cycle and therefore protect the company. The Company's foray into the Payments space through iPay will further reduce this risk as Payments business is fairly stable business with less impact on cyclicity.

##### 1.2 Business Model

Our Revenue model is based on Products Business with its License and AMC revenues. There is a possibility that increasing share of business starts to come from Cloud Model rather than License & AMC Model. This may pose a risk to our Business Model.

The Company keeps a close eye on the changing business scenario. A certain portion of our revenue is already derived from the Cloud model. Should Cloud model get precedence over License model, the company has the wherewithal to shift the business model.

### 1.3 Geographic Concentration

Intellect is present across different Geographies which we internally classify as World I, World II, World III countries. World I is Rich countries, World II is Middle Income countries and World III is the Emerging world. The risk gets mitigated by being present in all the three worlds as the demand from these countries varies across segments and balances the cyclic nature of business.

### 1.4 Competition

The company faces competition from large Multinational companies, local companies in the geography in which we operate and Indian Product companies. While many of these companies are established companies, the start ups may also disrupt our business.

With a view to stay ahead of the competition, an analysis of these competitions in the 4 sub-segments and the 3 Worlds is done on a continuous basis. Another lever to mitigate this risk is the Investments made in R&D which helps us to remain ahead in the innovation curve.

## 2. Operational Risk

### 2.1 Recruitment

The company operates in niche BFSI product space which requires people with specialized skill, as against mass recruitment that was followed in Services business. The Company minimizes the risk through in-depth in-house training & recruitment from top end Engineering colleges and B Schools.

Background Checks (BGC) is mandated for all new hirers and is audited from time to time.

### 2.2 New Country Entry Risk

For any new business opportunity in a new country, a Country risk assessment clearance from the CRO is a must. Country risk assessments during entry and subsequent mitigation measures help in developing a robust knowledge platform and also to understand the local conditions and business culture at the early stages of the business.

### 2.3 Use of "Open Source" Software

"Open Source" Software may be used in some of our solutions. Failure to abide with the terms of the open source licenses could have a negative impact on our business.

### 2.4 Implementation Challenges

Delays in implementation could hamper our delivery capabilities leading to multiple risks such as delay in Collection, Contractual commitments, Penalties and Brand image.

### 2.5 Large Cycle Time for Sales & Implementation

Our businesses have large sales & implementation cycles. Often they involve significant capital commitment by the Company. Resources are utilized to meet the customer's requirements like completing Proof of Concept or customization. All this entails significant resources before full revenue is realised. In the event the Client opts out during the process of evaluation, this could have adverse effect on our operations.

## 3. Financial Risk

### 3.1 Foreign Exchange

The company earns a large portion of its revenue in foreign currencies and is exposed to the risk of currency movements. To mitigate this risk, the company follows a 2 step strategy.

- As the first step, quotation in foreign currencies is restricted to few selected major currencies. Quotation in any other currency is highly controlled.
- The second leg of this strategy is to hedge the foreign earnings after subtracting the local expenses.

### 3.2 Larger Order to Cash cycle and Liquidity Risk

Our customer being large Banks and Financial Institutions the credit worthiness is in comfort even though the cycle is long. The percentage of bad debts is also minimal. Since the Products business has a long order to cash cycle, the company has identified Liquidity Risk as an area to monitor. The Finance organization headed by the CFO monitors the liquidity position consisting of cash and near cash instruments on a continuous basis.

## 4. Legal & Compliance Risks

### 4.1 Subsidiary Compliance Reporting

A well structured framework has been instituted in UnMail, the Company's Enterprise Social Network for Subsidiary Compliance Reporting. The respective Operations Directors ensure uploading of the Compliance reports (suitably customized for each Subsidiary) on a quarterly basis. This process enhances the control and improves statutory compliance in each jurisdiction.

### 4.2 Intellectual Property Protection Risk

Difficulties in protecting out IP in some countries that are pivotal for generating revenues are mitigated by registration of the IP in countries that have safe IP protection laws.

### 4.3 Internal Financial Control (IFC)

The company has to comply with additional controls enforced by Section 134 of the Companies Act 2013. This is to report on the Internal Financial Control in the Directors Report and also by the Statutory Auditors. To comply with this, the company appointed a reputed Chartered Accountant firm to assess the existing control environment and ensure that the requirements are complied.

### 4.4 Contractual Compliance

Product development companies are exposed to legal risk arising from Infringement of IP right and Non performance of contractual obligation. The company has established a strong process to review and appraise all contracts. As a policy it restricts its obligation under each contract. The company has adequate Insurance to mitigate against risk of Errors and Omissions, Commercial General Liability.

## 5. Risks emanating from Data Privacy & Regulations

### 5.1 Data Protection & Privacy

New Regulations such as GDPR are evolving and may have impact that we cannot foresee today. Courts of different countries may interpret these laws differently. These may pose new type of risks for our business.

Countries such as US & India are in the process of developing regulations like GDPR. Full impact will be known in the coming years.

### Risk Mitigation through Insurance

The company has appointed a Global leader for Risk & Insurance advisory to advice on the risk and insurance coverage. The following Insurance coverage is taken to mitigate risks.

- Errors & Omissions Insurance – To safeguard against any loss arising of an error, negligent act or omission which would result in failure in performing the professional services or duties for others.
- Cyber Liability Insurance - To safeguard against any loss arising out of a security breach and or privacy breach that would result in sensitive or unauthorized data or information being lost or compromised.
- Crime Insurance - To safeguard against any direct financial loss of property, money or securities arising out the fraudulent activities committed by the employee or in collusion with others.
- Directors & Officers Liability Insurance - To safeguard against any loss arising out of a wrongful act made by the Directors, Officers and Employees of the organization with reference to the company's business operations and activities.
- Commercial General Liability Insurance - To safeguard against Third Party bodily injury or property damage arising out of our business operations.
- Standard Fire & Special Perils Insurance - To protect the company's Assets (movable & immovable Assets) from the risk of Fire or Perils.

### 21) Corporate Social Responsibility

Company has formed Corporate Social Responsibility Committee on October 15th, 2014 and following are the members to the Committee :-

- Mr. Anil Kumar Verma – Chairman of the Committee
- Ms. Aruna Rao – Member of the Committee
- Mr. Arun Jain – Member of the Committee
- Mr. V. Balaraman – Member of the Committee

The Company is not required to contribute towards Corporate Social Responsibility (CSR), as the average profits of the previous three financial years is negative. However the Company as a responsible corporate citizen has emerged itself to make contributions in the area of education, to Ullas Trust. The Company for making contributions to Ullas Trust, had sought the approval of the shareholders in its previous AGM held on 21st July 2016 and the same was approved by the shareholders. The details of the policy developed and implemented by the Company is given as a part of annual report on CSR as Annexure 8

**22) Disclosure as required under Section 22 of 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. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the financial year 2017-18:

- a) No. of complaints received: NIL
- b) No. of complaints disposed: NIL

**23) Listing Fees**

The Company confirms that it has paid the annual listing fees for the year 2018-19 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

**24) Certifications**

Your Directors would like to appreciate the achievements of the Quality Department, which enabled your company to get certified at CMMi level 5 BY

CMMI Institute USA for its Digital Technology Platforms and also on ISO 27001:2013 (Information Security Management Systems).

**25) Acknowledgment**

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all round operational performance at all levels.

By Order of the Board  
For **Intellect Design Arena Limited**

Place: Chennai  
Date : May 06, 2018

**Arun Jain**  
Chairman and Managing Director  
DIN: 00580919

**Annexure 1****Form AOC - 1**

Statement (Pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries as on 31st Mar 2017

**PART "A" : Subsidiaries**

In Rs Lakhs

SI No	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Tax	Provision for Tax	Other Comprehensive income	Profit after Tax - YTD- Mar 18	Proposed Dividend	% of Holding
1	Intellect Design Arena Pte Ltd., Singapore (+)	April-March	SGD	49.82	2,355.42	1,898.32	6,244.85	1,991.12	-	5,394.82	407.04	248.00	-	159.03	Nil	100.00%
2	Intellect Design Arena Limited., United Kingdom (+)	April-March	GBP	92.28	617.50	8,712.19	22,093.39	12,763.70	-	35,804.83	(667.40)	1.20	-	(668.59)	Nil	100.00%
3	Intellect Design Arena SA, Switzerland (+)	April-March	CHF	68.50	112.76	3,650.41	3,959.26	196.10	-	1,255.69	197.12	19.78	-	177.34	Nil	100.00%
4	Intellect Design Arena, PT Indonesia**	April-March	IDR	0.0047	145.10	(246.14)	923.25	1,024.28	-	889.10	70.71	2.29	-	68.42	Nil	100.00%
5	FT Grid Pte Ltd, Singapore**	April-March	SGD	49.82	0.04	(1.45)	0.05	1.45	-	-	-	-	-	-	Nil	100.00%
6	Intellect Design Arena Ltda. Chile*	January - December	CLP	0.11	5.02	(928.24)	1,253.42	2,176.64	-	1,192.17	(756.22)	-	-	(756.22)	Nil	100.00%
7	Intellect Design Arena Inc.,US**	April-March	USD	65.18	4,187.31	(6,003.19)	7,301.06	9,116.94	-	9,250.71	1,673.43	107.78	-	1,565.65	Nil	100.00%
8	Intellect Commerce Ltd, India (Formerly Known as Polaris Enterprise Solutions Ltd) (+)	April-March	INR	1.00	900.00	(459.81)	977.52	537.34	-	716.79	55.21	18.00	7.90	45.11	Nil	100.00%
9	Laser Soft Infosystems Limited, India (+)	April-March	INR	1.00	783.13	1,946.15	4,684.26	1,954.98	0.45	2,364.84	141.59	-	(59.06)	82.54	Nil	100.00%
10	Intellect Design Arena Co. Ltd, Vietnam (+)	April-March	VND	0.0029	22.50	132.03	2,976.27	2,821.74	-	3,079.56	478.19	77.29	-	400.89	Nil	100.00%
11	SFL Properties Private Ltd, India (+)	April-March	INR	1.00	156.00	478.08	635.20	1.13	-	-	(11.83)	-	-	(11.83)	Nil	100.00%
12	Indigo TX Software Pvt Ltd, India (+)	April-March	INR	1.00	39.70	(29.24)	519.23	508.77	-	216.74	(126.37)	-	1.56	(124.80)	Nil	100.00%
13	Intellect Design Arena FZ LLC, Dubai (+)	April-March	AED	17.75	203.70	4,464.06	7,618.87	2,951.12	-	9,480.90	(214.83)	-	-	(214.83)	Nil	100.00%
14	Intellect Design Arena Phillipines, INC **	January - December	PHP	1.25	276.07	(873.00)	1,564.02	2,160.95	-	1,042.41	(380.04)	1.02	-	(381.07)	Nil	100.00%
15	Sonali Polaris FT Ltd, Bangladesh (+)	April-March	BDT	0.79	468.15	1,503.11	3,179.10	1,207.83	-	4,121.25	2,702.33	-	-	2,702.33	Nil	51.00%
16	SEEC Asia Technologies Private Limited, India***	April-March	INR	1.00	349.90	1,774.27	3,628.02	1,503.84	-	1,855.40	76.91	23.50	-	53.41	Nil	100.00%
17	Intellect Design Arena Inc., Canada*	April-March	CAD	50.65	572.79	(3,046.39)	3,164.83	5,638.43	-	4,730.15	(1,181.76)	-	-	(1,181.76)	Nil	100.00%
18	Intellect Design Arena, SDN BHD, Malaysia**	April-March	MYR	16.87	77.11	(20.63)	807.79	751.31	-	482.84	(83.16)	(1.82)	-	(81.33)	Nil	100.00%
19	Intellect Payments Limited, India (+)	April-March	INR	1.00	255.00	(0.87)	314.88	60.75	-	410.11	3.63	4.50	-	(0.87)	Nil	100.00%
20	Intellect India Limited, India (+)	April-March	INR	1.00	5.00	(3.62)	3.55	2.17	-	-	(3.62)	-	-	(3.62)	Nil	100.00%
21	Intellect Design Arena Pte Ltd, Australia**	April-March	AUD	50.05	50.98	(616.75)	421.83	987.60	-	669.58	(334.70)	-	-	(334.70)	Nil	100.00%
22	Intellect Design Arena Ltd, Thailand**	January - December	THB	2.09	149.73	219.58	2,127.92	1,758.61	-	3,227.33	810.16	-	-	810.16	Nil	100.00%
23	Intellect Design Arena, Kenya (+)	April-March	KES	0.65	131.98	(48.21)	139.64	55.87	-	-	(50.62)	-	-	(50.62)	Nil	100.00%

**Table No. 1.5****Notes:**

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31st Mar, 2018
- \* Subsidiaries of Intellect Design Arena Limited, UK
- \*\* Subsidiaries of Intellect Design Arena Pte Ltd, Singapore
- \*\*\* Subsidiaries of Intellect Design Arena Inc, USA
- Investment includes investments made in step down subsidiaries
- Information provided above is based on the IND AS of the Subsidiaries for the financial year ended 31st Mar, 2018
- {+} Direct Subsidiaries of Intellect Design Arena Ltd
- Names of subsidiaries which have been liquidated or sold during the year - NIL

## Part "B": Associates and Joint Ventures

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In Rs. lakhs

S. No.	Name of Associates / Joint Ventures	Adrenalin eSystems Limited	NMSWorks Software Private Limited	Intellect Polaris Design, LLC
1.	Latest audited Balance Sheet Date	March 31st, 2018	March 31st, 2018	March 31st, 2018
2.	Shares of Associates / Joint Ventures held by the company on the year end			
	Number of shares	29,485,502	726,256	45
	Amount of Investment in Associates/Joint Venture	22,62.36	6,24.14	13,80.15
	Extent of Holding %	44.54%	36.54%	45%
3.	Description of how there is significant influence	The Company has the control in excess of 20% of total share capital of Adrenalin eSystems Limited as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company	The Company has the control in excess of 20% of total share capital of NMSWorks Software Private Limited as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company	The Company has the control in excess of 20% of total share capital of Intellect Polaris Design, LLC as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company
4.	Reason why the associate / joint venture is not consolidated	Holds less than 51% of Share Capital, Hence no Control.	Holds less than 51% of Share Capital, Hence no Control.	Holds less than 51% of Share Capital, Hence no Control *
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	34,53.28	49,25.01	27,56.10
6.	Profit/ Loss for the year			
i.	Considered in Consolidation	37.49	542.62	(76.06)
ii.	Not Considered in Consolidation	46.86	942.38	(76.06)

Table No. 1.6

\* In case of Intellect Polaris Design, LLC your Company is doing Proportionate Consolidation

- Names of associates or joint ventures which are yet to commence operations - Nil
- Names of associates or joint ventures which have been liquidated or sold during the year - Nil

For and on behalf of the Board of Directors of  
Intellect Design Arena Limited

**Arun Jain**  
Chairman & Managing Director  
DIN:00580919

**Arun Shekhar Aran**  
Director  
DIN:00015335

**S.Swaminathan**  
Chief Financial Officer

**V.V.Naresh**  
Vice President &  
Company Secretary

Place: Chennai  
Date : May 06, 2018



**ANNEXURE 2****Employee Stock Option Plans**

Your Company currently administers [5] stock option programs, viz., ASOP 2003, ASOP 2004, ASOP 2011 which were inherited from the Demerged Company and ISOP 2015 which was approved by the members in the meeting held on 29th January 2015 and ISOP 2016 which was approved by the members in the meeting held on 21st July, 2016. Summary information of these various stock option programs of the Company is provided under Notes to Accounts under Standalone Financial Statements of this Annual Report.

All the ESOP schemes are available on the website of the Company. Web link for the same is <http://www.intellectdesign.com/investor/corporate-governance.asp>

The Company has recorded compensation cost for all grants using the intrinsic value- based method of accounting, in line with prescribed SEBI guidelines.

**ANNEXURE 3****Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow**

[Clause (m) of sub-section (3) of Section 134 of the Act, r/w Rule 8 of the Companies (Accounts) Rules, 2014]

**Conservation of energy:**

- The steps taken / impact on conservation of energy:
- We are continuing to optimize usage of chiller / split / package AC set point to maintain condition space temperature @ 24 degree centigrade
- We switch off the lights through Manual Control Board thus conserving energy.
- Have initiated Implementation of replacement of LED lights Floor Wise – initial progress made to reduce lighting power consumption (4th,5th ,6th passage area and Rest rooms in all floors Lights changed into LED )
- Auto shutting down of systems to reduce UPS power consumption
- Installation of more Solar street lights in Next level campus new Two wheeler parking area
- Effective Savings achieved in Group captive power.
- In FY 2017 -18, power supply has stabilized in TNEB reducing the dependency on HSD which resulted in savings.
- Capital investment on energy conservation equipment;
- Purchase of LED lighting to reduce power consumption @ NxT Lvl
- All motors in HVAC system run through VFD only to reduce power consumption

Have obtained ISO certification (ISO 14001:2015) for Environment Management System - October 2017

Based on our relationship with OGPL we have further negotiated to Rs.6/unit. The total saving from 2016 onwards is Rs 25.15 Lakhs.

**Technology Innovation/ Technology Absorption**

As part of keeping a watch on the emerging trends in the market and to accelerate innovation within Intellect, we are involved in ideating and building newer solutions to suit changing business needs and market demands. Following are the emerging areas where we have invested significant time and efforts in creating proof of concepts and solutions.

1. Chat BOTs
2. Process BOTs
3. Machine Learning and Artificial Intelligence
4. Blockchain (Ethereum Smart Contracts)

**Chat/Process BOTs:**

This framework helps to enable banking services through a chatbot using both text and voice mode through multiple channels via Web/Mobile/Alexa/Google Home. The services could be as simple as enquiring for account balance and go upto setting up standing instructions, requesting for a Demand Draft, do a Fund Transfer, Book a Deposit etc.,

Chat/Process BOTs have been inducted into the various product streams in iGCB and iRTM.

**Machine Learning and Artificial Intelligence:**

Built POCs to demonstrate the application of ML/AI in the process of Loans Underwriting, Credit Cards Repayment prediction, Effective Campaign Management, E-Mail analysis of Customer Contact Center etc.

**Blockchain (Ethereum Smart Contracts):**

Built POCs to demonstrate the application of Blockchain smart contracts and building a public and private blockchain. The POCs were built in the area of document workflow using smart contracts and consortium for loans to build an autonomous loans system using blockchain.

**IT Infrastructure**

New and major upgrades

1. IT Infrastructure is designed and implemented at new offices at Hyderabad and Pune. The migration to the new offices is planned and executed seamlessly.
2. There are two Internet Gateways implemented and operational now at Hyderabad and Pune, reducing the number of hops and latency on internet access. Internet gateways implemented with Advance Threat Protection (ATP) with Sandbox, to arrest Malware and Botnet.
3. Software compliance tool is implemented for effective tracking of software licenses and maintained 100% compliance.

**IT Operations**

1. The network and location availability is 100% during FY 2017-18. The traffic are regularly monitored and managed for better performance.
2. Laptop Health Checkup Camps conducted across locations. The health checks on laptops conducted for identifying and solving problems in the laptop in very short time. Some of the issues resolved during the camp were operating system issues & performance problems and spare part replacement. A total of 382 laptops were checked; 221 in Chennai, 116 in Mumbai and 45 in Hyderabad. Laptops and desktops around 160 are repaired to add into asset stock.
3. Zero reported Incident on recent Ransomware attacks: Major attacks in the past year such as Wannacry, Petya, Badrabbat and Meltdown hit many organizations, threatening secure access. However, immediate actions on deploying the patches in all layers led to zero incidents at Intellect.
4. Printers operations are outsourced for better availability and cost of operations.

**Cost measures on IT Infrastructure**

1. Mobile charges revised with vendors has yielded 20% cost reduction.
2. Local / STD / ISD call charges are negotiated for PSTN, to reduce the cost of operations by 40%.
3. New voice conference bridge implemented for better performance and 10% cost save.
4. Test and development cloud operations cost are brought down by 30%
5. Cost of IT Infrastructure Operations - Capex & Revex are managed within allotted budget for FY 2017-18

**MIS**

1. Intellect had successfully replaced PeopleSoft with Intellect QCBS EGL. Intellect teams worked together (Finance, QCBS and MIS IT team) to implement Goods and Services Tax (GST) regulations in short time which was mandatory. This ensured we are 100% compliance to GST the one tax of one nation.
2. The data interfaces used to share required Master and Transactional Data to the QCBS system were fine-tuned so that the data flow is timely and smoother for invoicing/collections and GST.

3. MIS IT team provided extensive support to various intellect functions like Delivery, Finance, Admin, HR, and Quality for smooth day to day operations.
4. The JIRA tool adopted to record the activities and tasks was very handy to provide evidences/references during the System Audit.

### UnMail

This is the social platform used in Intellect. This helps more collaboration and improves productivity. Following features are enhanced during FY2017-18

1. Enriched Travel Module for Audit  
Each travel request raised by associate can be audited end to end. From vendor quotations sharing, quotation finalization, Sharing ticket options to user, ticket booking based on users preferences, sharing vendor invoice, travel desk reviews the invoices and after approval entry done in the QCBS system. Then QCBS system issues the payment to vendor, Same flow is available for Visa, Stay, Conveyance and Advance.
2. UnMail Travel QCBS integration automation: Interfacing with QCBS system for vendor payment settlements.
3. iEngage survey Messages on UnMail for all associates who do not have mail.
4. Risks in project management
  - i. This module helps to identify and monitor the various Risks in the project. Earlier Risk had been monitored using excel based template which was very difficult to maintain and generate various reports.
  - ii. Audit Trail (History) of critical fields : Due date, Risk Owner, Impact, Probability, Category, Sub Category, Description Remarks, Mitigation Plan, Contingency Plan
  - iii. Risks listing with respect to its color RED, AMBER, GREEN. When more than one risks present In the same color, the second level of order should be based on Due Date to list down the latest due date comes first in that color.
  - iv. Closure of risk.
  - v. Risk Severity Guidelines is available in screen.
  - vi. Multiple reports are defined and available.
5. Customer Complaints  
Added new field Actions Planned / Taken  
Provide access of Customer Complaints new entry submit to PM, PD, QD, QM SQA, Platform QD. and close to PM ,PD.  
Customer Complaints View and Reply for all room members  
Reports are available.
6. Pick of the day  
It showcases trending room, trending Knowledge Circle topic and Common Interest Circle topic. It also displays who has earned highest FT Credits and contributed to Knowledge Circles (Ask Me / Share).
7. Poll  
Polling facility is available in UnMail. Now HR, ADMIN, IT, Information Security or any other department can conduct poll in UnMail.

### 8. Birthdays

Photo of the all associate having birthday in current day will be displayed in the Pick of the day - Birthday pod. Any associate can click on photo which will take it to the associate board and then can wish him/her.

### 9. Pre Lakshya 2018

Pre lakshya has been conducted. Around 67 theatres had been created and different members and owners had been added in the rooms. Pre lakshya discussion had been done in these rooms.

### 10. UnMail Mobile App (iOS and Android)

#### Travel on Mobile

1. Now travel request Level 1 and Level 2 approval can be done using UnMail App.
2. View screen displays a) Traveller details, b) Service request type [For Visa, Advance, Ticket, Stay, Conveyance], c) Travel details [to and from] [date] d) Advance details, e) Visa details, f) Stay details, g) Expense settlement details

### (C) Foreign exchange earnings and Outgo :-

	Rs. In lakhs	
Particulars	2017-18	2016-17
Foreign exchange earnings	47,009.25	349,18.12

**Table No. 1.7**

	Rs. In lakhs	
Particulars	2017-18	2016-17
Foreign exchange outgo	12,982.68	98,14.95

**Table No.1.8**

Expense approver can now approve expense from Mobile using Expense Approve link.

By Order of the Board  
For **Intellect Design Arena Limited**

Place: Chennai  
Date : May 06, 2018

**Arun Jain**  
Chairman and Managing Director  
DIN: 00580919

## ANNEXURE 4

## Details of ratio of remuneration to Directors &amp; KMP

[Section 197(12), r/w Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	<b>Name of the Director</b>	<b>Ratio to the Median</b>
	Anil Kumar Verma, Executive Director	17.00
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Name of the Director</b>	<b>% increase</b>
	Mr. Arun Jain, Managing Director	NIL
	Mr. Anil Kumar Verma	NIL
	Mr. S. Swaminathan, Chief Financial Officer	7%
	Mr. V V Naresh, Company Secretary and Compliance Officer	7%
(iii) the percentage increase in the median remuneration of employees in the financial year;	8.25%	
(iv) the number of permanent employees on the rolls of company;	4,344 (including 2 whole time directors)	
(v) 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;	Average Increase – 8.78% Key Managerial Personnel : Company Secretary – 7% Chief Financial Officer – 7%	
(vi) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, the remuneration is as per the Remuneration Policy of the Company.	

Table No. 1.9

## ANNEXURE 5

## Details of Related Party Transactions

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

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

(a)	Name(s) of the related party and nature of relationship	-	-
(b)	Nature of contracts/arrangements/transactions	-	-
(c)	Duration of the contracts/arrangements/transactions	-	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-	-
(e)	Justification for entering into such contracts or arrangements or transactions	-	-
(f)	Date(s) of approval by the Board	-	-
(g)	Amount paid as advances, if any:	-	-
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	-	-

Table No. 1.10

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

in Rs.Lakhs

NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP	Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore')	Intellect Design Arena Limited, United Kingdom ('Intellect UK')	Intellect Design Arena SA, Switzerland ('Intellect Switzerland')	Intellect Design Arena FZ-LLC, Dubai ('Intellect Dubai')	Intellect Commerce Limited, India ('Intellect Commerce')
Nature of contracts / arrangements / transactions	Advance Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Equity Investment Reimbursement of Expenses by the company	Advances given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses by the company	Advances given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses to the company	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses to the company	Advances Given Reimbursement of Expenses by the company Reimbursement of Expenses to the company
Duration of the contracts / arrangements / transactions	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract
Salient terms of the contracts or arrangements or transactions including the value, if any	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018
Date of approval by the Board, if any	06.05.2018	06.05.2018	06.05.2018	06.05.2018	06.05.2018
Amount paid as advances, if any	Advance Given:14.66 Software Development Service Income:2236.75 Software Development Expenses/(recoveries):883.76 Reimbursement of Expenses by the company:180.34 Equity Investment:655.194 Reimbursement of Expenses by the company:61.75	Advances given:62.02 Software Development Service Income:19214.06 Software Development Expenses/(recoveries):904.69 Reimbursement of Expenses by the company:969.5 Reimbursement of Expenses by the company:572.09	Advances given:5.96 Software Development Service Income:815.83 Software Development Expenses/(recoveries):118.07 Reimbursement of Expenses by the company:36.91 Reimbursement of Expenses to the company:20.83	Advances Given:12.59 Software Development Service Income:5474.13 Software Development Expenses/(recoveries):1253.2 Reimbursement of Expenses by the company:271.48 Reimbursement of Expenses to the company:35.88	Advances Given:13.09 Reimbursement of Expenses by the company:149.7 Reimbursement of Expenses to the company:176.17

NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP	Intellect Design Arena Inc, USA ('Intellect Inc. – SEEC US')	SEEC Technologies Asia Private Limited, India ('Seec Asia')	Laser Soft Infosystems Limited, India ('Laser Soft')	Indigo TX Software Pvt Ltd, India ('Indigo TX')	Intellect Design Arena Co. Ltd, Vietnam ('Intellect Vietnam')
Nature of contracts / arrangements / transactions	Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company	Advances given Reimbursement of Expenses by the company	Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses to the company	Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses to the company	Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company
Duration of the contracts / arrangements / transactions	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract
Salient terms of the contracts or arrangements or transactions including the value, if any	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018
Date of approval by the Board, if any	06.05.2018	06.05.2018	06.05.2018	06.05.2018	06.05.2018

<b>Amount paid as advances, if any</b>	Software Development Service Income:1451.94 Software Development Expenses/(recoveries):47.35 Reimbursement of Expenses by the company:3787.78	Advances given:12.58 Reimbursement of Expenses by the company:2030.13	Software Development Expenses/(recoveries):2014.5 Reimbursement of Expenses by the company:799.2 Reimbursement of Expenses to the company:203.77	Software Development Expenses/(recoveries):197.95 Reimbursement of Expenses by the company:11.46 Reimbursement of Expenses to the company:27.88	Software Development Service Income:2131.01 Software Development Expenses/(recoveries):163 Reimbursement of Expenses by the company:0.8
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<b>NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP</b>	NMS Works Software Private Limited, India ('NMS')	Adrenalin eSystems Limited, India ('Adrenalin eSystems')	SFL Properties Private Ltd, India ('SFL Properties')	Intellect Design Arena Philippines Inc.('Intellect Philippines')	Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
<b>Nature of contracts / arrangements / transactions</b>	Interest income from Investment	Reimbursement of Expenses to the company	Reimbursement of Expenses to the company	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses by the company	Software Development Service Income
<b>Duration of the contracts / arrangements / transactions</b>	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract
<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018
<b>Date of approval by the Board, if any</b>	06.05.2018	06.05.2018	06.05.2018	06.05.2018	06.05.2018
<b>Amount paid as advances, if any</b>	Interest income from Investment:15.88	Reimbursement of Expenses by the company:-494.85	Reimbursement of Expenses to the company:0.7	Advances Given:5.34 Software Development Service Income:809.25 Software Development Expenses/(recoveries):246.58 Reimbursement of Expenses by the company:55.3 Reimbursement of Expenses by the company:5.5	Software Development Service Income:3.27

<b>NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP</b>	Intellect Design Arena, PT Indonesia ('Intellect Indonesia')	Intellect Design Arena Inc.('Intellect Canada')	Intellect Design Arena Limited.('Intellect Thailand')	Intellect Design Arena,SDN BHD.('Intellect Malaysia')	Intellect Design Arena Pty Ltd.('Intellect Australia')
<b>Nature of contracts / arrangements / transactions</b>	Advances Given Software Development Service Income	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses by the company	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company Reimbursement of Expenses by the company	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company	Advances Given Software Development Service Income Software Development Expenses/(recoveries) Reimbursement of Expenses by the company

<b>Duration of the contracts / arrangements / transactions</b>	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract
<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018
<b>Date of approval by the Board, if any</b>	06.05.2018	06.05.2018	06.05.2018	06.05.2018	06.05.2018
<b>Amount paid as advances, if any</b>	Advances Given:5.41 Software Development Service Income:659.65	Advances Given:30.92 Software Development Service Income:2704.25 Software Development Expenses/(recoveries):1268.96 Reimbursement of Expenses by the company:318.53 Reimbursement of Expenses by the company:1.1	Advances Given:1.45 Software Development Service Income:1883.43 Software Development Expenses/(recoveries):(125.37) Reimbursement of Expenses by the company:37.83 Reimbursement of Expenses by the company:48.38	Advances Given:11.01 Software Development Service Income:408.04 Software Development Expenses/(recoveries):156 Reimbursement of Expenses by the company:35.84	Advances Given:0.53 Software Development Service Income:375.54 Software Development Expenses/(recoveries):(194.47) Reimbursement of Expenses by the company:178.13

<b>NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP</b>	Intellect Payments Limited ('Intellect Payments')	Intellect India Limited ('Intellect India')	Intellect Design Arena Limited ('Intellect Kenya')	Polaris Banyan Holding Private Limited
<b>Nature of contracts / arrangements / transactions</b>	Software Development Expenses/(recoveries) Reimbursement of Expenses to the company	Reimbursement of Expenses by the company Reimbursement of Expenses to the company	Equity Investment	Interest on Loan
<b>Duration of the contracts / arrangements / transactions</b>	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract	The Contract will continue till any party terminate the contract
<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018	The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 06.05.2018
<b>Date of approval by the Board, if any</b>	06.05.2018	06.05.2018	06.05.2018	06.05.2018
<b>Amount paid as advances, if any</b>	Software Development Expenses/(recoveries) Reimbursement of Expenses to the company 2.61	Reimbursement of Expenses by the company:0.7 Reimbursement of Expenses to the company:1.06	Equity Investment :131.98	Interest on Loan 469.01

## ANNEXURE 6

### SECRETARIAL AUDIT REPORT

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

To,  
The Members,  
**Intellect Design Arena Limited**  
No. 244, Anna Salai,  
Chennai – 600006.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Intellect Design Arena Limited (hereinafter called the Company). Secretarial 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, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) SEBI (Share Based Employee Benefits) Regulations, 2014.
  - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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 Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to our observations elsewhere in this report.

6. We further report that, after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company:
  - (a) The Foreign Trade (Development and Regulation) Act, 1992, and the policies framed thereunder.
  - (b) Information Technology Act, 2000.
  - (c) SEZ Act, 2005

#### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review Mr. Venkataratnam Balaraman and Mrs. Aruna Krishnamurthy Rao were re-appointed as Independent Directors on the Board of the Company and Mr. Arun Jain was re-appointed as Managing Director on the Board of the Company.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent / tabled at the meeting.

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

Based on the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company 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 including general laws, labour laws, competition law, environmental laws

We further report that during the audit period the following were the events or actions having a major bearing on the Company's affairs:

1. The shareholders in its annual general meeting held on 21st August 2017 approved to borrow monies in excess of paid up capital and free reserves upto a limit of Rs. 500 crores.
2. The Company has on exercise of ESOPs, allotted 64,552 shares to NRI/Foreign Nationals and the Company has filed the necessary forms with the RBI on 19th April 2018.
3. The Company has allotted equity shares pursuant to Rights issue on 19th August 2017. With respect to allotment made to NRI/Foreign Nationals, the Company is in the process of intimating RBI in respect of the monies received and file form FC-GPR with respect to the allotment.

Place: Chennai

Date: 06.05.2018

for   
Company Secretaries

**S ESHWAR**

FCS. No. 6097, C.P. NO. 5280

To,  
The Members,  
**Intellect Design Arena Limited**  
No. 244, Anna Salai,  
Chennai – 600006.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: 06.05.2018

for   
Company Secretaries

**S ESHWAR**

FCS. No. 6097, C.P. NO. 5280



**Annexure 7****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L72900TN2011PLC080183
2.	Registration Date	18.04.2011
3.	Name of the Company	Intellect Design Arena Limited
4.	Category/Sub-category of the Company	Public Limited Company Limited by shares and Non-Government Company
5.	Address of the Registered office & contact details	244 Anna Salai, Chennai-600 006 Phone :- 044 – 3987 4000
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Ltd Plot no. 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph : 040 - 6716 1529

Table No. 1.11

**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 Development and Implementation	62013	100%

Table No. 1.12

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

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Intellect Design Arena Pte Ltd., Singapore No. 10 UBI Crescent, #04-48 Lobby C UBI Tech Park, Singapore 408564	199701040R	Subsidiary	100%	2 (87)(ii)
2	Intellect Design Arena Limited., United Kingdom Level 35, 25 Canada Square, London, E14 5Lq, United Kingdom	3574904	Subsidiary	100%	2 (87)(ii)
3	Intellect Commerce Limited (formerly known as Polaris Enterprise Solutions Limited) No. 244 Anna Salai, Chennai – 600 006	U30006TN1998PLC041456	Subsidiary	100%	2 (87)(ii)
4	Laser Soft Infosystems Limited No. 244 Anna Salai, Chennai – 600 006	U72200TN2000PLC044182	Subsidiary	100%	2 (87)(ii)
5	Intellect Design Arena Co. Ltd, Vietnam M Level, HSC Tower, 162B Dien Bien Phu Street, Ward 6, District 3, HCMC	411043001297	Subsidiary	100%	2 (87)(ii)
6	SFL Properties Private Ltd No. 244 Anna Salai, Chennai – 600 006	U70101TN2006PTC059938	Subsidiary	100%	2 (87)(ii)
7	Indigo TX Software Pvt Ltd No.244 Anna Salai, Chennai – 600 006	U72200TN2004PTC054445	Subsidiary	100%	2 (87)(ii)

8	Intellect Design Arena FZ LLC, Dubai Building No. 14, Office 118-120, Dubai Internet City, Dubai, UAE	20228	Subsidiary	100%	2 (87)(ii)
9	Intellect Design Arena Philippines, INC * LKG Tower, 37th Floor, 6801 Ayala Avenue, Makati City 1226, Philippines	CS201110259	Subsidiary	100%	2 (87)(ii)
10	Sonali Polaris FT Ltd, Bangladesh 35, Kemal Ataturk Avenue, 7th Floor, Abedin Tower, Banani C/A Dhaka – 1213, Bangladesh		Subsidiary	51%	2 (87)(ii)
11	Intellect Design Arena SA, Switzerland Avenue de la Gare 49, Case Postale, 2067, CH 2001, Neuchatel, Switzerland	CH-645-1009822-6 & (IDE/UID). CHE 105.625.426	Subsidiary	100%	2 (87)(ii)
12	PT Intellect Design Arena, Indonesia* Menara BCA 50th Fl, Jl MH. Thamrin No.1, Jakarta 10310 Indonesia	09.05.1.62.85075	Subsidiary	100%	2 (87)(ii)
13	FT Grid Pte Ltd, Singapore* 10 UBI Crescent, #04-48 UBI Tech Park, Singapore 408564	201110574K	Subsidiary	100%	2 (87)(ii)
14	Intellect Design Arena Ltda, Chile ** Calle Monsenor Sotero SanZ N° 161, Piso 8, Providencia, Santiago, Chile	76.639.860-k	Subsidiary	100%	2 (87)(ii)
15	Intellect Design Arena Inc., USA* 2730 Sidney Street, Suite 200, Pittsburgh, PA 15203	55-0686906	Subsidiary	100%	2 (87)(ii)
16	NMSWorks Software Private Limited C3,6TH FLOOR, IIT MADRAS RESEARCH PARK TARAMANI CHENNAI TN 600113	U64202TN2001PTC046928	Associate	Preference Shares : 63.40% Equity Shares: 36.54%	2 (6)
17	Adrenalin eSystems Limited NO.244, CAREX CENTRE,ANNA SALAI, CHENNAI-6.	U72200TN2002PLC048860	Associate	44.54%	2(6)
18	Intellect Payments Limited No. 244 Anna Salai, Chennai – 600 006	U72900TN2015PLC102491	Subsidiary	100%	2 (87)(ii)
19	Intellect India Limited No. 244 Anna Salai, Chennai – 600 006	U72300TN2016PLC103532	Subsidiary	100%	2 (87) (ii)
20	SEEC Technologies Asia Private Limited *** Plot No.6, APIIC Software Units Layout Hi-Tec City, Madhapur Hyderabad Kurnool TG 500081	U72200TG1998PTC029093	Subsidiary	100%	2 (87) (ii)
21	Intellect Design Arena SDN BHD Malaysia* Suite 1007, 10th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur.	1152795 W	Subsidiary	100%	2 (87)(ii)
22	Intellect Design Arena Inc, Canada** 130 King Street West Suite 1800 Toronto, ON M5X 1E3	920513-6	Subsidiary	100%	2 (87)(ii)
23	Intellect Design Arena Limited, Thailand* Level 33 Interchange21, 399 Sukhumvit Road, North Klongtoey, Wattana, Bangkok, 10110 Thailand	0105555108078	Subsidiary	100%	2 (87)(ii)
24	Intellect Design Arena PtyLtd. – Australia* Level 12, 31 Market Street Sydney, NSW 2000	608 978 043	Subsidiary	100%	2 (87)(ii)
25	Intellect Polaris Design LLC No.20, Corporate Place - South, Piscataway, New Jersey, 08854, USA		Associate	45%	2 (6)
26	Intellect Design Arena Limited, Kenya #1, 10th Floor, Tower 3, 'The Mirage' Waiyaki Way, Westlands Nairobi, Kenya	PVT/2016/011057	Subsidiary	100%	2 (87) (ii)

Table No. 1.13

\* Subsidiaries of Singapore

\*\* Subsidiaries of UK

\*\*\* Subsidiaries of Intellect US

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

## I) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual / HUF	55,98,365	0	55,98,365	5.50	72,04,484	0	72,04,484	5.74	0.24
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0	0
(c)	Bodies Corporate	2,42,91,508	0	2,42,91,508	23.88	3,17,61,000	0	3,17,61,000	25.30	1.42
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0	0
(e)	Others (specify)	0	0	0	0.00	0	0	0	0	0
	Sub-Total A(1) :	2,98,89,873	0	2,98,89,873	29.38	3,89,65,484	0	3,89,65,484	31.04	1.66
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0	0
(b)	Others - Individuals									
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0	0
(d)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0	0
(e)	Others (specify)	0	0	0	0.00	0	0	0	0	0
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0	0
	Total A=A(1)+A(2)	2,98,89,873	0	2,98,89,873	29.38	3,89,65,484	0	3,89,65,484	31.04	1.66
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds	68,39,521	0	68,39,521	6.72	1,03,88,766	0	1,03,88,766	8.28	1.55
(b)	Financial Institutions /Banks	7,14,788	0	7,14,788	0.70	4,45,912	0	4,45,912	0.36	-0.35
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0	0
(f)	Foreign Institutional Investors	1,12,88,710	150	1,12,88,860	11.10	1,96,61,999	150	1,96,62,149	15.66	4.57
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0	0
(i)	Others (specify)	0	0	0	0.00	0	0	0	0	0
	Sub-Total B(1) :	1,88,43,019	150	1,88,43,169	18.52	3,04,96,677	150	3,04,96,827	24.29	5.77
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	87,94,187	550	87,94,737	8.64	52,54,517	584	52,55,101	4.19	-4.46
(b)	Individuals									
(i)	Individuals holding nominal share capital upto Rs.1 lakh	2,66,02,156	1,79,838	2,67,81,994	26.33	2,47,03,649	1,76,313	2,48,79,962	4.19	-4.46
(ii)	Individuals holding nominal share capital in excess of Rs.1 lakh	1,49,94,452	0	1,49,94,452	14.74	2,25,88,652	0	2,25,88,652	17.99	3.26
(c)	Others (specify)									
	CLEARING MEMBERS	3,11,605	0	3,11,605	0.31	2,17,012	0	2,17,012	0.17	-0.13
	NON RESIDENT INDIANS	11,80,081	4,850	11,84,931	1.16	10,19,496	4,850	10,24,346	0.82	-0.35
	NRI Non Repatriable	5,23,790	0	5,23,790	0.51	7,31,911	0	7,31,911	0.58	0.07
	OVERSEAS CORPORATE BODIES	250	50	300	0.00	250	50	300	0	0
	TRUSTS	97,248	0	97,248	0.10	86,048	0	86,048	0.07	-0.03
	TRUSTS	2,91,673	20,100	3,11,773	0.31	12,58,273	25,168	12,83,441	1.02	0.72
	Sub-Total B(2) :	5,27,95,442	2,05,388	5,30,00,830	52.10	5,58,59,808	2,06,965	5,60,66,773	44.66	-7.43
	Total B=B(1)+B(2) :	7,16,38,461	2,05,538	7,18,43,999	70.62	8,63,56,485	2,07,115	8,65,63,600	68.96	-1.66
(C)	Shares held by custodians of GDRs and ADRs	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A+B+C) :	10,15,28,334	2,05,538	10,17,33,872	100.00	12,53,21,969	2,07,115	12,55,29,084	100	0

Table No. 1.14

**II). Shareholding of Promoter-**

Sl.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	POLARIS BANYAN HOLDING PRIVATE LIMITED	2,42,91,508	23.88	0	3,17,61,000	25.03	0	1.42
2	ARUN JAIN	48,09,365	4.73	0	61,89,126	4.93	0	0.20
3	ARUN JAIN (HUF)	7,89,000	0.78	0	10,15,358	0.81	0	0.03

Table No. 1.15

**III) Change in Promoters' Shareholding (please specify, if there is no change) (details of persons who are promoters at the end of the financial year 31st March 2018)**

Sr. No.	Particulars	Shareholding at the beginning of the year (April 01, 2017)		Date	Reason	Increase/ Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of Shares	% total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year (April 01, 2017)	2,98,89,873	29.38					3,89,65,547	31.04
	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):								
1	POLARIS BANYAN HOLDING PRIVATE LIMITED	2,42,91,508		01.09.2017	Purchase	69,69,007		3,17,61,000	25.30
				15.09.2017	Purchase	5,00,485			
2	Arun Jain	48,09,365		01.09.2017	Purchase	13,79,761		61,89,126	4.93
3	Arun Jain(HUF)	7,89,000		01.09.2017	Purchase	2,26,358		10,15,358	0.81
	At the End of the year (March 31, 2018)	3,89,65,484	31.04						

Table No. 1.16

**IV) Shareholding Pattern of top ten Shareholders as on 31.03.2018: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	Name of the Share Holder	No. of shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative shareholding during the year	
							No. of shares	% of total shares of the Company
1	Reliance Capital Trustee Co Ltd A/C- Reliance REGUL	64,18,388	6.31	01.04.2017				
				07.04.2017	2,11,930	Purchase	66,30,318	6.52
				28.04.2017	1,83,697	Purchase	68,14,015	6.69
				01.09.2017	15,48,636	Purchase	83,62,651	6.69
				29.09.2017	1,00,000	Purchase	84,62,651	6.77
				06.10.2017	2,39,630	Purchase	87,02,281	6.96
		87,02,281	6.93	31.03.2018	-	-	-	0.62
2	GHI LTP LTD	25,71,608	2.53	01.04.2017				
				16.06.2017	1,30,000	Purchase	27,01,608	2.65
				23.06.2017	30,000	Purchase	27,31,608	2.68
				30.06.2017	49,931	Purchase	27,81,539	2.73
				07.07.2016	1,20,665	Purchase	29,02,204	2.85
				01.09.2017	8,32,616	Purchase	37,34,820	2.99
		37,34,820	2.98	31.03.2018				0.45
3	India Acorn Fund Ltd	0	0	01.04.2017	8,34,564	Purchase	8,34,564	
				22.12.2017	5,10,662	Purchase	13,45,226	0.67

Sl. No	Name of the Share Holder	No. of shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative shareholding during the year	
							No. of shares	% of total shares of the Company
				29.12.2017	1,75,000	Purchase	15,20,226	1.08
				05.01.2018	80,665	Purchase	16,00,891	1.22
				12.01.2018	3,10,032	Purchase	19,10,923	1.28
				19.01.2018	3,19,992	Purchase	22,30,915	1.53
				02.02.2018	-1,02,617	Sale	21,28,298	1.78
				23.03.2018				1.70
		21,28,298	1.70	31.03.2018				1.70
4	Yogesh Andlay	20,77,447	2.04	01.04.2017				
				01.09.2017	4,75,000	Purchase	25,52,447	2.04
				19.01.2018	2,400	Purchase	25,54,847	2.04
		25,54,847	2.04	31.03.2018				0.00
5	Mukul Mahavirprasad Agarwal	0	0.00	01.04.2017				
				11.08.2017	10,00,000	Purchase	10,00,000	0.98
				13.10.2017	9,30,335	Purchase	19,30,335	1.54
				05.01.2017	19,665	Purchase	19,50,000	1.56
				12.01.2017	5,000	Purchase	20,00,000	1.60
		19,92,215	1.59	31.03.2018				1.59
6	Atyant Capital India Fund I	19,92,215	1.96	01.04.2017				
				28.04.2017	1,00,000	Purchase	20,92,215	2.06
				23.06.2017	1,73,367	Purchase	22,65,582	2.23
				30.06.2017	80,000	Purchase	23,45,582	2.30
				07.07.2017	66,957	Purchase	24,12,539	2.37
				01.09.2017	6,92,136	Purchase	31,04,675	2.49
		31,04,675	2.47	31.03.2018				1.02
7	White Oak India Equity Fund	0	0	01.04.2017				
				22.12.2017	2,73,000	Purchase	2,73,000	0.22
				29.12.2017	1,53,206	Purchase	4,26,206	0.34
				12.01.2018	1,76,125	Purchase	6,02,331	0.48
				19.01.2018	3,22,060	Purchase	9,24,391	0.74
				02.02.2018	1,64,518	Purchase	10,88,909	0.87
				09.02.2018	20	Purchase	10,88,929	0.87
				02.03.2018	1,80,528	Purchase	12,69,457	1.01
				09.03.2018	1,07,115	Purchase	13,76,572	1.10
				23.03.2018	3,09,913	Purchase	16,86,485	1.34
		16,86,485	1.34	31.03.2018				1.34
		15,00,000	1.47	01.04.2017				
8	Param Capital Research Pvt. Ltd			07.04.2017	(9,00,000)	Sale	6,00,000	0.59
				30.06.2017	9,00,000	Purchase	15,00,000	1.47
				07.07.2017	(6,00,000)	Sale	9,00,000	0.88
				14.07.2017	6,00,000	Purchase	15,00,000	1.47
				28.07.2017	(9,00,000)	Sale	6,00,000	0.59
				04.08.2017	(6,00,000)	Sale	0	0.00
				01.09.2017	4,30,335	Purchase	4,30,335	0.34
				29.09.2017	(4,30,335)	Sale	0	0.00
		0	0	31.03.2018				0.00
9	Manju Jain	12,80,460	1.26	01.04.2017				
				01.09.2017	3,67,351	Purchase	16,47,811	1.32
				15.12.2017	(10,000)	Sale	16,37,811	1.31
		16,37,811	1.30	31.03.2018				1.30
10	Vanberbilt University A/c Vanderbilt University	12,52,842	1.23	01.04.2017			-	
				28.04.2017	1,00,000	Purchase	13,52,842	1.33
				01.09.2017	3,88,119	Purchase	17,40,961	1.39
		17,40,961	1.39	31.03.2018				1.39

Table No. 1.17

## V) Shareholding of Directors and Key Managerial Personnel:

Name of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year April 01, 2017		Changes during the year – Purchase / (Sales) (2017-18)		Cumulative Shareholding of the year (2017-18)		Shareholding at the end of the year March 31, 2018	
	No. of Shares	% of total shares of the company	No. of Shares	Date of Change	No. of Shares	% of total Shares of the company	No. of Shares	% of total shares of the company
Mr. V. Balaraman Independent Director	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Ms. Aruna Krishnamurthy Rao Independent Director	6,860	0.01	NIL	NIL	6,860	0.01	6,860	0.01
Mr. Arun Shekhar Aran Independent Director	4,74,560	0.47	1,07,853	01.09.2017	5,82,413	0.47	5,82,413	0.47
Mr. Arun Jain Managing Director	48,09,365	4.73	13,79,761	01.09.2017	61,89,126	4.95	61,89,126	4.95
Mr. Anil Kumar Verma Executive Director	47,000	0.05	8,033	01.09.2017	55,033	0.05	55,033	0.05
Mr. Subramaniam Swaminathan Chief Financial Officer	59,500	0.06	15,000 1,15,000	22.09.2017 23.03.2018	1,26,500	0.10	1,26,500	0.10
Mr. V.V.Naresh Company Secretary	750	0.00	1,520 1,500 750	05.01.2018 09.03.2018 23.03.2018	3,770	0.00	3,770	0.00

Table No. 1.18

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

In Rs. Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,696.24	5,540.00	-	23,236.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due			-	
Total (i+ii+iii)	17,696.24	5,540.00	-	23,236.24
Change in Indebtedness during the financial year				
* Addition	7,027.35	-	-	7,027.35
* Reduction	-12,824.88	-1,720.22	-	14,545.10
Net Change	-5,797.53	1,702.22	-	-7,517.75
Indebtedness at the end of the financial year				
i) Principal Amount	12,057.15	3,819.78	-	15,876.93
ii) Interest due but not paid	59.69	-	-	59.69
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	12,116.84	3,819.78	-	15,936.62

Table No. 1.19

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. In Lacs except share and stock option data)

Sl.No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total
		Arun Jain Chairman and Managing Director*	Anil Kumar Verma Executive Director	
1	Gross salary	--	181.68	181.68
	(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	--	--	--
2	Stock Option (in number)	--	2,05,000	2,05,000
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify...	--	--	--
5	Others, please specify	--	--	--
	Total (A)	--	181.68	181.68
	Ceiling as per the Act	The remuneration paid to Mr. Anil Kumar Verma is within the ceiling as specified under Schedule V of the Companies Act, 2013.		

Table No. 1.20

\* No Compensation is paid to the Chairman &amp; Managing Director

**B. Remuneration to other directors**

Sl.No.	Particulars of Remuneration	Name of Directors			
		Aruna Rao	Arun Shekhar Aran	V Balaraman	Total Amount
1	Independent Directors				
	Fee for attending board committee meetings	-	10,20,000	11,10,000	21,30,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	-	10,20,000	11,10,000	21,30,000
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	10,20,000	11,10,000	21,30,000
	Total Managerial Remuneration	-	10,20,000	11,10,000	21,30,000
	Overall Ceiling as per the Act**				

Table No. 1.21

\*\* Ceiling : It is in accordance with the ceiling as specified under Section 197(1) of the Companies Act, 2013

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		S. Swaminathan Chief Financial Officer	V.V. Naresh Company Secretary	Total
1	Gross salary (a+b+c)	3,06,51,036	33,62,156	3,40,13,192
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,25,22,819	26,25,341	1,51,48,160
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,81,28,217	7,36,815	1,88,65,032
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option (in number)	99,500	19,400	1,18,900
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	3,06,51,036	33,62,156	3,40,13,192

Table No. 1.22

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties or punishments levied on the Company during the year. Also, there was no necessity for the Company to compound any offence.

By Order of the Board  
For **Intellect Design Arena Limited**

Place: Chennai  
Date : May 06, 2018

**Arun Jain**  
Chairman and Managing Director  
DIN: 00580919

**Annexure 8**  
**ANNUAL REPORT ON CSR ACTIVITIES**

Particulars	Remarks
Date of Formation of CSR Committee	15/10/2014
Composition of Committee	<b>Chairman:</b> Mr.Anil Kumar Verma, Director <b>Members:</b> Mr.Arun Jain, Managing Director, Ms.Aruna Rao, Director, Mr.V.Balaraman, Director
CSR Activity	<p>The Company is undertaking its CSR activity through Ullas Trust which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013. The CSR Policy is available on the mentioned weblink <a href="https://www.intellectdesign.com/investor/corporate-governance.asp">https://www.intellectdesign.com/investor/corporate-governance.asp</a></p> <p>Ullas Trust objective is to recognize and promote academic excellence for the lesser privileged</p>

Total amount to be spent for the financial year:

Particulars	Amount (Rs in lakhs)
Avg.net profit of three years	100.71
2% of Avg. net profits -Sec 135	2.01

**Table No. 1.23**

Details of CSR spent during the financial year:

Date of payment	Amount (Rs.in lakhs)
13-09-2017	100
19-02-2018	100
<b>Total</b>	<b>200</b>

Amount unspent – Nil



Manner in which the amount spent during the financial year is detailed below :-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl.No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
1	The Company is undertaking its CSR activity through Ullas Trust* which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013.	Promotion of Education	Ullas Trust	2% of License Revenue for the Financial year 2016-17 as approved by the shareholders in the Annual General Meeting held on July 21, 2016	200 Lakhs	200 Lakhs	200 Lakhs
	<b>TOTAL</b>			<b>225 Lakhs</b>	<b>200 Lakhs</b>	<b>200 Lakhs</b>	<b>200 Lakhs</b>

- In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report – Not Applicable
- A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company – Not Applicable

**CSR committee Responsibility statement:**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

By Order of the Board  
For **Intellect Design Arena Limited**

Place: Chennai  
Date : May 06, 2018

**Arun Jain**  
Chairman and Managing Director  
DIN: 00580919

## **REPORT ON CORPORATE GOVERNANCE**

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## Report on Corporate Governance

### 1. Company's Philosophy

Intellect focuses on Corporate Governance as a key driver of sustainable corporate growth and a powerful medium to achieve the company's goal of maximizing value for all its stakeholders. A sound corporate governance strengthens investors' trust and enables the company to fulfill its commitment towards the customers, employees and the society in general. Intellect believes that the primary objective is to create and adhere to a corporate culture of conscience and consciousness, empowerment, accountability and independent monitoring. The company's philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

### 2. Board of Directors

The Board of Directors of the Company possesses highest personal and professional ethics, integrity and values, and provide leadership, strategic guidance and objective judgement on the affairs of the company. The Board is fully aware of its fiduciary responsibilities and is committed to represent the long-term interest of the Stakeholders. The Board adopted the principles of corporate governance and remains informed, participative, and independent to implement its broad policies and guidelines and has set up adequate review procedures.

#### • Composition of the Board of Directors as on March 31st, 2018

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of five members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management. The day-to-day affairs of the company are managed by the Chairman and Managing Director under the supervision of the Board.

As a policy, the Company has an optimal combination of Executive, Non-executive and Independent Directors to maintain the independence of the Board.

#### • Boards' Composition

The Board consists of five members; comprising one Executive Director, one Managing Director and three non-executive independent Directors to maintain the independence of the Board and to separate its functions of governance and management, there is an appropriate mix of Executive, Non-Executive and Independent Directors.

#### Composition of the Board and directorships held as on 31st March 2018:

Name of the Director	Age	Directorship in Companies		Position held in Committees of the Intellect/ other Companies	
		As Chairperson	As Director	As Chairperson	As Member
Chairman and Managing Director					
Arun Jain	58	2	7	-	1
Executive Director					
Anil Kumar Verma	62	-	3	1	2
Independent					

Name of the Director	Age	Directorship in Companies		Position held in Committees of the Intellect/ other Companies	
		As Chairperson	As Director	As Chairperson	As Member
Directors					
Aruna Krishnamurthy Rao	59	-	1	-	4
V.Balaraman	71	-	5	7	5
ArunShekharAran	59	-	4	1	2

**Table No. 2.1**

Notes: None of the Directors are related other than Mr. Arun Jain and Mr. Anil Kumar Verma. Nature of relationship - Brother in law.

- (1) Directorship in Companies around the world (listed, unlisted and private limited companies), including Intellect Design Arena Limited and its subsidiaries
- (2) Details pertaining to Mandatory Committees have been specified
  - **During the financial year 2017-18, Board of Directors met 09 times on the following dates:**

02 <sup>nd</sup> May, 2017	21 <sup>st</sup> September, 2017
03 <sup>rd</sup> May, 2017	09 <sup>th</sup> November, 2017
06 <sup>th</sup> July, 2017	30 <sup>th</sup> January, 2018
11 <sup>th</sup> August, 2017	24 <sup>th</sup> March, 2018
19 <sup>th</sup> August, 2017	

**Table No. 2.2**

The maximum gap between two Board meetings was 81 days. (Between November 2017 to January 2018)

Board of Directors' attendance at the 06th Annual General Meeting held on August 21, 2017.

Sl. No.	Name	Director Identification Number (DIN)	Designation / Category	Attended
1.	Mr. Arun Jain	00580919	Managing Director	Y
2.	Mr. Venkataratnam Balaraman	00267829	Independent Director	Y
3.	Mr. Arun Shekhar Aran	00015335	Independent Director	Y
4.	Ms. Aruna Krishnamurthy Rao	06986715	Independent Director	Y
5.	Mr. Anil Kumar Verma	01957168	Whole Time Director	N

**Table No. 2.3**

Board of Directors' attendance for the Board & Committee Meetings held during the year 2017-18

[Y= Attended, N= Not attended, (\*) attended through Video Conference, (+) attended through Audio Conference; BM: Board Meeting, NRCC: Nomination and Remuneration & Compensation Committee Meeting, AC: Audit Committee Meeting, SRC: Stakeholders' Relationship Committee Meeting, CSR: Corporate Social Responsibility Committee, RC: Risk Management Committee Meeting and ID: Independent Directors' Meeting.

Note: Details about Non-mandatory Committees are given elsewhere in this report.

S No.	Name of the Director	02.05.2017		03.05.2017				06.07.2017				11.08.2017				19.08.2017	21.09.2017			09.11.2017				30.01.2018				24.03.2018			25.03.2018		
		BM	BM	AC	NRCC	SRC	RC	BM	AC	NRCC	BM	AC	NRCC	SRC	BM	BM	AC	BM	AC	NRCC	SRC	BM	AC	NRCC	SRC	BM	CSR	NRCC	RC	ID	RC		
1	Mr. Arun Jain	Y	Y	-	Y	-	Y	Y	-	Y	Y	-	Y	-	Y*	Y	-	Y*	-	Y*	-	Y	-	Y	-	Y	Y	Y	Y	-	Y		
2	Mr.Venkataratna Balaraman	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y*	Y*	Y	Y	Y	Y		
3	Mr. Arun Shekhar Aran	Y	Y	Y	Y	-	-	Y	Y	Y	Y	Y	Y	-	Y	Y	Y	Y	Y	Y	-	Y	Y	Y	-	Y	-	Y	Y	Y	Y		
4	Ms. Aruna Krishnamurthy Rao	Y	N	N	N	N	-	N	N	N	N	N	N	N	Y	Y	Y	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y	Y	Y	-	Y	-		
5	Mr. Anil Kumar Verma	Y	Y	Y	-	Y	-	Y*	Y*	-	Y*	Y*	-	Y*	Y*	Y+	Y+	Y*	Y*	-	Y*	Y*	Y*	-	Y*	Y	Y	-	-	-	-		

**Table No. 2.4**

**Profile of the Directors of the Company are given below:**

**Arun Jain, Chairman and Managing Director**

Arun Jain is the Chairman and Managing Director of Intellect Design Arena Limited. Intellect is a specialist in applying true Digital Technologies, the world's first full spectrum Banking and Insurance technology products company, across Global Consumer Banking (iGCB), Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets (iRTM) and Insurance (Intellect SEEC). With revenues of USD 169 Mn and employee base of around 4000, Intellect powers over 200 leading Banks and Financial Institutions around the globe with its suite of Products.

Arun commenced his entrepreneurial journey by setting up Nucleus Software Workshop in 1986. In 1993, he founded Polaris Software Lab, which recorded a CAGR of nearly 200% during the seven year period 1993-2000. This path of deep domain expertise, vision and planning began in 1993, with just \$250 and a dream. His journey was guided by two strong beliefs - (1) ordinary people coming together to achieve extraordinary results, if the dreams are Big (2) the power of the organizational subconscious in realizing the vision. Intellect is his third venture, in pursuit of his vision to make India the IP Capital towards the next growth wave for the IT Industry. Arun's passion in creating a technology product power house from India made Intellect a reality.

Arun is passionate about Design Thinking as a science to create biggest impact on individual and organizational performance. He visualizes it as a platform for learning and applying, with a child like curiosity to ask questions, forming the foundation of the practice of Design Thinking. An avid practitioner, Arun also evangelizes Design Thinking through public workshops. FinTech 8012, the World's first Design Center dedicated to Financial Technology is a testimony of his commitment to Design Thinking. He architected the creation of this Center from Concept to Execution.

Confederation of Indian Industry (CII) has conferred the Lifetime Achievement Award to Arun at the India's premier ICT Event, Connect 2016. He has received multiple awards including 'INDO ASEAN Business Initiative Award', 'ICICI Venture - CII Connect Entrepreneur Award', 'Visionary of India 2014-15', amongst others in recognition of his contribution to the Industry and the Society. His contribution was recognized by the Times Group, with an award and a feature in a book titled 'Pathfinders' that lauds the achievements of extraordinary personalities in the IT & ITES industry.

He holds / has held positions in CII, MMA, STPI, National Institute of Electronics and Information Technology (NIELIT) and the Indo American Chamber of Commerce. He has been the Chairman of CII BANKING TECH Summit from 2014-2016, for three consecutive years.

A social engineer by nature, Arun has been working towards creating a better community. Ullas Trust, founded in 1997, with the purpose of igniting young minds and guiding them to realizing their dreams, has since reached out to over 2,00,000 children from the economically challenged sections of Government, Municipal and Aided Schools. This brainchild of Arun provides vital professional skills to adolescent children across the country nurturing the "Can do" spirit among the young minds.

Continuing his Social Connect initiatives, Arun has recently launched 'Project Samriddhi'. Samriddhi is dedicated to holistic human development in India, through the design and development of projects that are sustainable and capable of scale to positively impact the larger population. Through START-UP Nukkad, another unique initiative for Start-up Entrepreneurs, Arun conducts special workshops for them to understand their purpose and nurture and mentor their innovative thinking.

Arun holds a degree in Electrical Engineering from the Delhi College of Engineering.

**Mr. Anil Kumar Verma, Executive Director, Intellect Design Arena Limited**

Mr. Anil Kumar Verma is a key contributor to the strategic vision of the organization. A Bachelor of Electrical Engineering from IIT Delhi and post-graduate in instructional design from the University of Wollongong in Australia, Anil has rich and global professional experience of over 37 years in the industry.

Anil established and nurtured deep relationships for strengthening Intellect brand in Australia. Earlier, he was part of the core group that conceptualized and created FINDIT (Forum of Indian IT Companies in Australia) that later became NASSCOM Australia, an influential industry body that he led as founder President for several years. Living the spirit of deeper connect with the local community, Anil established long term relationship with the Western Sydney University in Australia where he was instrumental in creating graduate and post graduate course on software testing. He has contributed significantly in promoting collaboration between India and Australia in the field of ICT. In 1997 he was nominated for prestigious Australia Day award for his contribution to the Aboriginal community.

Anil has been associated with the Australian Computer Society, AIIA – FSG (Australian Information Industry Association – Financial Services Group) and Financial Services Institute of Australia (FINSIA) for a long time.

### **Ms. Aruna Krishnamurthy Rao, Executive Vice President & Group Chief Technology Officer (CTO) of Kotak Mahindra Group**

Ms. Aruna Krishnamurthy Rao is Chief Technology Officer for Kotak Mahindra Bank and group companies. She provides senior oversight on all strategic technology initiatives across the group companies and builds technology innovation, collaboration, and standardization, across the teams. Being passionate about excellence through technology, she has lead several initiatives, the most recent ones being leveraging Big data, AI, Natural Language Processing and Robotics to create digitally native Financial products and services.

Ms. Rao brings a global perspective to her role, having worked across international markets. Starting her career in Chevy Chase Savings and Loan, in the US and going on to Citicorp Software (COSL), where she was responsible for implementation of systems in Australia, Central and Eastern Europe. She joined Polaris as part of the merger of COSL/Orbitech with Polaris. During her 20 year career in Citicorp Software/Polaris, she was Group Head of Corporate Banking Technology, where she built the business including Cash Management, Trade Finance and Treasury systems.

Ms. Rao contributes to several industry forums, serving on the advisory panel for International Exhibition & Conference on Banking Technology, Equipment & Services, the CIO Choice technology Vendor recognition platform, and technology vendor customer advisory councils. She contributes to the Computer Society of India, Mumbai Chapter, annual conference and serves as jury for mentoring initiatives like the Next 100 CIOs.

Ms. Rao holds a BSc degree from St. Xaviers College, Ahmedabad, an MBA degree from Gujarat University and a Master's degree in Information Systems from the University of Maryland, USA.

### **Mr. V. Balaraman, Corporate Director/Consultant/Mentor**

Mr. V. Balaraman is a Chemical Engineer from the University of Madras and holds a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad. He was the MD and CEO of Pond's India Ltd between 1991 and 1998 and was Director - Exports in Hindustan Lever Limited between 1998 and 2002.

He is a Director on the Boards of Mahindra World City Developers Limited, Parry Enterprises India Limited, India Nippon Electricals Limited and DELPHI-TVS Diesel Systems Limited.

Outside the corporate world, Mr. V. Balaraman also served as the President of the Madras Chamber of Commerce and Industry, Madras Management Association, Indian Shoe Federation, Federation of Indian Export Organizations Southern Region and as Chairman of the Footwear Design and Development Institute.

Mr. V. Balaraman is passionate about Brand Marketing and Human Development and in pursuit of these interests, provides consultancy to companies besides coaching / mentoring business leaders. He is a speaker at Management seminars and business events.

### **Mr. ArunShekharAran**

Mr. Arun Shekhar Aran has had technical education at IIT Delhi, completing a B Tech degree in Mechanical Engineering. Subsequently, he also spent two years at IIM Ahmedabad studying management through their flagship course PGDM specializing in Systems.

He started his working career at Asian Paints(I) Ltd, which was very much respected for the quality of its management talent at that point of time. He established a lot of path-breaking usages for computers at Asian Paints during his stint of seven years there. At Asian Paints, he rose to a middle management position in short span.

He moved out of this good going job in 1989, to join some of his friends in an entrepreneurial venture – Nucleus Software Workshop Pvt Ltd at

Chennai. He made major contribution to their development team and was instrumental in writing some of the new-age software solutions for their clients at that time.

In mid-1994, as a part of the group initiative, he moved to Mumbai. With a rich and varied experience since 1989 in the realm of Software Development for Complex Banking Applications, he set up a new team in the name of Nucsoft Ltd which also started working with clients in Banking, Insurance and Financial Services area.

### **3. Audit Committee**

Audit Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 03.02.2017. The Audit committee consist of 3 Non-Executive Independent Directors and 1 Whole Time Director. The Company Secretary acts as the Secretary to the Committee.

Members of the Audit Committee are as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Mr. Arun Shekhar Aran	Chairman	6	6
Ms. Aruna Krishnamurthy Rao	Member	6	3
Mr. V. Balaraman	Member	6	5
Mr. Anil Kumar Verma	Member	6	5

**Table No. 2.5**

The Audit Committee had met Six times during the year 2017-18.

### **Powers of the Committee**

- To investigate any activity within its terms of reference.
- To secure attendance of and seek information from any employee including representative of prime Shareholders (subject to internal approvals).
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Compliance with the accounting standards.

### **Role / Functions of the Committee**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly and Annual financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Review of information

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions, as defined by the Committee, submitted by the management;
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. the appointment, removal and terms of remuneration of the Chief Internal Auditor
- f. statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

#### 4. Nomination and Remuneration & Compensation Committee:

Nomination and Remuneration & Compensation Committee was constituted by the board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 03.02.2017. The Nomination and Remuneration & Compensation Committee consists of 3 Non-executive Independent Directors and one Managing Director.

The role of the committee shall, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. Whether to extend or continue the term of appointment of the Independent director, on the basis of the report of performance evaluation of Independent Directors.

The Chairman of the nomination and remuneration & compensation committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

The Nomination and Remuneration & Compensation Committee met 06 times during the year 2017-18.

Members of the Nomination and Remuneration & Compensation Committee are as follows:

Name	Designation	No. of meetings	
		Held	Attended
Mr. V.Balaraman	Chairman	6	6
Ms. Aruna Krishnamurthy Rao	Member	6	3
Mr. Arun Jain	Member	6	6
Mr. Arun Shekhar Aran	Member	6	6

**Table No. 2.6**

#### Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration & Compensation Committee decides the remuneration policy for Directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective Directors for the growth of the Company.

## Shares held, and Stock Options granted/exercised, and Cash Compensation paid to directors in fiscal year 2018

in Rs. Lacs except share and stock option data

Name of the Director	Fixed Salary				Bonus / incentives	Commission Payable	Sitting fees paid	Total	No. of equity shares held	Stock Options held	Stock Options exercised
	Basic Salary	Perquisites / Allowances	Retiral benefits	Total fixed salary							
Chairman and Managing Director											
Mr. Arun Jain	-	-	-	-	-	-	-	-	61,89,126	-	-
Executive Director											
Mr. Anil Kumar Verma*	128.82	-	-	128.82	52.86**	-	-	158.74	55,033	2,05,000	-
Non-Executive and Independent Director											
Ms. Aruna Krishnamurthy Rao	-	-	-	-	-	-	-	-	6,860	-	-
Mr. V. Balaraman	-	-	-	-	-	-	11.10	11.10	-	25,000	-
Mr. Arun Shekhar Aran	-	-	-	-	-	-	10.20	10.20	582,413		
No compensation is paid to the Chairman & Managing Director											
* In addition to the above mentioned fixed remuneration to Mr. Anil Kumar Verma, he has been paid variable pay of Rs.340.13 lakhs as a performance linked incentive and the criteria for measuring the performance is as per Company's internal policy. Further, he is reappointed for a period of 3 (three) years with effect from 01st February, 2018 subject to the approval of members at the ensuing annual general meeting. The Service Contract can be terminated earlier by either party by giving to the other party 3 (three) months notice of such termination or the company paying 3 (three) months remuneration in lieu of such Notice. The company is not liable to pay any severance fees to Mr. Anil Kumar Verma. The stock options are issued as per the ISOP 2015 and ISOP 2016 scheme and the same is accrued and exercisable as per the ESOP schemes, in tranches. i.e., 30.01.2016, 30.01.2017, 30.01.2018, 30.01.2019, 30.01.2020, 20.10.2019, 20.10.2020, 20.10.2021											
** Includes Variable Pay paid for the years 2014-15 (Two Months), 2015-16 and 2016-17											

Table No. 2.7

Notes: -

None of the Non-Executive Directors/Independent Directors have any pecuniary relationship or transactions with the Company for the year ended March 31, 2018.

Other than sitting fees Non-executive Directors are not paid any fees/remuneration/compensation. Hence there is no criteria for making payments to non-executive directors.

**Stock Options**

The Company has 5 Stock Option Schemes – ASOP 2003, ASOP 2004, ASOP 2011, ISOP 2015 and ISOP 2016.

ASOP 2003, ASOP 2004 and ASOP 2011 were inherited by the Company from the Demerged Company as part of Clause 8.2 of the Scheme of Arrangement-cum-Demerger approved by Hon'ble High Court of Judicature, Madras vide its order Dt.15/09/2014 and these schemes were approved by the members of the Company in its meeting held on 9th October 2014 and in-principle approval for the same were obtained from National Stock Exchange of India Limited vide letter Ref:NSE/LIST/14698 dt.16/02/2015 for ASOP 2003 Scheme, NSE/LIST/14696 dt.16/02/2015 for ASOP 2004 Scheme and NSE/LIST/14688 dt.16/02/2015 for ASOP 2011 Scheme and from BSE

Ltd vide letters Ref:DCS/IPO/CS/ESOP-IP/761/2014-15 dt.03/03/2015 for ASOP 2003, Ref:DCS/IPO/CS/ESOP-IP/723/2014-15 dt.19/02/2015 for ASOP 2004 and Ref:DCS/IPO/CS/ESOP-IP/721/2014-15 dt.19/02/2015 for ASOP 2011.

Further, in-principle approval for ISOP 2015 and ISOP 2016 schemes was obtained from National Stock Exchange of India Limited vide letter Ref: NSE/LIST/67844 dt. 31/03/2016, NSE/LIST/88195 dt 26/09/2016 and Bombay Stock Exchange vide letter Ref : DCS/IPO/ST/ESOP-IP/905/2016-17 dt. 05/04/2016, DCS/IPO/MD/ESOP-IP/1292/2016-17 dt 19/09/2016 respectively.

Details of stock options granted during the financial year 2017-18 under ASOP 2003, 2004, 2011, ISOP 2015 & ISOP 2016 Schemes are detailed as below: -

Sl. No.	Date of Grant	Option Price (Rs.)	ASOP 2003		ASOP 2004		ASOP 2011		ISOP 2015		ISOP 2016	
			No. of Associates	No. of Options	No. of Associates	No. of Options	No. of Associates	No. of Options	No. of associates	No. of Options	No. of associates	No. of Options
1	03/05/2017	106.76	--	--	--	--	--	--	28	4,40,000	--	--
2	07/09/2017	93.08	--	--	--	--	--	--	39	5,35,000	--	--
3	09/11/2017	129.83 & 122.61	--	--	--	--	--	--	18	1,20,000	50	4,20,000
4	30/01/2018	157.55 & 148.79	--	--	--	--	--	--	17	1,60,000	45	3,80,000
<b>TOTAL</b>			--	--	--	--	--	--	<b>102</b>	<b>12,55,000</b>	<b>95</b>	<b>8,00,000</b>

Table No. 2.8

\* Different Option Price is due to allotment under different Swarnam Schemes (Swarnam 101- ISOP 2015 and Swarnam 101- ISOP 2016).

The Employee Stock Option Plans (ASOP 2003, ASOP 2004, ASOP 2011, ISOP 2015 and ISOP 2016) are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and there has been no material changes to these plans during the Financial Year. The Company has also obtained a certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) and Intellect Stock Options Plan(s) are being implemented in accordance with the SEBI (Share based employee benefits) Regulations 2014 as applicable and in accordance with the resolution of the Members in the General Meeting. Disclosures on various Stock Option plans, details of options granted, shares allotted upon exercise, etc. as required under SEBI (Share Based Employee Benefits) Regulations, 2014 read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website <https://www.intellectdesign.com/investor/investor.asp>. No employee was issued stock option during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

## 5. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 03.02.2017. The Stakeholders' Relationship Committee consists of Executive and Non-executive Directors. It focuses on Shareholders' grievances and strengthening of investor relations. This Committee specifically looks into the redressal of shareholders complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc.

The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the company on a timely and regular basis, participating and voting in shareholders meetings, electing members of the Board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc.

The Stakeholders' Relationship Committee had met 4 times during the year 2017-18.

Members of the Stakeholders' Relationship Committee are as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Mr. V. Balaraman	Chairman	4	4
Ms. Aruna Krishnamurthy Rao	Member	4	2
Mr. Anil Kumar Verma	Member	4	4

**Table No. 2.9**

Mr. V.V. Naresh, Company Secretary is the Compliance Officer of the Company.

During the year, under ASOP 2003 Scheme the company has allotted 57,802 equity shares of Rs.5/- each to 22 Associates and under ASOP 2004 Scheme company has transferred 11,200 equity shares of Rs.5/- each to 03 Associates and under ASOP 2011 Scheme company has allotted 459,700 equity shares of Rs.5/- each to 90 Associates and under ISOP 2015 Scheme company has allotted 142,000 equity shares of Rs.5/- each to 58 Associates pursuant to exercise of options granted and company has allotted equity shares through rights issue as detailed hereunder: -

Sl. No.	Date of Allotment	ASOP 2003		ASOP 2004		ASOP 2011		ISOP 2015		Rights Issue	
		No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted/ Transferred	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Shareholders	No. of shares allotted
1	20.04.2017	2	702	-	-	7	61,250	2	1,300	9,007,437	23,135,710
2	09.09.2017	1	5,000	-	-	21	111,410	7	24,250		
3	19.08.2017	-	-	-	-	-	-	-	-		
4	21.12.2017	3	4,500	2	10,000	14	35,360	4	5,250	9,007,437	23,135,710
5	25.01.2018	8	19,600	-	-	21	70,720	18	31,800		
6	28.02.2018	8	28,000	1	1,200	13	23,210	20	42,400		
7	17.03.2018	--	--	-	-	14	157,750	7	37,000		
	<b>TOTAL</b>	<b>22</b>	<b>57,802</b>	<b>03</b>	<b>11,200</b>	<b>90</b>	<b>459,700</b>	<b>58</b>	<b>142,000</b>	<b>9,007,437</b>	<b>23,135,710</b>

**Table No. 2.10**

As a result of the above allotments, the paid-up equity share capital of the Company has increased from Rs.50,86,69,360 comprising of 10,17,33,872 equity shares of Rs. 5/- each as on 31st March, 2017 to Rs 627,645,420 comprising of 125,529,084 equity shares of Rs. 5/- each as on 31st March, 2018.



## 6. Risk Management Committee:

Risk Management Committee was constituted by the Board in the meeting held on 15.10.2014. Further the committee was reconstituted by the Board in the meeting held on 03.05.2017 and 30.01.2018 and the members of the Committee are as under:

The majority of the committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said committee and the chairman of the committee shall be a member of the Board of Directors.

The Risk Management Committee had met 2 times during the year 2017-18

Name	Designation	No. of Meetings	
		Held	Attended
Mr. Arun Jain	Chairman	2	2
Mr. V Balaraman	Member	2	2
Mr. Arun Shekhar Aran*	Member	1	1
Mr. T V Sinha	Member	2	2
Mr. S. Swaminathan	Member	2	-

**Table No. 2.11**

\* Risk Management Committee was reconstituted in the meeting held on 30.01.2018, adding Mr. Arun Shekhar Aran as a member to the committee

### Terms of Reference:

- Delegation of monitoring and reviewing of the Risk Management Policy
- Such other functions as it may deem fit

## 7. Corporate Social Responsibility Committee:

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs.500 crore or more, or turnover of Rs.1000 crore or more or Net Profit of Rs.5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board of Directors of the Company consisting of 3 or more directors, out of which at least 1 director shall be an independent director.

Accordingly, Corporate Social Responsibility Committee was constituted by the Board in its meeting held on 15.10.2014. Further; the committee was reconstituted by the Board on 03.02.2017. The committee consists of the following members:

The Corporate Social Responsibility Committee had met 1 time during the year 2017-18 the year 2017-18

Name	Designation	No. of Meetings	
		Held	Attended
Mr. Arun Jain	Chairman	1	1
Mr. V Balaraman	Member	1	1
Mr. Anil Kumar Verma	Member	1	-
Ms.ArunaKrsihnamurthy rao	Member	1	1

**Table No. 2.12**

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities referred to above;

- To monitor the Corporate Social Responsibility Policy of the company from time to time
- To ensure that the company spends, in every financial year, at least two per cent of the average net profits for CSR. If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.
- To eradicate extreme hunger and poverty
- To promote education
- To promote gender equality and empowering women
- To reduce child mortality and improving maternal health
- To combat human immunodeficiency virus, malaria and other diseases
- To ensure environmental sustainability, Employment, enhancing vocational skills
- To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

## 8. Details of the Sub-Committees constituted by the Board

### a. Share Transfer Committee

The Share Transfer Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 20.10.2016. The members of the Committee are :

Name	Designation
Mr. S. Swaminathan	Chief Financial Officer
Mr. Govind Singhal	President – Group Business Enablement Officer
Mr. V.V. Naresh	Vice President - Company Secretary & Compliance Officer

**Table No. 2.13**

The Share Transfer Committee is empowered to consider and approve the physical transfer, transmission and transposition etc. of the shares of the Company. The Committee met 9 times during the year 2017-18 on 04.08.2017, 10.10.2017, 20.10.2017, 01.11.2017, 04.12.2017, 23.01.2018, 07.02.2018, 22.02.2018, 12.03.2018.

The brief details on the business transacted are as follows.

Sl. No.	Details	No. of Cases	No. of Shares
1	Transfer of Shares	8	1622
2	Consolidation of Unclaimed Shares	0	0
3	Deletion of names	0	0
4	Rematerialisation requests	2	285
5	Transmission of names	0	0
6	Split of Shares	0	0
7	Duplicate share Certificate	1	300
Total		7	1,829

**Table No. 2.14**

## 9. Performance Evaluation of the Board of Directors:

A detailed note on performance evaluation of the Board of Directors of the company is provided in point no.(h) of Directors' Report.

Your Company has a well laid down on boarding programme for the Independent Directors. The Business Heads, CFO and Executive Director, make presentations on business model of the Company, the nature of industry and its dynamism, the roles, responsibilities and liabilities of Independent Directors etc. Further, business updates, legal updates and industry updates are made available to the Independent Directors, especially to the Audit Committee members on an ongoing basis, by internal teams, external consultants, law firms, statutory and internal auditors, on a quarterly basis. See more at <https://www.intellectdesign.com/investor/investor.asp>.

## 10. General Body Meetings of the Company

Particulars of the last three Annual General Meetings of the Company are as follows:

Financial year ended	Date and Time	Venue	Special Resolutions passed in AGM
31 <sup>st</sup> March 2015	28 <sup>th</sup> July, 2015 3.00 PM	Rani Seethai Hall, No. 603, First Floor, Anna Salai, Thousand Lights, Chennai – 600 006	a) Appointment of Mr. Anil Kumar Verma (DIN : 01957168) as an Executive Director b) Enhancement of investments of the Company in the Share Capital of Intellect Polaris Design LLC, USA
31 <sup>st</sup> March 2016	21 <sup>st</sup> July 2016 4.00 PM	The Music Academy, Mini Hall, New No:168, TTK Road, Royapettah, Chennai-600 014	a) Introduction of new ASOP Scheme namely "ISOP 2016" b) Approval of extension of the benefits and terms and conditions of Intellect Stock Option Plan 2016("ISOP 2016") to Subsidiary and Associate Companies c) To amend the Articles of Association subsequent to increase in Authorised Share Capital of the Company d) Approval of fund raising options for an amount not exceeding Rs.300 crores.
31 <sup>st</sup> March, 2017	21 <sup>st</sup> August, 2017 10:00 AM	The Music Academy, Mini Hall, New No:168, TTK Road, Royapettah, Chennai-600 014	a) Re-appointment of Mr. V. Balaraman as an Independent Director of the Company b) Re-appointment of Ms. Aruna Krishnamurthy Rao as an Independent Director of the Company c) Approval to borrow monies in excess of paid-up capital and free reserves

Table No. 2.15

## Extraordinary General Meeting and Postal Ballot of the Company held during the year 2017-18:

During the year under review National Company Law Tribunal (NCLT) Convened Meeting held on 18th January 2018 for the merger of Indigo Tx Software Private Limited and Laser Soft Infosystems Limited with Intellect Design Arena Limited. No special resolution passed in last year through postal ballot and none of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

## 11. Disclosures

### a. Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Details on materially significant related party transactions are shown in the Note No.33(b) & under Significant Policies and Notes to accounts to the standalone Balance Sheet and Profit & Loss Account.

### b. Statutory Compliance, Penalties & Strictures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years: - **One (1):** -

S.No	Regulatory Authority	Subject Matter
1	Competition Commission of India	Show Cause Notice under Section 43A of the Competition Act, 2002 read with Regulation 48 of the Competition Commission of India (General) Regulations, 2009.

### c. Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27 of Listing Regulations

The Company has complied with the all the mandatory requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Specifically, your Company confirms compliance with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including CEO/CFO certification. As required under Regulation 27, a certificate signed by CEO & CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report. Further, a certificate from the Statutory Auditors, certifying the compliance of Regulation 27 was adhered/adopted has also been provided elsewhere in this report.

#### (i) Nomination and Remuneration & Compensation Committee

The Company has constituted a Nomination and Remuneration & Compensation Committee consisting of Non-executive Directors and a whole time Director (Managing Director). A detailed note on Nomination and Remuneration & Compensation Committee is provided elsewhere in the report. The Chairman of the Committee is an Independent Director.

**(ii) Whistle Blower Policy**

The Company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, and violation of Code of Conduct of the Company etc.

The mechanism also provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2017-18, no employee has been denied access to the Audit Committee.

**(iii) Ombudsman**

Ombudsman is an Intellect initiative, to resolve workplace conflicts. It is a forum for associates and retirees to report, discuss and resolve workplace issues.

The office of the ombudsman promises complete confidentiality in all the matters discussed with him. Ombudsman also assures "No Reprisal" to the complainant who brings to light a problem or blows the whistle against someone. It works as an early warning system to the organization.

**(iv) Risk Management framework**

The Company continues to use the Risk Management framework adopted by the Board of Directors on 15th October 2014. The framework provides an integrated approach for managing the risks in various aspects of the business. A write-up on the above is provided in the management discussion and analysis report.

**(v) Insider Trading Policy**

As per the SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Insider Trading Regulations), 2015 an Insider Trading Policy of the company is in force. The policy guides a mechanism for regulating transactions of the shares of the company and enforces a code of conduct and internal procedures.

The details of Trading window during the year 2017-18:

S.No	Closed on	Opened on
1	19/01/2018	01/02/2018
2	30/10/2017	11/11/2017
3	31/07/2017	13/08/2017
4	21/04/2017	05/05/2017

**Details about adoption of non-mandatory requirements are as follows:-**

Schedule V (C) (10) (d) also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements are given below:-

**(i). The Board**

As per para A of Part E of Schedule II of the Listing Regulations, a non-executive Chairman of the Board may be entitled to maintain a Chairman's Office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company is an Executive Director and hence this provision is not applicable to us.

**(ii) Shareholders rights**

We display our quarterly and half yearly results on our website

<https://www.intellectdesign.com/investor/investor.asp> and also publish our results in widely circulated newspapers. We publish the voting results of shareholder meetings and make it available on our website

<https://www.intellectdesign.com/investor/investor.asp>, and report the same to Stock Exchanges in terms of regulation 44 of the Listing Regulations.

**(iii) Modified opinion(s) in audit report**

The Auditors have issued an un-modified opinion on the financial statements of the Company.

**(iv) Separate posts of Chairperson and Chief Executive Officer**

Mr. Arun Jain is the Executive Chairman and Managing Director of the Company and Chief Executive Officer of the Company. Hence this provision is not applicable to us. However, the Company's Board consists of majority of Independent Directors. All policy and strategic decisions of the Company are taken through a majority decision of this independent Board.

**(v) Reporting of Internal Auditor**

The internal auditors of the Company make presentations on half yearly basis to the Audit Committee.

**d. Conflict of Interest Policy.**

As a part of good corporate governance, the company has formulated a Conflict of Interest policy for the senior management and associates.

**e. Directors and Key Managerial Personnel:**

Mr. Arun Jain, was re-appointed as Managing Director at the annual general meeting held on 21.08.2017.

Mr. Anil Kumar Verma was re-appointed as an Executive Director at the Board of Directors Meeting held on 30.01.2018 with effect from 1st February 2018 for a period of 3 years subject to the approval of Central Government and the members at the ensuing general Meeting.

Mr. V Balaraman was re-appointed as Independent Director in the members' meeting held on 21.08.2017.

Ms. Aruna Krishnamurthy Rao was re-appointed as Independent Director in the members' meeting held on 21.08.2017.

Mr. Arun Shekhar Aran was appointed as an Independent Director in the members' meeting held on 21.07.2016.

Mr. S. Swaminathan and Mr. V. V. Naresh were appointed as Chief Financial Officer(CFO) and Company Secretary & Compliance Officer respectively with effect from 15th October 2014. Further, Mr. S. Swaminathan has been re-appointed as CFO with effect from 01st April, 2018.

**12. Means of communication**

We have established procedures to disseminate pertinent information to our shareholders, employees and society at large.

**(a) Investor Information**

Investors are being provided with timely information on all Company related matters;

**Media release:** All our media releases are posted on the Company's website: [www.intellectdesign.com](http://www.intellectdesign.com).

**Quarterly results:** Our quarterly results are published in widely circulated national newspapers such as Business Line, and Tamil edition of "The Hindu".

**Annual Report:** Annual Report containing audited standalone accounts, consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto either in physical copy or through email.

**Website:** The Company's website contains a separate dedicated section "Investors" where information sought by shareholders and the presentations made to the institutional investors or the analysts are available. The Annual Report, Media release and financial reports of the company are available on the website in a user-friendly and downloadable form at [www.intellectdesign.com](http://www.intellectdesign.com).

**(b) The Management Discussion & Analysis report (MD & A)**

The MD&A gives an overview of the Industry, Company's business, its financials etc., and the same is provided elsewhere in this report, which forms a part of the Directors' Report.

General Shareholder information		
Date of incorporation	April 18, 2011	
Company Registration Number	L72900TN2011PLC080183	
Registered Office	No.244, Anna Salai, Chennai – 600 006.	
Date of Annual General Meeting	23.08.2018	
Time of Annual General Meeting	10:30 A.M.	
Venue of Annual General Meeting	MINI HALL, MUSIC ACADEMY	
Financial year	March 31.	
Financial Reporting: 01/04/2018 to 31/03/2019		
First quarter ending June 30, 2018	Between 16 <sup>th</sup> July 2018 and 14 <sup>th</sup> August 2018	
Second quarter ending September 30, 2018	Between 16 <sup>th</sup> October 2018 and 14 <sup>th</sup> November 2018	
Third quarter ending December 31, 2018	Between 16 <sup>th</sup> January 2019 and 14 <sup>th</sup> February 2019	
For the year ending March 31, 2019	Between 16 <sup>th</sup> April 2019 and 30 <sup>th</sup> May 2019	
Book Closure	13 <sup>th</sup> August, 2018 to 23 <sup>th</sup> August , 2018	
Dividend for 2017-18	No dividend has been declared for the year 2017–18	
Listing of shares with Stock Exchanges / Intellect shares traded in		
NSE Scrip Code	INTELLECT	
BSE Scrip Code	538835	
ISIN Code	INE306R01017	
<ul style="list-style-type: none"><li>The Company hereby confirms that the Listing fee for the year 2018-19, payable to each of the Stock Exchanges pursuant to Regulation 14 of the Listing Regulations in which the Company's shares are Listed has been paid.</li><li>The Company's shares are traded in the National Stock Exchange of India Limited - Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051 &amp; Bombay Stock Exchange Limited - 25th Floor, P. J. Towers, Dalal Street, Mumbai 400 001 since December 18, 2014.</li></ul>		
Registrar and Share Transfer Agent	Karvy Computershare Private Ltd. Unit: Intellect Design Arena Limited Plot No. 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel: 040 – 6716 1529, Fax: 040 – 23420814 /23420857 E-mail: mailmanager@karvy.com , URL: www.karvycomputershare.com	
Publication of Quarterly Results		
Details of Quarterly financial results published during financial year 2017-18		
Language	News Paper	Date
English	Business Line	04 <sup>th</sup> May , 2017
		12 <sup>th</sup> August , 2017
Tamil	The Hindu	10 <sup>th</sup> November , 2017
		31 <sup>st</sup> January , 2018
Website address of the Company in which reports / financial results/ official news releases/ presentations made to institutional investors or to the analysts have been posted		www.intellectdesign.com
Web-link where Policy for determining ‘material’ subsidiaries and related party transactions is disclosed		http://www.intellectdesign.com/investor/corporate-governance.asp
Website address of stock exchange(s) in which reports / financial results are posted		
National Stock Exchange of India Ltd		www.nseindia.com
Bombay Stock Exchange Ltd		www.bseindia.com
Whether the official news Releases are displayed by the Company		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Table No. 2.16

**13. Shareholders' complaints and requests**

During the financial year 2017-18, 243 requests / Complaints had been received and 243 requests / Complaints resolved by the Company as detailed hereunder:

**STATUS OF REQUEST/ COMPLAINTS DURING THE PERIOD 01/04/2017 TO 31/03/2018**

S.No.	Subject	Received	Replied/ resolved
	<b>A. REQUESTS</b>		
1	CHANGE/CORRECTION OF ADDRESS	9	9
2	RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION	5	5
3	SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION	8	8
4	CHANGE/CORRECTION OF BANK MANDATE	0	0
5	CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW	2	2
6	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	0	0
7	QUARY REGARDING PAYMENT OF DIVIDEND WARRANT	0	0
8	RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK	0	0
9	REQUEST FOR ECS FACILITY (ELECTRONIC CLEARANCE SERVICES)	4	4
10	LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS	0	0
11	POSTAL RETURN DOCUMENTS	14	14
12	LETTER FROM SEBI/STOCK EXCHANGE/CBI/ACKNOWLEDGE MENT	0	0
13	REGISTRATION OF POWER OF ATTORNEY	0	0
14	LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE	4	4
15	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	0	0
16	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	2	2
17	DELETION OF JOINT NAME DUE TO DEATH	3	3
18	REQUEST FOR TRANSFER OF SECURITIES	15	15
19	REQUEST FOR TRANSMISSION OF SECURITIES	4	4
20	REQUEST FOR DEMAT NSDL & CDSL /REMAT	69	69
21	DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS	0	0
22	CHANGE / CORRECTION OF NAME ON SECURITIES	7	7
23	CLARIFICATION REGARDING SHARES	28	28
24	REQUEST FOR EXCHANGE OF CERTIFICATES	0	0
25	QUERY REGARDING UNDELIVERED DOCUMENTS	0	0
26	OTHERS(ACKNOWLEDGEMENT/NSDL OPERATION/ELECTRONIC DP REQ/ PAN NO, REQ FOR COMMUNIC , EMAILS / Lodgement of conversion form	29	29
	<b>TOTAL (A)</b>	<b>203</b>	<b>203</b>
	<b>B. COMPLAINTS</b>		
1	NON-RECEIPT OF ANNUAL REPORT	1	1
2	NON-RECEIPT OF DIVIDEND WARRANT	5	5
3	NON-RECEIPT OF SECURITIES	7	7
4	NON RECEIPT OF DUP/TRANSMISSION/DELETION OF SCS	2	2
5	NON-RECEIPT OF REFUND ORDER	12	12
6	NON-RECEIPT OF ELECTRONIC CREDITS	3	3
7	SEBI/BSE/NSE Complaints	10	10
	<b>TOTAL(B)</b>	<b>40</b>	<b>40</b>
	<b>TOTAL (A) + (B)</b>	<b>243</b>	<b>243</b>

Table No. 2.17

#### 14. Stock market data about the shares of the Company for the period April 2016 to March 2017 at National Stock Exchange Limited (NSE) and Bombay Stock Exchange of India Limited (BSE).

Share market data and the graphical representation of closing market prices movement of the Company's shares quoted in the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd., (BSE) Mumbai and from April 2017 to March 2018.

Intellect Design Arena Limited share price (High / Low) during the financial year 2017-18:

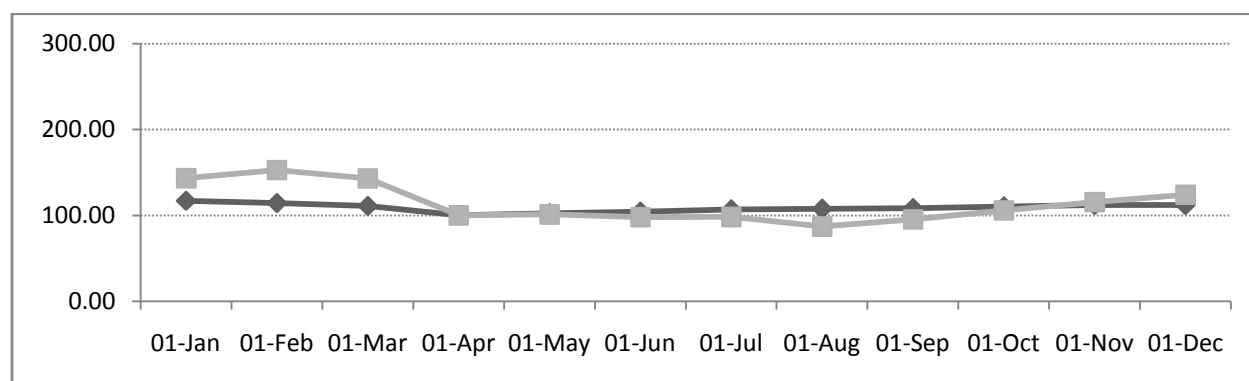
Stock Exchange	Yearly high price	Date	Yearly low price	Date
NSE	204.90	14/02/2018	96.50	11/08/2017
BSE	204.65	14/02/2018	96.50	11/08/2017

Table No. 2.18

#### NIFTY vs INTELLECT @ NSE

MONTH	Apr 17	May 17	June 17	July 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	March 18
NIFTY	9214.57	9436.99	9606.96	9850.12	9901.18	9977.92	10138.68	10324.75	10322.26	10771.15	10533.11	10232.62
INTELLECT	123.24	124.58	120.65	120.90	107.15	117.43	130.29	142.26	152.74	176.55	188.22	176.29

Table No. 2.19

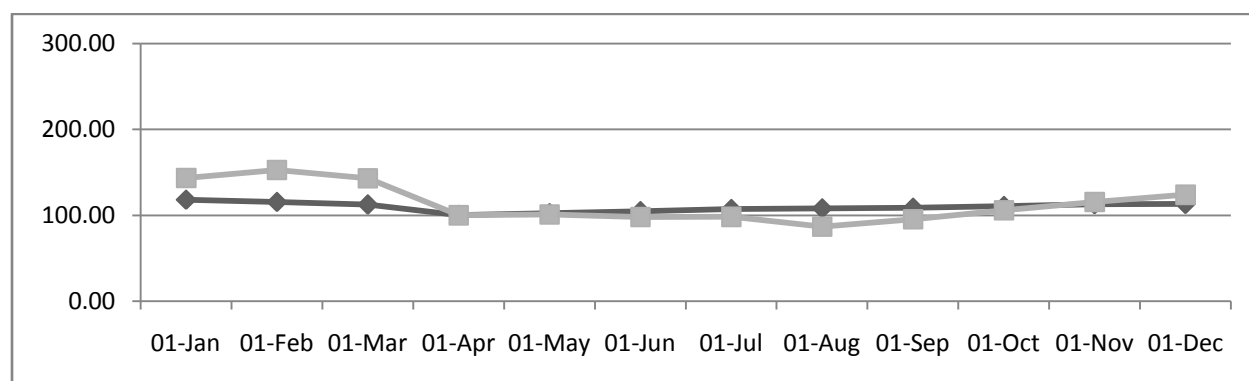


Base 100 = April 1, 2017

#### SENSEX Vs INTELLECT @ BSE

MONTH	Apr 17	May 17	June 17	July 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18
INTELLECT	123.20	124.48	120.55	120.87	106.99	117.34	130.20	142.34	152.55	176.51	188.00	176.19
SENSEX	9529.59	9761.73	9958.58	10217.31	10281.14	10370.73	10527.18	10755.94	10767.90	11241.13	10990.34	10695.19

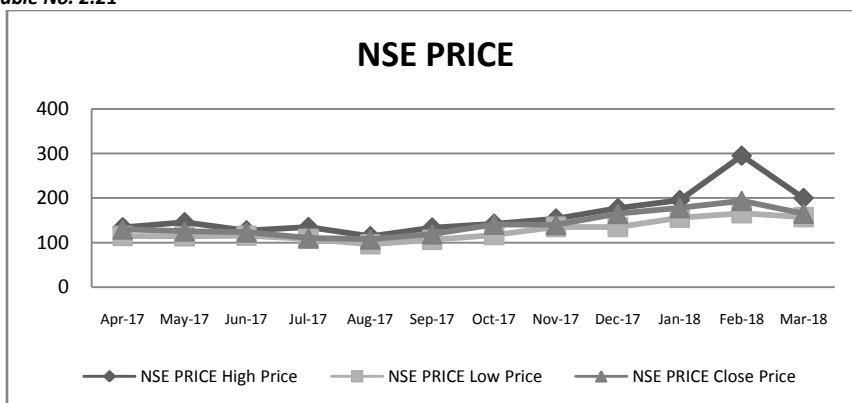
Table No. 2.20



Base 100 = April 1, 2017

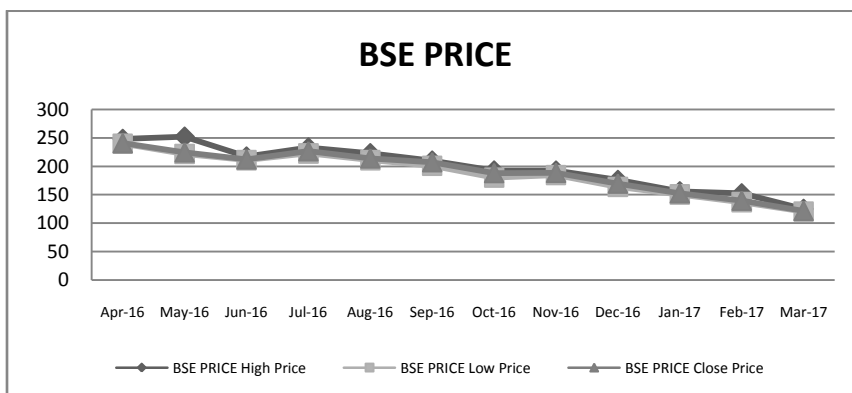
Month 2016-17	NSE PRICE			
	High Price	Low Price	Close Price	Volume
April 2017	134.40	115.0	129.90	11,169,721
May 2017	145.70	114.50	125.45	14,996,143
June 2017	127.50	115.80	123.25	5,257,459
July 2017	135.00	108.70	110.15	9,394,608
August 2017	114.40	96.50	107.40	7,026,800
September 2017	133.80	106.50	119.15	14,658,576
October 2017	142.45	117.35	140.55	14,000,726
November 2017	154.00	135.50	139.85	13,539,494
December 2017	177.30	135.00	164.75	12,715,539
January 2018	195.45	156.20	177.90	17,726,256
February 2018	294.90	166.00	193.95	16,135,435
March 2018	199.95	157.25	165.30	7,522,603
<b>TOTAL</b>				<b>144,143,360</b>

Table No. 2.21



Month 2017-18	BSE PRICE			
	High Price	Low Price	Close Price	Volume
April 2017	134.40	115.30	129.45	25,95,496
May 2017	144.90	114.60	125.25	32,49,803
June 2017	127.30	116.10	123.30	12,90,400
July 2017	134.75	108.70	109.90	28,20,475
August 2017	114.15	96.50	107.60	25,14,184
September 2017	134.00	106.90	119.35	33,05,605
October 2017	142.00	118.00	140.40	33,55,515
November 2017	153.75	135.85	139.95	32,55,455
December 2017	176.95	135.00	165.20	31,20,417
January 2018	195.00	156.55	177.65	36,14,243
February 2018	204.65	165.15	194.70	36,39,973
March 2018	199.85	157.80	164.85	22,17,384
<b>TOTAL</b>				<b>34,978,950</b>

Table No. 2.22



## 15. Shareholding pattern of the Company as on March 31, 2018

Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian																		
(a)	Individuals/Hindu undivided Family		2	72,04,484	0	0	72,04,484	5.74	72,04,484	0	72,04,484	5.74	0	5.74	0	0.00	0	0.00	72,04,484
	ARUN JAIN (HUF)	AAGHA7341L	1	10,15,358	0	0	10,15,358	0.81	10,15,358	0	10,15,358	0.81	0	0.81	0	0.00	0	0.00	10,15,358
	ARUN JAIN	AAHPJ6020E	1	61,89,126	0	0	61,89,126	4.93	61,89,126	0	61,89,126	4.93	0	4.93	0	0.00	0	0.00	61,89,126
(b)	Central Government/State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Financial Institutions/Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Any Other		1	3,17,61,000	0	0	3,17,61,000	25.30	3,17,61,000	0	3,17,61,000	25.30	0	25.30	0	0.00	0	0.00	3,17,61,000
	POLARIS BANYAN HOLDING PRIVATE LIMITED	AAJCA4622N	1	3,17,61,000	0	0	3,17,61,000	25.30	3,17,61,000	0	3,17,61,000	25.30	0	25.30	0	0.00	0	0.00	3,17,61,000
	Sub-Total (A)(1)		3	3,89,65,484	0	0	3,89,65,484	31.04	3,89,65,484	0	3,89,65,484	31.04	0	31.04	0	0.00	0	0.00	3,89,65,484
(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		3	3,89,65,484	0	0	3,89,65,484	31.04	3,89,65,484	0	3,89,65,484	31.04	0	31.04	0	0.00	0	0.00	3,89,65,484

Table No. 2.23



**List of persons holding more than 1% of the total number of shares**

Sl. No	Name	Shares	% Equity
1.	POLARIS BANYAN HOLDING PRIVATE LIMITED	3,17,61,000	25.30
2.	ARUN JAIN	61,89,126	4.93
3.	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND	38,42,090	3.06
4.	GHI LTP LTD	37,34,820	2.98
5.	ATYANT CAPITAL INDIA FUND I	31,04,675	2.47
6.	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGULAR SAVINGS FUND - EQUITY OPTION	30,68,181	2.44
7.	YOGESH ANDLAY	25,54,847	2.04
8.	INDIA ACORN FUND LTD	21,28,298	1.70
9.	MUKUL MAHAVIRPRASAD AGARWAL PARAM CAPITAL RESEARCH PVT LTD	20,00,000	1.59
10.	VANDERBILT UNIVERSITY A/C VANDERBILT UNIVERSITY-ATYANT CAPITAL MANAGEMENT LIMITED	17,40,961	1.39
11.	WHITE OAK INDIA EQUITY FUND	16,86,485	1.34
12.	MANJU JAIN	16,37,811	1.30
13.	GHI JBD LTD	13,31,646	1.06
	<b>Total</b>	<b>6,47,79,940</b>	<b>51.61</b>

**Table No. 2.24****Shareholding of Directors / office bearers as on March 31, 2018**

Sl. No.	Name of the Director / Officer bearer	No. of shares	% of Share Capital
1.	Arun Jain, Chairman & Managing Director	61,89,126	4.93
2.	Anil Kumar Verma, Executive Director	55,033	0.04
3.	Aruna Krishnamurthy Rao, Director	6,860	0.00
4.	V.Balaraman, Director	-	-
5.	Arun Shekhar Aran	5,82,413	0.48
6.	V.V.Naresh, Company Secretary	3770	0.03
7.	S.Swaminathan, Chief Financial Officer	1,26,500	0.10

**Table No. 2.25****Distribution Schedule of Shareholding as on March 31, 2018**

Sl. No	Category	Total		Physical		Electronic	
		No. of Share Holders	Shares	No. of Share Holders	Shares	No. of Share Holders	Shares
1	upto 1- 5000	53,350	88,06,645	1,106	1,31,772	52,244	86,74,873
2	5001 - 10000	2,672	38,99,570	16	22,094	2,656	38,77,476
3	10001 - 20000	1,494	43,18,559	9	23,581	1,485	42,94,978
4	20001 - 30000	552	27,44,052	1	5,000	551	27,39,052
5	30001 - 40000	250	17,47,203		0	250	17,47,203
6	40001 - 50000	172	15,78,407		0	172	15,78,407
7	50001 – 100000	356	50,94,754		0	356	50,94,754
8	100001 & Above	343	973,39,894	1	24,668	342	9,73,15,226
	<b>Total:</b>	<b>59,189</b>	<b>12,55,29,084</b>	<b>1,133</b>	<b>2,07,115</b>	<b>58,056</b>	<b>12,53,21,969</b>

**Table No. 2.26****Comparative distribution schedule as on March 31, 2018**

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
31.03.2018	2,07,115	0.16	1,25,32,1969	99.84	12,55,29,084	100
<b>Shareholders</b>						
31.03.2018	1,133	1.91	58,056	98.09	59,189	100

**Table No. 2.27**

**16. Other Information to Shareholders****Share Transfer System**

The applications for transfers, transmission and transposition are received by the Company at its Registered Office address at Chennai or at M/s. Karvy Computershare Private Ltd., Hyderabad, Registrar and Share Transfer Agents (RTA) of the Company. As the Company's shares are currently traded in demat form, the transfers are processed and approved by NSDL/CDSL in the electronic form through its Depository Participants. The RTA on a regular basis processes the physical transfers and the share certificates are sent to the respective transferees.

**Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity** - Not applicable

**Dematerialization of Shares and Liquidity**

Your Company's shares are admitted into both the Depositories i.e. NSDL and CDSL by the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Ltd. 99.84% of the Company's shares are held in electronic/demat form as on March 31, 2018.

Particulars	Number of Shares	Percentage to Total Number of Shares Issued	Number of Shareholders	Percentage to Total Number of Shareholders
Held in dematerialized mode in NSDL	10,75,95,406	85.71	36,427	61.54
Held in dematerialized mode in CDSL	1,77,26,563	14.12	21,629	36.54
Total Demat Segment	12,53,21,969	99.83	58,056	98.08
Physical Segment	2,07,115	0.16	1,133	1.92

**Table No. 2.28****Commodity price risk or foreign exchange risk and hedging activities**

Your Company do not have any commodity price risk. Your Company has a formal Board approved hedging strategy which is reviewed periodically. Judiciously hedging against adverse foreign exchange exposures helps minimize the impact of exchange fluctuations. We continue to maintain a prudent and balanced forex management policy which will help us manage risk appropriately.

**Share Transaction Regulatory System in place for controlling insider trading policy on Insider Trading**

A Policy on Insider Trading has been implemented pursuant to the guidelines issued by SEBI from time to time. This Policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all designated associates in whatever capacity they may be, including Directors.

**Details of shares under Unclaimed suspense account as per Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- (a) Pursuant to the Demerger from Polaris Consulting & Services Limited ("Polaris"), all the shares held under Unclaimed Suspense Account in Polaris got transferred to Intellect.

As and when any shareholder approaches the Company or RTA to claim the shares held under Unclaimed Suspense Account, the Company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed Suspense Account to the Demat account of the Shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder. The voting rights shall remain frozen till the rightful owner of such shares claims the shares: -

Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year		Number of shareholders who approached listed entity for the transfer of shares and to whom the shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account at the end of the year	
Shareholders	Shares		Shareholders	Shares
539	90,300	16	523	86,300

**Table No. 2.29**

- (a) Pursuant to the Rights issue some shares have been transferred to Unclaimed suspense Account due to want of some information from the shareholders.

As and when any shareholder approaches the Company or RTA to claim the shares held under Unclaimed Suspense Account, the Company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed Suspense Account to the Demat account of the Shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder. The voting rights shall remain frozen till the rightful owner of such shares claims the shares: -

Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year		Number of shareholders who approached listed entity for the transfer of shares and to whom the shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account at the end of the year	
Shareholders	Shares		Shareholders	Shares
34	22,425	18	16	2,686

Table No. 2.30

**Locations**

The branch locations consisting of address and other contact details have been provided separately in this Annual Report and the details are also available at <https://www.intellectdesign.com/contactus/global-offices.asp> Intellect also has 7 (Seven) subsidiaries in India namely:-

- (I) Intellect Commerce Limited
- (II) SEEC Technologies Asia Private Limited,
- (III) Laser Soft Infosystems Limited,
- (IV) Indigo Tx Software Private Limited,
- (V) SFL Properties Private Limited
- (VI) Intellect Payments Limited
- (VII) Intellect India Limited

**Addresses for correspondence**

The Company Secretary & Compliance Officer  
 INTELLECT DESIGN ARENA LIMITED  
 Regd. Office:  
 244, Anna Salai, Chennai - 600 006  
 Phone: 044-3987 4000  
 Corporate Headquarters :-  
 Plot No. 3/G-3, SIPCOT  
 IT Park, Siruseri, Chennai - 600 130.  
 Phone: 044-3341 8000  
 E-mail: [shareholder.query@intellectdesign.com](mailto:shareholder.query@intellectdesign.com)  
[company.secretary@intellectdesign.com](mailto:company.secretary@intellectdesign.com)  
[naresh.vv@intellectdesign.com](mailto:naresh.vv@intellectdesign.com)

Place: Chennai

For Intellect Design Arena Limited

Date: 06th May, 2018

**Arun Jain**  
 Chairman & Managing Director  
 DIN:- 00580919

**CEO & CFO UNDER REGULATION 17(8) OF LISTING REGULATIONS, 2015**

To: The Board of Directors of Intellect Design Arena Limited, Chennai

We, Arun Jain, Chairman & Managing Director and S. Swaminathan, Chief Financial Officer of Intellect Design Arena Limited., ("Company") hereby certify that:-

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

Place: Chennai

Date: May 06<sup>th</sup>, 2018

**Arun Jain**  
Chairman & Managing Director  
DIN: 00580919

**S. Swaminathan**  
Chief Financial Officer

**Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Members of Intellect Design Arena Limited

1. The Corporate Governance Report prepared by Intellect Design Arena Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

**Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following committee meetings held from April 1st, 2017 to March 31st, 2018
    - (a) Board of Directors meeting;
    - (b) Audit committee;
    - (c) Annual General meeting;
    - (d) Nomination and remuneration committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Independent directors meeting;
    - (g) Risk management committee;
    - (h) Corporate Social Responsibility committee.
  - v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 2 above.

**Other matters and Restriction on Use**

9. This report 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.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R.Batliboi & Associates LLP**

Firm registration No. 101049W/E300004

Chartered Accountants

per **Bharath N.S.**

Partner

Membership No. 210934

Place: Chennai

Date: July 6, 2017

To  
The Members  
Intellect Design Arena Limited  
Chennai

**Sub: Declaration by the CEO under Regulation 26(3) of Listing Regulations**

I, Arun Jain, Chairman & Managing Director of Intellect Design Arena Limited to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2018.

Place: Chennai  
Date: May 06th, 2018

**Arun Jain**  
Chairman & Managing Director  
DIN: 00580919

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**INTELLECT DESIGN ARENA LIMITED**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

(All amounts are denominated in INR and expressed in Lakhs, unless otherwise stated)

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Intellect Design Arena Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Intellect Design Arena Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("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 including its Associates and Joint Ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures 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 of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Other Matter

- a. We did not audit the financial statements and other financial information, in respect of 20 subsidiaries, whose Ind AS financial statements include total assets of Rs. 40,444.04 lakhs and net assets of Rs. 8,288.65 lakhs as at March 31, 2018, total revenues of Rs 39,902.84 lakhs and net cash inflows of Rs 6.71 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. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 504.05 lakhs for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 2 associates and one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, 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, joint ventures and associates, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS 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, associates and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of accounts 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, 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 Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies joint ventures incorporated in India, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2018 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 Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us 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, associates and joint ventures, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures— Refer Note 34 to the consolidated Ind AS financial statements;
  - ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2018.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### per Bharath N S

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 06th, 2018

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS  
OF INTELLECT DESIGN ARENA 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 Intellect Design Arena Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Intellect Design Arena Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, 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 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 7 subsidiary companies, 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Bharath N S**

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 6th, 2018

## Consolidated Balance Sheet

In Rs. Lakhs

Particulars	Note	As at March 31,	
		2018	2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	185,43.53	196,05.06
Capital work-in-progress	5	4,29.06	4,15.54
Goodwill	6	77,41.40	77,28.14
Other intangible assets	6	53,70.11	4,43.21
Intangible assets under development	5	191,96.52	134,13.36
Investment in joint ventures and associates	46, 47	47,15.74	38,26.65
Financial assets			
- Investments	7a	1,48.10	5,63.92
- Derivative instruments	7b	3.66	-
- Loans and deposits	7c	11,05.99	7,96.75
- Non current bank balances	7d	9,13.83	9,73.92
Income tax assets (net)	9	77,61.36	63,09.47
Deferred tax assets (net)	10	18,19.37	11,26.69
Other non-current assets	8	31,27.88	7,80.37
<b>CURRENT ASSETS</b>			
Financial asset			
- Investments	11f	20,64.61	21,63.54
- Derivative instruments	11a	1.82	9,58.10
- Loans and deposits	11b	5,33.37	6,43.54
- Trade receivables	11c	241,17.34	204,84.13
- Cash and Cash equivalents	11d	61,47.37	84,14.14
- Bank balances other than cash and cash equivalents	12	78,75.39	31,93.38
- Other financial assets	11e	238,12.10	215,60.76
Other current assets	13	52,05.50	50,23.34
<b>TOTAL</b>		<b>1,406,34.05</b>	<b>1,184,24.01</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Equity Share Capital	14	62,76.45	50,86.69
Other Equity	15	784,34.19	547,47.69
<b>Equity Attributable to equity shareholders of the parent</b>		<b>847,10.64</b>	<b>598,34.38</b>
Non-Controlling Interest		9,98.34	-
<b>Total Equity</b>		<b>857,08.98</b>	<b>598,34.38</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities			
- Borrowings	16	90,49.54	56,32.54
Deferred Tax Liabilities (Net)	17	8.42	6.30
<b>CURRENT LIABILITIES</b>			
Financial Liabilities			
- Borrowings	18	38,19.78	176,03.70
- Trade payables		116,59.12	99,42.68
- Other financial liabilities		128,92.84	103,45.46
Other current liabilities	19	142,82.11	121,18.75
Provisions	20	32,13.26	29,40.20
<b>TOTAL</b>		<b>1,406,34.05</b>	<b>1,184,24.01</b>

Table No. 3.1

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership No. 210934

Chennai

May 06, 2018

For and on behalf of the Board of Directors of

**Intellect Design Arena Limited****Arun Jain**

Chairman &amp; Managing Director

**Arun Shekhar Aran**

Director

**S.Swaminathan**

Chief Financial Officer

**V.V.Naresh**Vice President &  
Company Secretary

## Consolidated Statement of Profit and Loss

In Rs. Lakhs

Particulars	Note	For the year ended March 31,	
		2018	2017
Revenue from operations		1,087,29.07	913,57.50
Finance Income	21	6,02.98	4,64.23
Other Income	22	20,64.84	29,48.55
<b>Total Income</b>		<b>1,113,96.89</b>	<b>947,70.28</b>
<b>Expenses</b>			
Employee Benefit Expenses	23	767,11.78	717,84.30
Depreciation and amortization expense	25	26,53.49	24,13.99
Finance Cost	26	13,82.62	11,30.24
Other Expenses	24	247,79.11	220,52.92
<b>Total Expenses</b>		<b>1,055,27.00</b>	<b>973,81.45</b>
<b>Profit/(Loss) before share of profit/(loss) of associates, joint venture and tax</b>		<b>58,69.89</b>	<b>(26,11.17)</b>
Share of profit/(loss) of associates and a joint venture	46, 47	5,04.05	6,56.22
<b>Profit/(loss) before tax</b>		<b>63,73.94</b>	<b>(19,54.95)</b>
<b>Tax Expenses</b>	27		
- Current tax		4,83.69	10,18.75
- Adjustment of tax relating to earlier periods		-	(6,57.02)
- Deferred tax		2,19.29	(78.10)
<b>Profit/(Loss) for the year</b>		<b>56,70.96</b>	<b>(22,38.58)</b>
<b>Other comprehensive income</b>	28		
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement gains/ (losses) on defined benefit plans		(11.99)	(1,94.16)
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		13,33.54	(13,99.70)
Net movement on cash flow hedges		(18,14.18)	12,23.97
<b>Other comprehensive income for the year, net of tax</b>		<b>(4,92.63)</b>	<b>(3,69.89)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>51,78.33</b>	<b>(26,08.47)</b>
<b>Profit / (Loss) for the year</b>		<b>56,70.96</b>	<b>(22,38.58)</b>
Attributable to:			
Equity shareholders of the parent		46,72.62	(22,38.58)
Non - Controlling Interest		9,98.34	-
<b>Total Comprehensive Income for the year</b>		<b>51,78.33</b>	<b>(26,08.47)</b>
Attributable to:			
Equity shareholders of the parent		41,79.99	(26,08.47)
Non - Controlling Interest		9,98.34	-
<b>Earnings per share</b>	29		
Equity shares par value Rs.5 each (Mar 17 Rs.5 each)			
Basic		3.97	(2.09)
Diluted		3.87	(2.09)

Table No. 3.2

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI &amp; ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 06, 2018

Arun Jain

Chairman &amp; Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &amp;

Company Secretary

## Consolidated Statement of Changes in Equity

### a. Equity Share Capital:

(All amounts are in lakhs unless otherwise stated)

Equity shares of Rs 5 each issued, subscribed and fully paid

As at April 1st, 2016

Issue of share capital

At 31st March, 2017

Issue of share capital

At 31st March, 2018

No. of shares	in lakhs
100,778,624	50,38.93
955,248	47.76
101,733,872	50,86.69
23,795,212	11,89.76
<b>125,529,084</b>	<b>62,76.45</b>

### b. Other equity

For the year ended 31 March 2018

Particulars	Reserves & Surplus				Items of OCI		Total Equity
	Securities premium	Share based payment reserves	General reserve	Retained earnings	Cash flow hedge reserve	Foreign Currency Translation Reserve	
<b>As at 1st April, 2017</b>	203,65.43	22,65.27	170,59.87	97,03.24	18,19.66	35,34.22	547,47.69
Exercise of share options	3,96.88	(1,11.84)	-	-	-	-	2,85.04
Issue of shares on Rights Issue (Refer Note 43)	187,39.93	-	-	-	-	-	187,39.93
Less: Cost incurred towards Rights Issue	(2,56.81)	-	-	-	-	-	(2,56.81)
Share-based payments	-	7,38.35	-	-	-	-	7,38.35
Profit / (Loss) for the year	-	-	-	46,72.62	-	-	46,72.62
Movement in Foreign Currency Translation Reserve through OCI	-	-	-	-	-	13,33.54	13,33.54
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(11.99)	-	-	(11.99)
Movement in cash flow hedge	-	-	-	-	(18,14.18)	-	(18,14.18)
<b>As at 31st March, 2018</b>	<b>392,45.43</b>	<b>28,91.78</b>	<b>170,59.87</b>	<b>143,63.87</b>	<b>5.48</b>	<b>48,67.76</b>	<b>784,34.19</b>

Table No. 3.3

For the year ended 31 March, 2017

Particulars	Reserves & Surplus				Items of OCI		Total Equity
	Securities premium	Share Based Payment Reserves	General Reserve	Retained earnings	Cash flow hedge reserve	Foreign Currency Translation Reserve	
<b>As at 1st April, 2016</b>	195,20.16	18,47.22	170,59.87	121,35.98	5,95.69	49,33.92	560,92.84
Exercise of share options	8,45.27	-	-	-	-	-	8,45.27
Share-based payments	-	4,18.05	-	-	-	-	4,18.05
Profit / (Loss) for the year	-	-	-	(22,38.58)	-	-	(22,38.58)
Movement in FCTR through OCI	-	-	-	-	-	(13,99.70)	(13,99.70)
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(1,94.16)	-	-	(1,94.16)
Movement in cash flow hedge	-	-	-	-	12,23.97	-	12,23.97
<b>As at 31st March, 2017</b>	<b>203,65.43</b>	<b>22,65.27</b>	<b>170,59.87</b>	<b>97,03.24</b>	<b>18,19.66</b>	<b>35,34.22</b>	<b>547,47.69</b>

Table No. 3.4

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

3

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 06, 2018

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &  
Company Secretary

## Consolidated Statement Cash Flows

In Rs. Lakhs

Particulars	For the year ended March 31,	
	March 31, 2018	March 31, 2017
<b>A. CASH FLOW USED IN OPERATING ACTIVITIES</b>		
Profit / (Loss) for year before tax	63,73.94	(19,54.94)
<b>Adjustments to reconcile profit / (loss) for the year to net cash flows</b>		
Depreciation and amortisation	26,53.49	24,13.99
Employee Stock option cost	7,38.35	4,18.05
Dividend income	(1,16.48)	(1,23.91)
Provision for doubtful debts and advances	7,83.53	6,11.77
Unrealised foreign exchange loss (net)	2,20.35	(4,21.75)
Profit on sale of non-current investments (net)	-	(77.94)
Profit on sale of Property, Plant and Equipment	(16,04.72)	(22,17.74)
Bad debts / advances written off	2,76.95	6,21.39
Interest expense	13,82.62	11,30.24
Interest income	(4,86.50)	(3,40.32)
<b>Operating Profit / (Loss) before working capital changes</b>	<b>102,21.53</b>	<b>58.84</b>
<b>Movement in working capital</b>		
Increase in trade receivable	(48,14.17)	(49,59.20)
Increase in loans and advances and other financial assets	(96,16.99)	23,60.23
Decrease in liabilities and provisions	67,24.04	(24,75.91)
<b>Cash flow from / (used in) operations</b>	<b>25,14.41</b>	<b>(50,16.04)</b>
Income taxes paid (net of refunds)	(28,45.42)	(14,79.20)
<b>Net cash used in operating activities (A)</b>	<b>(3,31.01)</b>	<b>(64,95.24)</b>
<b>B. CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment including intangible assets, and capital advances	(222,28.17)	(119,93.46)
Proceeds from sale of Property, Plant and Equipment	17,54.30	26,63.27
Investment in Associates	(3,85.04)	-
Net Increase / (decrease) in non-trade investments	5,14.75	-
Net Increase / (decrease) in bank deposit	(46,21.91)	(20,21.20)
Interest received	4,86.50	3,40.32
Dividend received	1,16.48	1,23.91
<b>Net cash used in investing activities (B)</b>	<b>(243,63.09)</b>	<b>(108,87.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital issued on exercise of stock options	11,89.76	47.76
Proceeds from share premium on exercise of stock options	187,68.16	8,45.27
Proceeds / (Repayment) of loans (net)	103,66.91	148,34.26
Interest paid	(13,82.62)	(11,30.24)
<b>Net cash generated from financing activities (C)</b>	<b>289,42.21</b>	<b>145,97.05</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>42,48.11</b>	<b>(27,85.35)</b>
Effect of exchange differences on Cash & Cash Equivalents held in foreign currency	(4,03.52)	6,05.04
Cash and Cash Equivalents at the beginning of the year	23,02.78	44,83.09
<b>Cash and cash equivalents at the end of the year</b>	<b>61,47.37</b>	<b>23,02.78</b>
<b>Cash and cash equivalents As per Note 11 (d)</b>	<b>61,47.37</b>	<b>23,02.78</b>

Table No. 3.5

As per our report of even date

For S.R. BATLIBOI &amp; ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 06th, 2018

Arun Jain

Chairman &amp; Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &  
Company Secretary

# Notes to the Consolidated Financial Statements

(All amounts are in Rupees in lakhs unless otherwise stated)

## 1. Corporate Information

The consolidated financial statements comprise financial statements of Intellect Design Arena Limited ('Intellect' or 'the Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2018. The Company is a public limited company domiciled in India and was incorporated under the provisions of the Companies Act, 1956 in 2011. The shares of the Company have been listed on the National Stock Exchange and Bombay Stock Exchange with effect from December 18, 2014. The registered office of the Company is located at 244, Anna Salai, Chennai-006.

The Group has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 6, 2018.

## 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The consolidated financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated

## 3. Significant Accounting Policies

### a) Basis of consolidation:

Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- 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. For supporting such situations and also those situations 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

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.

The financial statements of 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.

### Consolidation procedure:

- 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.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- 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, are eliminated in full). Accounting as per 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### b) Business combinations 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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 in all cases. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized 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 (or disposal groups) 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 recognises 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.

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.

#### c) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has

been a change recognized directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

#### d) Use of estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these consolidated financial statements have been disclosed in Note 30. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

#### e) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset has been classified as current when it satisfies any of the following criteria;

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability has been classified as current when it satisfies any of the following criteria;

- 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 date; or

- The Group does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date.

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.

#### f) Foreign currency translation

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 in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency exchange rates at the reporting date. Non-monetary assets and liabilities that are carried at historical cost are translated using the exchange rates at the dates of 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.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges, to the extent the hedges are effective, which are recognised in other comprehensive income (OCI).

#### Foreign operations:

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 profit or loss.

Any goodwill arising in the acquisition of a foreign operation 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.

#### g) Fair value measurement

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 best economic 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, 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 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
- 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 financial statements on a recurring basis, the Group 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.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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.

#### h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method, where there is no uncertainty on the measurability and collectability of the consideration. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

#### Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

Revenue from software development contract and time bound contracts are recognized using proportionate completion method over the life of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.

Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue from time and material contracts are recognised as services are rendered and related costs are incurred.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

#### *Other Income*

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

#### *Dividend income*

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

#### *Profit on sale of mutual funds*

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

### **i) Taxes on income**

#### *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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 provisions 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, associates and interests in joint ventures, 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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, associates and interests in joint ventures, 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 written off 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 year 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of

Minimum alternate tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence 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. The said asset is recognised as "MAT Credit Entitlement" as deferred tax asset, and is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period

### **j) Property, plant and equipment:**

Capital work in progress, plant and equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any cost attributable in bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced in derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful life. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

Asset Category	Estimated useful life (in years)
Buildings	30 years
Plant and machinery	15 years
Computer equipment	3 years
Servers and computer accessories	6 years
Electrical fitting, furniture and fixtures	10 years
Office equipment	5 years
Leasehold improvements	Over the lease period or 10 years, whichever is lower
Leasehold land	Over the tenure of the lease (99 years)

Categories of assets for which depreciation has been provided based on the estimated useful life of the Group based on management evaluation, etc. are:

Asset Category	Estimated useful life (in years)
Vehicles	4 - 8 years

**Table No. 3.6**

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

**k) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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 of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The estimated useful life of Group's intangible assets is in the range of 3 to 5 Years.

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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.

**Research and development costs:**

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**l) 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**m) Leases**

**Group as a lessee**

**Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets 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.

**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.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**n) 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, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years (five years in the case of Internally Generated Intangible assets (IPR)). For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year / fifth year in case of IPR.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit'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 and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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 recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill is tested annually for impairment by management.

**o) Provisions and contingencies**

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Retirement and other employee benefits***Provident Fund*

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions.

*Gratuity*

The Group provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab Group Gratuity Trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.

Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

*Superannuation*

The Group contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Group recognizes contribution payable to the fund as expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions.

*Compensated Absences*

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

**q. Share-based payments**

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account 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.

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

If the options vests in installments (i.e. the options vest pro rata over the service period), then each installment is treated as a separate share option grant because each installment has a different vesting period.

The Group is allowed to avail Ind AS 101 exemption relating to Share based Payment of equity instruments that remain unvested as of transition date. The Group has elected to avail the Ind AS 101 exemption relating to share based payments and apply requirements of Ind AS 102 to all such options which vest after April 1, 2015. Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.

The excess Stock compensation expense measured using fair value over the cost recognised under IGAAP using intrinsic value has been adjusted in Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

**r. 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, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

*Debt instruments at amortised cost*

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

*Debt instrument at FVTOCI*

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any financial asset under this category

*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 classify 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 P&L

#### *Equity investments*

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. 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 P&L, 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 P&L.

#### *De-recognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

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.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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, 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 uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix 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 (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: 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.

#### *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 recognized gains, losses (including impairment gains or losses) or interest.

#### **Financial liabilities**

##### *Initial recognition and measurement*

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, loans and borrowings including bank overdrafts and derivative financial instruments.

##### *Subsequent measurement*

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

After initial recognition, trade and other payables are subsequently measured at amortized 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 amortization process.

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.

##### *De-recognition of financial liabilities*

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 de-recognition 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.

*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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

**s. Loans and Borrowings**

This is the category most relevant to the group. 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.

This category generally applies to borrowings. For more information Refer 19.

**t. Derivative Instruments and Hedge Accounting:**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged and type of hedge relationship designated.

The Group uses forward contracts and (Derivative Contracts) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Group designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – “Financial Instruments” as ‘cash flow hedges’

The use of Derivative Contracts is governed by the Group’s policies on the use of such financial derivatives consistent with the Group’s risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**u. 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.

**v. Earnings per share:**

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

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**w. Transactions Costs Relating to Equity Transactions**

The Group defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity

transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense.

**x. Segment Reporting**

The Executive Management Committee monitors the operating results of its business as a single primary segment “Software Product License and related services” for the purpose of making decisions about resource allocation and performance assessment.

The business of the Group falls under a single primary segment i.e. ‘Software Product License & related services’ for the purpose of Ind AS 108.

**y. Recent Accounting Pronouncements**

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.

The Ministry of Corporate Affairs (MCA) has the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

*Ind AS 115 Revenue from Contracts with Customers*

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is 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.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development which includes contracts in the nature of both time and material as well as fixed bids contracts. In addition, the group also develops products and sells licenses and implementation customization support depending on the contracts with its customers.

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company’s considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

*Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration*

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transaction and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when the entity has received or paid advance consideration in a foreign currency.

The amendment will come into force on April 1, 2018. The group is in the process of evaluating its effect on the financial statements.

## 4. Plant property and equipment

In Rs. Lakhs

Particulars	Land	Buildings	Plant and machinery	Electrical equipments	Furniture and fittings	Office equipments	Vehicles	Land (ASSETS UNDER LEASE)*	Leasehold improvement	Total
<b>Gross block</b>										
<b>As at April 1, 2016</b>	<b>30,22.98</b>	<b>104,65.21</b>	<b>84,22.86</b>	<b>14,39.88</b>	<b>34,35.95</b>	<b>16,67.52</b>	<b>14,61.97</b>	<b>2,80.47</b>	<b>4,41.84</b>	<b>306,38.68</b>
Additions	-	22,45.29	10,18.19	1,83.35	4,81.14	3,31.50	64.01	-	2,23.38	45,46.86
Translation difference	(49.11)	(1,05.44)	(3.85)	(0.03)	47.13	(7.14)	(1.83)	-	(12.26)	(1,32.53)
Deletions	-	2,96.55	5,41.47	34.53	1,17.53	57.62	4,13.24	-	6.85	14,67.79
<b>As at March 31, 2017</b>	<b>29,73.87</b>	<b>123,08.51</b>	<b>88,95.73</b>	<b>15,88.67</b>	<b>38,46.69</b>	<b>19,34.26</b>	<b>11,10.91</b>	<b>2,80.47</b>	<b>6,46.11</b>	<b>335,85.22</b>
Additions	-	13.36	4,37.30	8.46	3,34.64	72.21	-	-	4,52.53	13,18.50
Translation difference	9.48	32.66	1,55.63	0.22	(22.26)	0.38	(1.38)	-	(1,59.41)	15.32
Deletions	-	2,05.15	0.55	-	3.03	-	2,72.92	-	-	4,81.65
<b>As at March 31, 2018</b>	<b>29,83.35</b>	<b>121,49.38</b>	<b>94,88.11</b>	<b>15,97.35</b>	<b>41,56.04</b>	<b>20,06.85</b>	<b>8,36.61</b>	<b>2,80.47</b>	<b>9,39.23</b>	<b>344,37.39</b>
<b>Accumulated depreciation</b>										
<b>As at April 1, 2016</b>	<b>-</b>	<b>21,87.65</b>	<b>61,42.94</b>	<b>6,26.83</b>	<b>14,76.45</b>	<b>10,71.11</b>	<b>8,60.63</b>	<b>31.12</b>	<b>4,36.55</b>	<b>128,33.28</b>
For the year (Refer Note 25)	-	3,82.08	8,93.58	1,31.78	3,15.50	2,47.60	2,48.09	1.91	29.02	22,49.56
Translation difference	-	(7.08)	(51.36)	0.19	(4.72)	(3.61)	(0.89)	-	(12.96)	(80.43)
Deletions	-	82.43	4,79.65	16.36	58.07	53.62	3,25.27	-	6.85	10,22.25
<b>As at March 31, 2017</b>	<b>-</b>	<b>24,80.22</b>	<b>65,05.51</b>	<b>7,42.44</b>	<b>17,29.16</b>	<b>12,61.48</b>	<b>7,82.56</b>	<b>33.03</b>	<b>4,45.76</b>	<b>139,80.16</b>
For the year (Refer Note 25)	-	4,10.98	7,82.94	1,35.01	3,21.59	2,48.52	1,69.43	2.81	23.49	20,94.77
Translation difference	-	8.89	1,28.98	-	4.56	1.77	(1.21)	0.68	7.33	1,51.00
Deletions	-	67.49	-	-	-	-	2,64.58	-	-	3,32.07
<b>As at March 31, 2018</b>	<b>-</b>	<b>28,32.60</b>	<b>74,17.43</b>	<b>8,77.45</b>	<b>20,55.31</b>	<b>15,11.77</b>	<b>6,86.20</b>	<b>36.52</b>	<b>4,76.58</b>	<b>158,93.86</b>
<b>Net book value</b>										
<b>As at March 31, 2018</b>	<b>29,83.35</b>	<b>93,16.78</b>	<b>20,70.68</b>	<b>7,19.90</b>	<b>21,00.73</b>	<b>4,95.08</b>	<b>1,50.41</b>	<b>2,43.95</b>	<b>4,62.65</b>	<b>185,43.53</b>
<b>As at March 31, 2017</b>	<b>29,73.87</b>	<b>98,28.29</b>	<b>23,90.22</b>	<b>8,46.23</b>	<b>21,17.53</b>	<b>6,72.78</b>	<b>3,28.35</b>	<b>2,47.44</b>	<b>2,00.35</b>	<b>196,05.06</b>
<b>As at April 1, 2016</b>	<b>30,22.98</b>	<b>82,77.56</b>	<b>22,79.92</b>	<b>8,13.05</b>	<b>19,59.50</b>	<b>5,96.41</b>	<b>6,01.34</b>	<b>2,49.35</b>	<b>5.29</b>	<b>178,05.40</b>

Table No. 3.7

\* represents 13.35 acres of land at Chennai taken on 99 years lease from SIPCOT under terms of MOU dated 3rd January, 2005 (modified on 10th March, 2015) with Government of Tamil Nadu. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Land and buildings with a carrying amount of Rs 2,563.50 lakhs (31 March 2017: Rs 2,678.16 lakhs) are subject to a first charge to secure the Company's bank loans.

## 5. Capital Work-in-Progress

In Rs. Lakhs

Particulars	Buildings	Plant & machinery	Electrical fittings	Office equipments	Furniture and fixtures	Vehicles	Total	Intangible assets under development (Refer Note 39)
<b>Capital Work in Progress (CWIP) as at April 1, 2016</b>	<b>27,85.07</b>	<b>77.08</b>	<b>1,74.12</b>	<b>1,50.19</b>	<b>1,46.84</b>	<b>21.23</b>	<b>33,54.53</b>	<b>31,98.31</b>
Additions to CWIP	4.49	16.18	-	6.99	26.13	0.11	53.90	104,42.27
<b>Less</b>								
Capitalisation of assets	(25,12.45)	(74.64)	(87.73)	(1,49.89)	(1,46.84)	(21.34)	(29,92.89)	(2,27.22)
<b>CWIP as at March 31, 2017</b>	<b>2,77.11</b>	<b>18.62</b>	<b>86.39</b>	<b>7.29</b>	<b>26.13</b>	<b>-</b>	<b>4,15.54</b>	<b>134,13.36</b>
<b>Add:</b>								
Additions to CWIP	61.06	10.00	1.63	7.92	98.16	-	1,78.77	112,37.87
<b>Less</b>								
Translation difference	-	-	-	-	-	-	-	(1,67.09)
Capitalisation of assets	(20.90)	(28.62)	(1.62)	(15.21)	(98.90)	-	(1,65.25)	(52,87.62)
<b>Closing balance of CWIP as at March 2018</b>	<b>3,17.27</b>	<b>-</b>	<b>86.40</b>	<b>-</b>	<b>25.39</b>	<b>-</b>	<b>4,29.06</b>	<b>191,96.52</b>

Table No. 3.8



## 6. Goodwill and Other Intangible Asset

In Rs. Lakhs

Particulars	Computer software	Internally generated intangible asset	Total Intangible Assets	Goodwill
<b>As at April 1, 2016</b>	<b>19,74.94</b>	<b>87,31.04</b>	<b>107,05.98</b>	<b>77,84.80</b>
Additions	1,53.03	2,27.22	<b>3,80.25</b>	-
Translation difference	(6.11)	4,33.18	<b>4,27.07</b>	(56.66)
Deletions	-	-	-	-
Transfers	-	-	-	-
<b>As at March 31, 2017</b>	<b>21,21.86</b>	<b>93,91.44</b>	<b>115,13.30</b>	<b>77,28.14</b>
Additions	2,17.39	52,87.62	<b>55,05.01</b>	-
Translation difference	(1,48.50)	(4,31.91)	<b>(5,80.41)</b>	13.26
Deletions	-	-	-	-
Transfers	-	-	-	-
<b>As at March 31, 2018</b>	<b>21,90.75</b>	<b>142,47.15</b>	<b>164,37.90</b>	<b>77,41.40</b>
<b>Accumulated Amortization and Impairment</b>				
<b>As at April 1, 2016</b>	<b>17,22.67</b>	<b>87,31.04</b>	<b>104,53.71</b>	-
For the year (Refer Note 25)	1,58.12	6.31	1,64.43	-
Translation difference	18.77	4,33.18	4,51.95	-
Deletions	-	-	-	-
<b>As at March 31, 2017</b>	<b>18,99.56</b>	<b>91,70.53</b>	<b>110,70.09</b>	-
For the year (Refer Note 25)	2,13.80	3,44.92	5,58.72	-
Translation difference	(1,29.10)	(4,31.92)	(5,61.02)	-
Deletions	-	-	-	-
<b>As at March 31, 2018</b>	<b>19,84.26</b>	<b>90,83.53</b>	<b>110,67.79</b>	-
<b>Net Book Value</b>				
<b>As at March 31, 2018</b>	<b>2,06.49</b>	<b>51,63.62</b>	<b>53,70.11</b>	<b>77,41.40</b>
<b>As at March 31, 2017</b>	<b>2,22.30</b>	<b>2,20.91</b>	<b>4,43.21</b>	<b>77,28.14</b>
<b>As at April 1, 2016</b>	<b>2,52.27</b>	<b>(0.00)</b>	<b>2,52.27</b>	<b>77,84.80</b>

Table No. 3.9

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or group of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the individual subsidiary level.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2018 and March 31, 2017 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

Particulars	As at March 31,	
	2018	2017
Long term growth rate	8-10	8-10
Operating margins	10-15	10-15
Discount rate	13.50%	10.40%

Table No. 3.10

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. The Management believes that any reasonable possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

## 7. FINANCIAL ASSET

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>NON-CURRENT ASSETS</b>		
<b>FINANCIAL ASSET</b>		
<b>(a) Investments in Financial Instrument</b>		
<b>Investment in financial instrument, carried at fair value through Profit &amp; Loss</b>		
<i>Quoted equity shares</i>		
(A) Investment in equity shares of Andhra Bank 237 shares (March 31, 2017 - 237 shares) face value of Rs. 10 each	0.21	0.21
<i>(B) Investment in equity shares of Catholic Syrian Bank</i>	0.24	0.24
100 shares (March 31, 2017 - 100 shares) face value of Rs 10 each		
<b>Investment in financial instrument, carried at amortized cost</b>		
<i>Unquoted debt securities</i>		
(A) Investment in Preference share of Adrenalin eSystems Private Limited (Refer Note 33) NIL (March 31, 2017 - 15,200,000 7% redeemable preference shares of Face value of Rs. 5 each)	-	431.24
(B) Investment in Preference share of NMS Works Solution Private Limited (Note 33) 378,614 (March 31, 2017 - 378,614 12% preference shares of Face value of Rs. 5 each)	147.65	132.23
(C) Investment in Equity Shares of Gamma Green Power Private Limited (Unquoted) 2,62,473 Equity Shares of Face Value of Rs. 10 each	-	-
	<b>1,48.10</b>	<b>5,63.92</b>
Aggregate book value of Quoted Investments	0.44	0.43
Aggregate market value of Quoted Investments	0.45	0.45
Aggregate value of Unquoted Investments	1,73.90	5,63.47
Aggregate amount of impairment in value of Investment	26.25	-
<b>(b) Derivative instruments, carried at fair value through OCI</b>		
<b>Cash flow hedges</b>		
Forward cover receivable, Net (Refer Note 11(a))	3.66	-
	<b>3.66</b>	-
<b>(c) Loans and deposits, carried at amortized cost</b>		
Unsecured considered good		
- Security Deposits (Refer Note 11(b))	7,98.86	5,36.24
- Loans to employees (Refer Note 11(b))	3,07.13	2,60.51
	<b>11,05.99</b>	<b>7,96.75</b>
<b>(d) Non current bank balances, carried at amortized cost</b>		
Deposits with Banks with more than 12 months maturity	9,13.83	9,73.92
	<b>9,13.83</b>	<b>9,73.92</b>

Table No. 3.11

The balance on deposit accounts bears an interest rate of 7.02%, which has been pledged as a security by the group for availing non-fund based facilities.(Bank guarantee)

**8. OTHER NON-CURRENT ASSETS**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Unsecured, considered good		
Capital Advances	75.26	21.42
Loans to Employees Welfare Trust	1.09	1.09
Prepayments	17,60.94	2,89.42
Input tax credit receivable	12,90.59	4,68.44
	<b>31,27.88</b>	<b>7,80.37</b>

Table No. 3.12

**9. INCOME TAX ASSETS (NET)**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Advance income tax (Net of provision for tax)	77,61.36	63,09.47
	<b>77,61.36</b>	<b>63,09.47</b>

Table No. 3.13

**10. DEFERRED TAX ASSETS (NET)**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>Deferred Tax Liability</b>		
Property, Plant and Equipment	(35,94.37)	(16,22.95)
Revaluation of cash flow hedge	(1.90)	(4,23.59)
Revaluation of FVTPL investments to fair value	(6.92)	(2.45)
<b>Deferred Tax Asset</b>		
Impact of disallowance under Section 36(1)(viii) of the Income Tax Act	6,37.48	4,57.00
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19,11.38	4,19.68
Carry forward business loss and unabsorbed depreciation	15,80.91	18,24.19
MAT credit entitlement	12,92.79	4,74.81
	<b>18,19.37</b>	<b>11,26.69</b>

Table No.3.14

**11. FINANCIAL ASSET**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>CURRENT ASSETS</b>		
<b>FINANCIAL ASSET</b>		
(a) Derivative instruments carried at fair value through OCI *		
<b>Cash flow hedges</b>		
Forward cover receivable, Net	1.82	9,58.10
	<b>1.82</b>	<b>9,58.10</b>

**Financial liabilities at fair value through OCI**

Financial asset at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future sale in USD.

**(b) Loans and deposits carried at amortized cost**

Unsecured, considered good		
- Security Deposits*	2,51.97	2,75.59
- Loans to employees**	2,81.40	3,67.95
	<b>5,33.37</b>	<b>6,43.54</b>

\*Security deposits 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, carrying an interest rate of 8.95%.

\*\*Loan to employees 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, carrying an interest rate of 7.02%.

Particulars	As at March 31,	
	2018	2017
<b>(c) Trade receivables</b>		
Receivable from Associates (Refer Note 33)	-	-
Receivable from other parties	241,17.34	204,84.13
	<b>241,17.34</b>	<b>204,84.13</b>
<b>Break-up for Security Details:</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	30,60.70	28,73.20
- Doubtful	33,51.05	28,84.45
Less: Allowance for bad and doubtful debts	(33,51.05)	(28,84.45)
	<b>30,60.70</b>	<b>28,73.20</b>
Other debts		
- Unsecured considered good	210,56.64	176,10.93
	<b>241,17.34</b>	<b>204,84.13</b>

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.

**(d) Cash and cash equivalent carried at amortized cost**

- Balance with banks		
- On Current accounts	61,47.37	80,73.57
- Deposits with original maturity of less than three months	-	3,40.57
	<b>61,47.37</b>	<b>84,14.14</b>

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.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

**Balances with banks:**

- On current accounts	61,47.37	80,73.57
- Deposits with original maturity of less than three months	-	3,40.57
	<b>61,47.37</b>	<b>84,14.14</b>

Less – Bank overdraft (Refer Note 18 (a))	-	(61,11.36)
	<b>61,47.37</b>	<b>23,02.78</b>

**(e) Other financial assets carried at amortized cost**

Revenues accrued and not billed *	236,68.15	214,46.64
Interest accrued on Fixed deposits	1,43.95	1,14.12
	<b>238,12.10</b>	<b>215,60.76</b>

Table No. 3.15

\* The balance as at March 31, 2018 is net of allowance for credit loss of Rs.5,94.57 lakhs (Previous year ended March 31, 2017 Rs.3,36.05).

**11. FINANCIAL ASSET****(f) Current investments**

In Rs. Lakhs

Particulars	March 31, 2018		March 31, 2017	
	Units	Amount	Units	Amount
Trade Investments (Carried at fair value through profit or loss)				
Investment in Mutual Funds - (Unquoted)				
ICICI Pru Banking & PSU	11,064,110	11,14.47	12,263,616	12,34.95
Debt -DD				
ICICI Pru Ultra Short Term Reg-DD	2,952,019	2,98.67	2,961,061	3,01.35
ICICI Pru Liquid Plan Direct -DD	-	-	1,862.70	1.86
Reliance Short-term-DM Reinvestment	5,828,104	6,51.47	5,630,498	6,25.38
		<b>20,64.61</b>		<b>21,63.54</b>
Aggregate book value of Unquoted Investments		20,67.94		21,56.46
Aggregate market value of Unquoted Investments		20,64.61		21,63.54
Aggregate amount of impairment in value of Investment		-		-

Table No. 3.16

**12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
Deposits having a maturity period more than 3 months and less than 12 months	78,75.39	31,93.38
	<b>78,75.39</b>	<b>31,93.38</b>

**Table No. 3.17**

The balance on deposit accounts bears an interest rate of 7.02%, which has been pledged as a security by the group for availing non-fund based facilities.

**13. OTHER CURRENT ASSETS**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
Advances to related parties (Refer Note 33)	10,33.94	8,49.09
Prepayments and other recoveries*	36,78.95	35,72.62
Salary advance	3,01.02	2,76.02
Input tax credit receivable	1,91.59	3,25.61
	<b>52,05.50</b>	<b>50,23.34</b>

**Table No. 3.18**

\* Includes an expenditure of Rs.102 Lakhs towards the Rights Issue transaction which had been classified as "other current assets" in the financial statements as at March 31, 2017. Such costs has been adjusted against Securities premium (in "Other Equity") upon completion of the equity transaction during the year ended March 31, 2018.

**14. SHARE CAPITAL**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
<b>Authorised</b>		
(a) 150,000,000 equity shares of Rs 5 each. (March 31, 2017 : 150,000,000 equity shares of Rs 5 each)	75,00.00	75,00.00
	<b>75,00.00</b>	<b>75,00.00</b>
<b>(b) Issued, Subscribed and Paid up</b>		
12,55,29,084 equity shares of Rs 5 each (March 31, 2017: 10,17,33,872 equity shares of Rs 5 each) fully paid up	62,76.45	50,86.69
	<b>62,76.45</b>	<b>50,86.69</b>
<b>Shares held by shareholders holding more than 5 percent shares in the Group.</b>	<b>2018</b>	<b>2017</b>
Polaris Banyan Holding Private Limited	317,61,000	242,91,508
	25.30%	23.88%

**Table No. 43.19****Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share. Equity shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Particulars	As at March 31,	
	2018	2017
Shares outstanding at the beginning of the year/period	101,733,872	100,778,624
Shares issued under the Rights Issue	23,135,710	-
Shares issued under the Employee Stock Option Scheme	659,502	9,55,248
<b>Shares outstanding at the end of the year/period</b>	<b>125,529,084</b>	<b>101,733,872</b>
Share capital outstanding at the beginning of the year/period	5,086.69	5,038.93
Share capital issued under the Rights Issue	1,156.79	-
Share capital issued under the Employee Stock Option Scheme	32.97	47.76
<b>Share capital outstanding at the end of the year/period</b>	<b>6,276.45</b>	<b>5,086.69</b>

**Shares reserved for issue under options**

For details of shares reserved for issue under the Share based payment plan of the Group, please refer note 32.

**15. OTHER EQUITY**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
Securities Premium	392,45.43	203,65.43
General Reserve	170,59.87	170,59.87
Share Based Payments	28,91.78	22,65.27
Retained Earnings	143,63.87	97,03.24
Other Reserves ( Cash flow hedge reserve & Foreign Currency Translation Reserve)	48,73.24	53,53.88
	<b>784,34.19</b>	<b>547,47.69</b>

**Table No. 3.20****16. FINANCIAL LIABILITIES**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
<b>NON-CURRENT LIABILITIES</b>		
<b>Secured</b>		
Term Loan	90,49.54	56,32.54
	<b>90,49.54</b>	<b>56,32.54</b>

**Table No. 3.21**

Term loan from banks (USD) has a moratorium of 12 months from the date of disbursement and repayable in 16 quarterly installments contractually commencing from December 2018. The classification of "Current Maturities of Long Term Borrowings" is done based on management's intention to repay the loan. The loan is measured at amortised cost (net of processing charges) and carries an effective interest of 5.28% per annum and secured by a charge on the Land and buildings of the Company.

**17. DEFERRED TAX LIABILITIES (NET)**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
Deferred Tax Asset	-	-
Property, Plant and Equipment	8.42	6.30
	<b>8.42</b>	<b>6.30</b>

**Table No. 3.22****18. FINANCIAL LIABILITIES**

			In Rs. Lakhs
Particulars	As at March 31,		
	2018	2017	
<b>CURRENT LIABILITIES</b>			
<b>(a) Borrowings</b>			
Secured, unless otherwise specified			
Loans repayable on demand			
- from Banks	-		61,11.36
- from other parties (Unsecured) (Refer Note 33)	38,19.78		55,40.00
Buyers credit availed	-		59,52.34
	<b>38,19.78</b>		<b>176,03.70</b>
Particulars	Effective Interest Rate	Repayable	Security
<b>Loans repayable on demand (Currency of loan - INR)</b>			
Overdraft from bank ( March 31, 2017 )	8.4%-10.05%	30 days credit period	Building and land
Loan from other parties - March 31, 2018/2017	9.50%	Repayable on Demand	Unsecured
<b>Pre-shipment credit in foreign currency &amp; Export bills discounting (Currency of loan - USD)</b>			
Export bills discounting (with recourse) ( March 31, 2017 )	9.75%	90 days to 180 days credit period	Building
Pre-shipment credit in foreign currency ( March 31, 2017 )	2.00%	60 days to 120 days credit period	Land

Particulars	2018	2017
<b>(b) Trade payable</b>		
Trade payable	115,91.81	99,41.11
Trade payables to related parties (Refer note 33)	67.31	1.57
	<b>116,59.12</b>	<b>99,42.68</b>
<b>(c) Other financial liabilities carried at amortized cost</b>		
Employee benefit payable	89,87.84	102,40.28
Current Maturities of Long Term Borrowings	30,67.30	-
Capital creditors	2,05.91	1,03.40
Super Annuation Payable	6,31.79	-
Due on contractual obligation	-	1.78
	<b>128,92.84</b>	<b>103,45.46</b>

Table No. 3.23

**19. OTHER CURRENT LIABILITIES**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
Customer and other advance received	84.35	4.87
Billings in excess of revenues	115,21.74	95,51.38
Statutory dues	26,76.02	25,62.50
	<b>142,82.11</b>	<b>121,18.75</b>

Table No. 3.24

**20. PROVISIONS**

Particulars	In Rs. Lakhs	
	As at March 31, 2018	2017
<b>(a) Provision for employee benefits</b>		
- Provision for gratuity (Refer note 31)	12,78.64	8,26.50
- Provision for leave benefits	11,24.07	9,93.41
- Provision for other employee benefit obligations	5,38.89	4,02.50
<b>(b) Others Provisions</b>		
- Provision for taxation (net of Advance Income tax)	2,71.66	7,17.79
	<b>32,13.26</b>	<b>29,40.20</b>

Table No. 3.25

**21. FINANCE INCOME**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
<b>(a) Interest Income</b>		
Interest from financial assets carried at amortised cost	4,86.50	3,40.32
<b>(b) Dividend Income</b>		
Dividends received on investments in mutual funds	1,16.48	1,23.91
	<b>6,02.98</b>	<b>4,64.23</b>

Table No. 3.26

**22. OTHER INCOME (Recurring and related to business unless otherwise stated)**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
<b>(a) Net gain from sale of investments</b>		
Profit on sale of investments, carried at fair value through profit or loss	-	77.94
Provision for diminution in value of investments	-	-
<b>(b) Other non-operating Income</b>		
Fair value gain on financial instruments at fair value through profit or loss	-	7.08
Net gain on disposal of property, plant and equipment (Non recurring and not related)	16,04.72	22,17.74
Net gain on foreign currency transaction and translation	-	1,93.59
Miscellaneous Income, Net	4,60.12	4,52.20
	<b>20,64.84</b>	<b>29,48.55</b>

Table No. 3.27

**23. EMPLOYEE BENEFITS EXPENSES**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
Salaries and incentive	708,90.95	673,51.84
Contribution to provident and other funds	31,37.32	22,40.75
Gratuity contribution scheme (Refer Note 31)	4,19.84	3,79.35
Expense on Employee Stock Option Scheme (ESOP)	7,38.35	4,18.05
Staff welfare expenses	15,25.32	13,94.31
	<b>767,11.78</b>	<b>717,84.30</b>

Table No. 3.28

**24. OTHER EXPENSES**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
Cost of software packages, consumable and maintenance	43,80.69	16,92.04
Travelling expenses	57,04.10	65,57.59
Communication expenses	14,05.47	12,65.74
Professional and legal charges	29,48.53	33,39.71
Payment to the auditors		
- Statutory audit	51.00	53.00
- for other services	4.00	1.80
- for reimbursement of expenses	2.11	2.20
Power and fuel	7,79.06	5,83.55
Rent	19,88.00	16,49.50
Repairs - Plant and machinery	1,10.41	2,11.30
Repairs - Others	4,03.95	4,38.28
Business promotion	26,39.37	24,80.43
Office maintenance	9,46.92	8,21.99
Provision for doubtful debts	7,83.53	6,11.77
Bad debts / advances written off	2,76.95	6,21.39
Insurance	1,72.97	1,62.18
Preliminary exp written off	16.85	-
Printing and stationery	2,32.22	2,20.02
Rates and taxes excluding taxes on Income	1,29.02	4,67.03
Donations	2,00.00	1.50
Directors' sitting fees	29.44	27.70
Bank charges & commission	2,73.04	1,38.94
Miscellaneous expenses	6,76.31	7,05.26
Net Loss on foreign currency transaction and translation	6,25.17	-
	<b>247,79.11</b>	<b>220,52.92</b>

Table No. 3.29

**25. DEPRECIATION AND AMORTISATION**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
Depreciation of Tangible Assets (Refer Note 4)	20,94.77	22,49.56
Amortisation of Intangible Assets (Refer Note 6)	5,58.72	1,64.43
	<b>26,53.49</b>	<b>24,13.99</b>

Table No. 3.30

**26. FINANCE COSTS**

Particulars	In Rs. Lakhs	
	Year ended March 31, 2018	2017
(a) Interest Expenses	13,82.62	11,30.24
	<b>13,82.62</b>	<b>11,30.24</b>

Table No. 3.31

**27. Income Tax**

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

## Statement of Profit or Loss:

In Rs. Lakhs

Particulars	Year ended March 31,	
	2018	2017
<b>Current income tax:</b>		
Current income tax charge	4,83.69	3,61.73
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	2,19.29	(78.10)
<b>Total</b>	<b>7,02.98</b>	<b>2,83.63</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:</b>		
Particulars	Year ended March 31,	
	2018	2017
<b>Accounting Profit before income tax</b>	63,73.94	(19,54.95)
At India's statutory income tax rate of 34.608%	34.608%	34.608%
Derived Tax Charge for the year	2,2,05.89	(6,76.57)
Adjustments:		
Tax impact arising on account of set off of available losses	(19,57.43)	-
Effect of unrecognised deferred tax assets	-	5,98.47
Tax adjustments/ Refunds pertaining to earlier years	-	(6,57.02)
Overseas taxes	4,54.52	10,18.75
<b>Net derived tax charge</b>	<b>7,02.98</b>	<b>2,83.63</b>
<b>Income tax expense reported in the statement of Profit &amp; Loss</b>	<b>7,02.98</b>	<b>2,83.63</b>

Table No. 3.32

**28. Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

In Rs. Lakhs

Particulars	Retained Earnings	Net movement on cash flow hedges	Foreign exchange translation difference	Total
<b>During the year ended 31 March 2018</b>				
Re-measurement gains (losses) on defined benefit plans	(11.99)			(11.99)
Net movement on cash flow hedges		(18,14.18)		(18,14.18)
Exchange differences on translation of foreign operations			13,33.54	13,33.54
<b>During the year ended 31 March 2017</b>				
Re-measurement gains (losses) on defined benefit plans	(1,94.16)			(1,94.16)
Net movement on cash flow hedges		12,23.97		1,223.97
Exchange differences on translation of foreign operations			(13,99.70)	(13,99.70)

Table No. 3.33

**29. 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 income and share data used in the basic and diluted EPS computations:

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Profit after tax	46,72.62	(22,38.58)
Weighted average number of shares		
- Basic	117,552,245	107,078,294
- Diluted	120,785,310	107,078,294
Earning per share of Rs.5 each		
- Basic	3.97	(2.09)
- Diluted	3.87	(2.09)

Table No. 3.34

The basic and diluted EPS for March 31, 2017 are the same since the potential equity shares on employee stock option which are anti dilutive. Pursuant to allotment of shares by way of rights issue, earnings per share (EPS) in respect of previous year has been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

**30. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. 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 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.

**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 Company 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.

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**Share-based payments**

The Company initially measures the cost of Equity-settled transactions with employees using a black scholes model to determine the fair value of the liability incurred. 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.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuation. 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 underlying bonds are further reviewed for quality.

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 and sensitivity analysis are given in Note 31.

**Taxes**

Current Tax for the current year is computed as per the provisions of Section 115JB and the Minimum Alternate Tax liability (MAT) is provided for. Significant management judgements have been involved in evaluating and recognising MAT credit, to be set off against the future taxable profits for which the Company has an eligible carry forward period of 15 years.

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.

**Provision for Allowance of Credit Loss**

The Company has adopted and laid out its Expected Credit Loss Model (ECL) for determination of the Provision for credit loss allowance, which are primarily in the nature of trade receivables and unbilled revenue. In determining its ECL, assumptions and estimates are made in relation to Nature of customers (Public Sector Banks, Non-Banking Finance Companies, Private Banks etc), billing and collection terms as per the contract, average aging of the customer balance and the past trends of collection.

**31. Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Intellect Design Group gratuity trust" has been constituted by Intellect Design Arena Limited to administer the gratuity fund.

In Rs. Lakhs

Particulars	Year ended March 31,	
	2018	2017
<b>Obligations at the beginning of the year</b>	<b>21,97.02</b>	<b>17,14.59</b>
Current service cost	3,84.23	3,54.64
Interest cost	1,54.51	1,27.08
Benefits paid	(2,40.57)	(1,15.03)
Actuarial (gains) / losses	10.19	1,15.74
<b>Obligations at the end of the year</b>	<b>25,05.38</b>	<b>21,97.02</b>
<b>Change in plan assets</b>		
Plan assets at period beginning, at fair value	<b>13,70.52</b>	<b>9,81.08</b>
Expected Return on plan assets	93.22	77.99
Contributions	1.17	4,84.27
Actuarial gains / (losses)	(1.80)	(57.78)
Benefits paid	(2,36.37)	(1,15.04)
<b>Plan assets at period end, at fair value</b>	<b>12,26.74</b>	<b>13,70.52</b>
Actual Return on Plan Assets	91.42	20.21

**Reconciliation of present value of the obligation and the fair value of plan assets**

Particulars	Year ended March 31,	
	2018	2017
Fair value of plan assets at the end of the year	12,26.74	13,70.52
Present value of defined benefit obligations at the end of the year	25,05.38	21,97.02
<b>Asset / (Liability) recognised in the balance sheet</b>	<b>(12,78.64)</b>	<b>(8,26.50)</b>
a) Non-Current portion	-	-
b) Current portion	(12,78.64)	(8,26.50)
<b>Amount recognised in the statement of Profit and Loss under employee benefit expense:</b>		
Service Cost	3,84.23	3,54.64
Net interest on the net defined liability/asset	35.61	24.71
	<b>4,19.84</b>	<b>3,79.35</b>
<b>Amount recognised in the statement of Other Comprehensive Income</b>		
(Gain)/Loss from change in demographic assumptions	23.52	21.87
(Gain)/Loss from change in financial assumptions	38.36	1,32.12
Actuarial (Gain)/Loss due to Experience (Return) / Loss on Plan Assets (greater) / less than discount rate	(51.69)	(17.61)
	1.80	57.78
	<b>11.99</b>	<b>1,94.16</b>
Defined Benefit Obligation	25,05.38	21,97.02
Fair Value of Plan Assets	12,26.74	13,70.52
Surplus / (deficit)	(12,78.66)	(8,26.50)
Experience adjustments on plan liabilities	10.19	1,15.74
Experience adjustments on plan assets	(1.80)	(57.78)
Actual return on plan assets	91.42	20.21
<b>Actuarial Assumptions</b>		
Discount rate	7.44%	6.86%
Expected return on plan assets	7.44%	6.86%
Salary growth rate	7.75%	6.75%
Attrition rate	18.84%	20.81%

**Table No. 3.35****Amounts recognised in current year and previous years**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>Gratuity</b>		
Defined benefit obligation	25,05.38	21,97.02
Plan asset	12,26.74	13,70.52
Surplus/(Deficit)	(12,78.66)	(8,26.50)
Experience Adjustment on Plan Liabilities (Gain) / Loss	10.19	1,15.74
Experience Adjustment on Plan Assets Gain / (Loss)	(1.80)	(57.78)

**Table No. 3.36**

Estimated amount of contribution to the fund during the Year Ended March 31, 2018, as estimated by management is INR. 1,278.62 lakhs ( Previous year INR. 826.50 lakhs)

**Notes**

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market

(b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

(c) The Composition of Plan assets which is funded with ICICI Prudential Life Insurance, Kotak Mahindra is as below:

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets	March 31, 2018	March 31, 2017
Assets under insurance schemes	100%	100%

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March 2017 - 5 years)

#### A quantitative sensitive analysis of the assumption as at March 31, 2018

Assumptions	Discount Rate		Salary Escalation Rate	
Sensitivity level	1%	1%	1%	1%
Activity	Increase	Decrease	Increase	Decrease
Defined benefit obligation	2,397.22	2,623.65	2,606.54	2,414.09

**Table No. 3.37**

Assumptions	Attrition rate		Mortality rate
Sensitivity level	1%	1%	10%
Activity	Increase	Decrease	Increase
Defined benefit obligation	2,493.06	2,518.20	2,506.12

**Table No. 3.38**

A quantitative sensitive analysis of the assumption as at March 31, 2017

Assumptions	Discount Rate		Salary Escalation Rate	
Sensitivity level	1%	1%	1%	1%
Activity	Increase	Decrease	Increase	Decrease
Defined benefit obligation	2,158.73	2,354.64	2,331.16	2,176.46

**Table No. 3.39**

Assumptions	Attrition rate		Mortality rate
Sensitivity level	1%	1%	10%
Activity	Increase	Decrease	Increase
Defined benefit obligation	2,246.84	2,257.64	2,253.00

**Table No. 3.40**

### 32. Share based payments

The Scheme of Arrangement (Demerger) entered into by the Company with Polaris Consulting & Services Limited (Demerged Company) with effect from April 1, 2014 provided for the following in respect of Employee Stock Option Schemes;

(i) The Company has adopted three stock option plans (ASOP 2003, ASOP 2004 and ASOP 2011) from Polaris Consulting & Services Limited, as provided in the Scheme of Arrangement.

(ii) Every employee holding an option in the Demerged Company under the stock option plans of the Demerged Company, shall be issued one option in the stock option plans formed by the Resulting Company upon the Scheme coming into effect.

(iii) The exercise price of the options in the Resulting Company shall be adjusted to 28% of the exercise price of the options granted under the Schemes of the Demerged Company.

Apart from the schemes provided under the Demerger arrangement the company has the following Employee stock option schemes

(i) The Company has formulated two stock option plans (Intellect Stock Option Plan 2015, Intellect Stock Option Plan 2016) of its own.

These plans provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

During the current year the Company had offered rights issue to its shareholders on 17th July, 2017. Consequent to this corporate action, the market price of the shares reduced from Rs. 130.60 to Rs. 118.20. The ESOP scheme of the Company specifically requires the Compensation/Nomination & Remuneration Committee to make a fair and reasonable adjustment to the option terms in case of corporate action. Considering the above, the Nomination and Remuneration Committee of Intellect on 09th November 2017 has revised/ reduced the exercise prices of outstanding options (both vested and unvested) as on the record date i.e 18th July, 2017 by 15 %. The fair values before and after the modification have remained unchanged and there is no

incremental impact in the Income statement. The option plans are summarized below:

#### Associate Stock Option Plan 2003

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and from the Bombay Stock Exchange on March 3, 2015. The 2003 Plan provides for issuance of 26,03,850 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including directors of the Company. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2003 plan at March 31, 2018 is presented below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	132,802	48.60
Granted During the period	-	-
Exercised during the year	(57,802)	43.13
Forfeited during the year	-	-
Expired during the year	(27,900)	44.41
Outstanding at the end of the year	47,100	42.25
Exercisable at the end of the year	47,100	42.25

**Table No. 3.41**

Particulars	March 31, 2018
Range of exercise price (Rs.)	30.58 - 49.68
Weighted average remaining contractual life (in years)	1.55
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	169.85

**Table No. 3.42**

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	238,100	53.95
Granted During the period	-	-
Exercised during the year	(69,098)	43.89
Forfeited during the year	(35,600)	42.31
Expired during the year	(600)	35.98
Outstanding at the end of the year	132,802	49.39
Exercisable at the end of the year	132,802	48.60

**Table No. 3.43**

Particulars	March 31, 2017
Range of exercise price (Rs.)	19.07-63.67
Weighted average remaining contractual life (in years)	2.06
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

**Table No. 3.44**

**Associate Stock Option Plan 2004**

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange and the Bombay Stock Exchange on February 16, 2015. The 2004 Plan provides for issuance of 8,24,645 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees, including directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2004 plan at March 31, 2018 is presented below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	64,200	49.32
Granted during the year	-	-
Exercised during the year	(11,200)	41.13
Forfeited during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	53,000	42.79
Exercisable at the end of the year	53,000	42.79

**Table No. 3.45**

Particulars	March 31, 2018
Range of exercise price (Rs.)	30.58 to 44.26
Weighted average remaining contractual life (in years)	1.15
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	169.33

**Table No. 3.46**

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	86,800	51.60
Granted during the year	-	-
Exercised during the year	(7,600)	51.64
Forfeited during the year	(10,000)	52.07
Expired during the year	(5,000)	-
Outstanding at the end of the year	64,200	49.32
Exercisable at the end of the year	64,200	49.32

**Table No. 3.47**

Particulars	March 31, 2017
Range of exercise price (Rs.)	48.38 - 54.47
Weighted average remaining contractual life (in years)	2.22
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

**Table No. 3.48****Associate Stock Option Plan 2011**

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and

the Bombay Stock Exchange on February 19, 2015. The 2011 Plan provides for issuance of 48,88,450 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees. The plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non-Executive directors
Maximum number of options grantable	3,648,450 Less: Number of Options granted under Swarnam 21	17,36,000	1,240,000 Less: Number of Options granted under Swarnam 41	2,00,000

**Table No. 3.49****Grant price**

Market price upto Rs. 49	Market price	Market price	Market price	Market price
Market price between Rs. 49 - Rs. 140	15% discount on market price. (Subject to being Not lower than Rs 49)	30% discount on market price. (Subject to being Not lower than Rs 49)	50% discount on market price. (Subject to being Not lower than Rs 49)	Market price
Market price greater than Rs.140	10% discount on market price	20% discount on market price	50% discount on market price	Market price

**Table No. 3.50**

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

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

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

**Table No. 3.51****Performance conditions**

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth.	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth.	NA	NA

**Table No. 3.52**



The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,597,650	40.55
Granted during the year	-	-
Exercised during the year	(459,700)	36.93
Forfeited during the year	(803,410)	48.79
Expired during the year	(22,160)	38.48
Outstanding at the end of the year	1,312,380	43.06
Exercisable at the end of the year	730,390	35.76

Table No. 3.53

Particulars	March 31, 2018
Range of exercise price (Rs.)	25.94 to 62.35
Weighted average remaining contractual life (in years)	5.32
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	159.78

Table No. 3.54

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	3,639,650	43.41
Granted during the year	-	-
Exercised during the year	(759,750)	37.91
Forfeited during the year	(17,800)	46.02
Expired during the year	(264,450)	47.23
Outstanding at the end of the year	2,597,650	51.47
Exercisable at the end of the year	646,620	40.55

Table No. 3.55

Particulars	March 31, 2017
Range of exercise price (Rs.)	31.70 - 73.35
Weighted average remaining contractual life (in years)	6.21
Weighted average fair value of options granted	-

Table No. 3.56

Scheme	ASOP 2011				
Grant ID	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11
Grant date	20-Jan-12	24-Apr-12	24-Jul-12	22-Oct-12	22-Jan-13
Stock Price	134.40	150.75	113.20	126.15	141.95
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Risk-free interest rate	8.08%	8.47%	8.10%	8.11%	7.90%
Revised Exercise Price	114.24	128.14	96.22	107.23	120.66
Expected life (Years)	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5
Expected volatility	59.31%	20.00%	20.00%	20.00%	43.86%
Expected dividend yield	1.54%	0%	0%	0%	2%

Scheme	ASOP 2011				
Grant ID	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11
Grant date	27-Apr-13	30-Jul-13	22-Oct-13	07-Mar-14	10-Mar-14
Stock Price	114.70	109.00	141.25	153.40	143.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Risk-free interest rate	7.59%	8.74%	8.56%	8.93%	8.96%
Revised Exercise Price	97.50	92.65	120.06	130.39	122.15
Expected life (Years)	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5
Expected volatility	20.00%	20.00%	20.00%	20.00%	44.67%
Expected dividend yield	0%	0%	0%	0%	2.26%

Scheme	ASOP 2011			
Grant ID	Swarnam 21 & 31	Swarnam 21 & 31	Swarnam 11	Swarnam 21 & 31
Grant date	10-Mar-14	30-Apr-14	07-Jan-15	07-Jan-15
Stock Price	143.70	183.55	86.30	86.30
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20
Risk-free interest rate	9.09%	8.86%	8.07%	8.02%
Revised Exercise Price	122.15	148.75	51.35	51.35
Expected life (Years)	5.5 - 7.5	5.5 - 7.5	3.5 - 7.5	5.5 - 7.5
Expected volatility	20.00%	55.21%	20.00%	20.00%
Expected dividend yield	0%	2.407%	0%	0%

#### Intellect Stock option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on January 29, 2015 approved the Intellect Stock Option Plan 2015. The 2015 plan provides for issuance of 60,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non-Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Options granted under Swarnam 21	17,36,000	1,240,000 Less: Number of Options granted under Swarnam 41	2,00,000

Table No. 3.57

**Grant price**

	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401
Market price upto Rs. 49	Market price	Market price	Market price	Market price
Market price between Rs. 49 - Rs. 140	15% discount on market price. (Subject to being Not lower than Rs 49)	30% discount on market price. (Subject to being Not lower than Rs 49)	50% discount on market price. (Subject to being Not lower than Rs 49)	25% discount on market price. (Subject to being Not lower than Rs 49)
Market price greater than Rs.140	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price (Subject to being not lower than Rs. 49)

**Table No. 3.58****Grant price**

	Swarnam 501
Market price upto Rs. 49	Market price
Market price between Rs. 49 - Rs. 140	Upto 50% discount on market price. (Subject to being Not lower than Rs 49)
Market price greater than Rs.140	Upto 50% discount on market price. (Subject to being not lower than Rs. 49)

**Table No. 3.59**

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

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

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401
Service conditions				
At the end of year 1	10%	0%	0%	0%
At the end of year 2	15%	0%	0%	0%
At the end of year 3	20%	33%	33%	33%
At the end of year 4	25%	33%	33%	33%
At the end of year 5	30%	34%	34%	34%

**Table No. 3.60**

Particulars	Swarnam 501
Service conditions	
At the end of year 1	0%
At the end of year 2	0%
At the end of year 3	33%
At the end of year 4	33%
At the end of year 5	34%

**Table No. 3.61**

Performance Conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating.			
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA	

**Table No. 3.62**

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

A summary of the status of the options granted under 2015 plan at March 31, 2018 is presented below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	5,013,800	1,34.06
Granted during the year	1,255,000	1,19.62
Exercised during the year	(142,000)	91.27
Forfeited during the year	(437,800)	1,38.31
Expired during the year	(55,700)	1,23.99
Outstanding at the end of the year	5,633,300	1,21.99
Exercisable at the end of the year	1,153,613	1,16.04

**Table No. 3.63**

Particulars	March 31, 2018
Range of exercise price	77.18 to 179.35
Weighted average remaining contractual life (in years)	6.96
Weighted average fair value of options granted	69.78
Weighted average market price of shares on the date of exercise	166.59

**Table No. 3.64**

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	4,862,400	1,42.45
Granted during the year	1,103,500	1,76.41
Exercised during the year	(1,26,400)	9,7.57
Forfeited during the year	(51,850)	1,21.03
Expired during the year	(773,850)	1,10.56
Outstanding at the end of the year	5,013,800	1,34.06
Exercisable at the end of the year	567,215	-

**Table No. 3.65**

Particulars	March 31, 2017
Range of exercise price	95.33 - 102
Weighted average remaining contractual life (in years)	7.50
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise	-

**Table No. 3.66**

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

**Grants in FY 17-18****SWARNAM 101- ISOP 2015**

Date of Grant : 30/Jan/2018	30-Jan-2019	30-Jan-2020	30-Jan-2021	30-Jan-2022	30-Jan-2023
Market Price (Rs.)	175.05	175.05	175.05	175.05	175.05
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	54.92	54.92	54.92	54.92	54.92
Riskfree Rate (%)	7.11	7.3	7.45	7.56	7.65
Exercise Price (Rs)	157.55	157.55	157.55	157.55	157.55
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>87.68</b>	<b>98.14</b>	<b>106.97</b>	<b>114.57</b>	<b>121.19</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>109.88</b>				

Date of Grant : 9/Nov/2017	09-Nov- 2018	09-Nov- 2019	09-Nov- 2020	09-Nov- 2021	09-Nov- 2022
Market Price (Rs.)	144.25	144.25	144.25	144.25	144.25
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.58	6.72	6.84	6.94	7.03
Exercise Price (Rs)	122.61	122.61	122.61	122.61	122.61
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>50.18</b>	<b>57</b>	<b>63.3</b>	<b>69.16</b>	<b>74.64</b>
Vest Percent (%)	10	15	20	25	30

<b>Options Fair Value (Rs.)</b>	<b>65.91</b>				
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Table No. 3.67

Date of Grant : 7/Sep/2017	07-Sep- 2018	07-Sep- 2019	07-Sep- 2020	07-Sep- 2021	07-Sep- 2022
<b>Variables</b>					
Market Price (Rs.)	109.5	109.5	109.5	109.5	109.5
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.4	6.51	6.61	6.69	6.77
Exercise Price (Rs)	93.08	93.08	93.08	93.08	93.08
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>37.71</b>	<b>42.74</b>	<b>47.38</b>	<b>51.69</b>	<b>55.75</b>
Vest Percent (%)	10	15	20	25	30

<b>Options Fair Value (Rs.)</b>	<b>49.31</b>				
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Table No. 3.68

Date of Grant : 3/May/2017	03-May- 2018	03-May- 2019	03-May- 2020	03-May- 2021	03-May- 2022
Market Price (Rs.)	125.6	125.6	125.6	125.6	125.6
Revised Market Price (Rs.)	118.2	118.2	118.2	118.2	118.2
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.76	6.88	6.99	7.08	7.15
Revised Exercise Price (Rs)	90.746	90.746	90.746	90.746	90.746
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>44.12</b>	<b>50.09</b>	<b>55.61</b>	<b>60.73</b>	<b>65.46</b>
Vest Percent (%)	10	15	20	25	30

<b>Options Fair Value (Rs.)</b>	<b>57.87</b>				
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Table No. 3.69

## Grants in FY 16-17

## ISOP 2015- Swarnam 501

Grant Date : 03 May 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	234.45	234.45	234.45
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	63.73%	63.73%	63.73%
Riskfree Rate	7.48%	7.53%	7.58%
Revised Exercise Price (Rs.)	99.64	99.64	99.64
Time To Maturity (Years)	5.73	6.73	7.73
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>94.06</b>	<b>103.83</b>	<b>105.97</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>101.33</b>		

Table No. 3.70

Grant Date : 20 October 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	181.60	181.60	181.60
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	138.92	138.92	138.92
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>74.23</b>	<b>81.69</b>	<b>88.58</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>81.57</b>		

Table No. 3.71

## ISOP 2015- Swarnam 101

Date of Grant : 03/May/2016	03-May- 2017	03-May- 2018	03-May- 2019	03-May- 2020	03-May- 2021
Stock Price (Rs.)	234.45	234.45	234.45	234.45	234.45
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	64%	64%	64%	64%	64%
Riskfree Rate	7%	7%	7%	8%	8%
Revised Exercise Price (Rs.)	179	179	179	179	179
Time To Maturity (Years)	3.73	4.73	5.73	6.73	7.73
Dividend yield	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>131.82</b>	<b>145.29</b>	<b>156.57</b>	<b>166.18</b>	<b>174.39</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>160.15</b>				

Table No. 3.72

Date of Grant : 20/Oct/2016	20-Oct- 2017	20-Oct- 2018	20-Oct- 2019	20-Oct- 2020	20-Oct- 2021
Stock Price (Rs.)	181.6	181.6	181.6	181.6	181.6
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%	20.00%	20.00%
Riskfree Rate	6.59%	6.68%	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	139	139	139	139	139
Time To Maturity (Years)	3.50	4.50	5.50	6.50	7.50
Dividend yield	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>57.54</b>	<b>66.21</b>	<b>74.23</b>	<b>81.69</b>	<b>88.58</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>77.53</b>				

**Table No. 3.73**

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns 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 also not necessarily be the actual outcome.

**Intellect Stock option Plan 2016**

The Shareholders of the Company in the Extraordinary General Meeting held on May 03, 2016 approved Intellect Stock Option Plan 2016. The 2016 plan provides for issuance of 40,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. A summary of the status of the options granted under 2016 plan at March 31, 2018 is presented as below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,627,500	93.18
Granted During the period	800,000	1,35.70
Exercised during the year	-	-
Forfeited during the year	(174,400)	83
Expired during the year	-	-
Outstanding at the end of the year	3,253,100	94.73
Exercisable at the end of the year	228,650	84.48

**Table No. 3.74**

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Range of exercise price (Rs.)	83.09 to 87.98	
Weighted average remaining contractual life (in years)	7.72	
Weighted average fair value of options granted	44.52	
Weighted average market price of shares on the date of exercise(Rs.)	-	

**Table No. 4.75**

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-
Granted During the period	2,712,500	92.90
Exercised during the year	-	-
Forfeited during the year	-	-
Expired during the year	85,000	87.54
Outstanding at the end of the year	2,627,500	93.18
Exercisable at the end of the year	-	-

**Table No. 3.76**

Particulars	March 31, 2017
Range of exercise price (Rs.)	97.75 - 103.50
Weighted average remaining contractual life (in years)	8.50
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

**Table No. 4.77****Service conditions**

Particulars	Swarnam 501	Swarnam 101
Service conditions		
At the end of year 1	33%	10.00%
At the end of year 2	33%	15.00%
At the end of year 3	34%	20.00%
At the end of year 4		25.00%
At the end of year 5		30.00%

**Table No. 3.78****Performance Conditions**

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating.		
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

**Table No. 4.79****Grants in FY 17-18****SWARNAM 101- ISOP 2016**

Date of Grant : 30/Jan/2018	30-Jan- 2019	30-Jan- 2020	30-Jan- 2021	30-Jan- 2022	30-Jan- 2023
Market Price (Rs.)	175.05	175.05	175.05	175.05	175.05
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	54.92	54.92	54.92	54.92	54.92
Riskfree Rate (%)	7.11	7.3	7.45	7.56	7.65
Exercise Price (Rs.)	148.79	148.79	148.79	148.79	148.79
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>90.71</b>	<b>100.82</b>	<b>109.36</b>	<b>116.71</b>	<b>123.11</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>112.18</b>				

**Table No. 3.80****SWARNAM 101- ISOP 2016**

Date of Grant : 9/Nov/2017	09-Nov- 2018	09-Nov- 2019	09-Nov- 2020	09-Nov- 2021	09-Nov- 2022
Market Price (Rs.)	144.25	144.25	144.25	144.25	144.25
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.58	6.72	6.84	6.94	7.03
Exercise Price (Rs.)	129.83	129.83	129.83	129.83	129.83
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>45.69</b>	<b>52.78</b>	<b>59.32</b>	<b>65.42</b>	<b>71.13</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>62.04</b>				

**Table No. 3.81**

## Grants in FY 16-17

## ISOP 2016- Swarnam 101

Grant Date : 24 March 2017	Vest 1 24-Mar-18	Vest 2 24-Mar-19	Vest 3 24-Mar-20	Vest 4 24-Mar-21	Vest 5 24-Mar-22
Stock Price (Rs.)	115.70	115.70	115.70	115.70	115.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%	20.00%	20.00%
Riskfree Rate	6.58%	6.75%	6.88%	6.98%	7.07%
Revised Exercise Price (Rs.)	87.98	87.98	87.98	87.98	87.98
Time To Maturity (Years)	3.50	4.50	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>37.04</b>	<b>42.71</b>	<b>48.00</b>	<b>52.91</b>	<b>57.48</b>
<b>Vesting %</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>
<b>Option Fair Value (Rs.)</b>	<b>50.18</b>				

Table No. 3.83

## ISOP 2016- Swarnam 501

Grant Date : 24 March 2017	Vest 1 24-Mar-18	Vest 2 24-Mar-19	Vest 3 24-Mar-20
Stock Price (Rs.)	115.70	115.70	115.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.88%	6.98%	7.07%
Revised Exercise Price (Rs.)	83.09	83.09	83.09
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>51.19</b>	<b>55.90</b>	<b>60.28</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>55.83</b>		

Table No. 3.84

Grant Date : 20 October 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	181.60	181.60	181.60
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	131.21	131.21	131.21
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>79.24</b>	<b>86.40</b>	<b>93.02</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>86.29</b>		

Table No. 3.85

## 33. Related party transactions

## List of related parties

## (a) Associates

1. NMS Works Software Private Limited, India ('NMS')
2. Adrenalin eSystems Limited, India ('Adrenalin eSystems')

## (b) Joint Venture

Intellect Polaris Design LLC, USA ('IPDLLC USA')

## (c) Enterprises that directly or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others"

Polaris Banyan Holding Private Ltd, India ('Polaris Banyan')

## (d) Key managerial personnel

1. Mr. Arun Jain, Chairman and Managing Director
2. Mr. Anil Kumar Verma, Director
3. Mr. S Swaminathan, Chief Financial Officer
4. Mr. Naresh VV, Company Secretary
5. Mr Arun Shekhar Aran, Audit Committee Chairman
6. Mr Balaraman, Independent Director

Particulars	Others	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>TRANSACTIONS DURING THE YEAR</b>		
<b>Interest on loans from related parties</b>		
Polaris Banyan Holding Limited	4,69.01	2,05.48
	<b>4,69.01</b>	<b>2,05.48</b>
<b>Borrowing during the year</b>		
Polaris Banyan Holding Limited	-	55,40.00
	-	<b>55,40.00</b>
<b>Repayment of Borrowings</b>		
Polaris Banyan Holding Limited	17,20.22	-
	<b>17,20.22</b>	-
Particulars	Associates & Joint venture	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Interest income from Investment in debt instrument of associates</b>		
Adrenalin eSystems	-	46.20
NMS	15.87	14.17
	<b>15.87</b>	<b>60.37</b>
<b>Reimbursement of expenses by the Group</b>		
Adrenalin eSystems	-	15.62
	-	<b>15.62</b>
<b>Reimbursement of expenses to the Group</b>		
Adrenalin eSystems	4,94.85	4,00.69
	<b>4,94.85</b>	<b>4,00.69</b>
Particulars	Others	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>BALANCE DUE FROM/TO RELATED PARTIES</b>		
<b>Loan Repayable on Demand</b>		
Polaris Banyan Holding Limited	38,19.78	55,40.00
	<b>38,19.78</b>	<b>55,40.00</b>
Particulars	Associate Joint Venture	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Trade Payable</b>		
Adrenalin eSystems	67.31	1.57
<b>Short Term Loans and Advances</b>		
Adrenalin eSystems	10,33.94	8,49.09
	<b>10,33.94</b>	<b>8,49.09</b>
<b>Investment in debt instrument of associates, carried at amortized cost</b>		
Adrenalin eSystems	-	4,31.24
NMS	1,47.65	1,32.23
	<b>1,47.65</b>	<b>5,63.47</b>
<b>Investments</b>		
Adrenalin eSystems	22,62.36	18,77.33
NMS	6,24.14	6,24.14
IPDLLC USA	15,33.58	15,33.58
	<b>44,20.08</b>	<b>40,35.05</b>
Particulars	Key Management Personnel	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Remuneration to Key Managerial Personnel*</b>		
Remuneration & Other Benefits	5,21.82	3,71.78
Remuneration to Independent Directors	21.30	20.80
	<b>5,43.12</b>	<b>3,92.58</b>

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: 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.

#### Remuneration to Key Managerial Personnel

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

#### 34. Capital commitments and contingent liabilities

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments / decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

(i) The Group's pending litigations comprise of proceedings pending with tax authorities. The Group has reviewed all the proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

Contracts yet to be executed on capital account (net of advances) Rs. 150.63 lakhs (March 31, 2017: Rs.12.42 Lakhs).

(ii) Claims against the Group, not acknowledged as debt includes:

Particulars	In Rs. Lakhs	
	As at March 31, 2018	As at March 31, 2017
Demand from Indian income tax authorities	998.85	621.07
Sales Tax demand from Commercial Tax Officer, Chennai. (a deposit of Rs 7.90 lakhs is paid against the same)	43.13	31.62
Service tax demand from Commissioner of Central excise, Chennai	80.81	28.42

Table No. 3.86

The Group is contesting the demands raised by the respective tax authorities, and the management, based on internal assessment and per its tax advisors, believe that its position will likely be upheld in the appellate process and ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

Other Commitment:

Bank guarantees in the nature of Financial guarantees (backed up by Fixed deposits) as at March 31, 2018 amounting to Rs.3,940 Lakhs.

#### 35. GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess purchase consideration paid over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indications for impairment. The management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2018.

Goodwill on consolidation as at March 31, 2018 stood at Rs. 7,741.4 lakhs (March 31, 2017 Rs.7,728.14 lakhs, ). Significant acquisitions over the years which resulted in goodwill were Laser Soft Infosystems Ltd, SFL Properties private Limited, Indigo TX Software Private Ltd and Intellect, USA and the details of the same are given below:

a. The group acquired 51% equity share stake in Indigo TX Software Private Limited('Indigo TX'), a SAAS Software developer for Rs. 800.75 lakhs on May 10, 2010. The balance 49% equity stake in Indigo TX Software Private Limited was acquired on November 22, 2011 for a consideration of Rs. 902.22 lakhs. Consequently, Indigo TX became a 100% subsidiary of the Group. The excess purchase consideration paid over the net asset taken over to the extent of Rs.1,186.66 lakhs is recognized as goodwill.

b. Lasersoft Infosystems Limited ('Lasersoft'), a leading banking software services company specializing in serving the unique needs of India & emerging markets, is a wholly owned subsidiary of the Group with effect from November 16, 2009. The total consideration for the acquisition was Rs. 5,201.05 lakhs. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 3,069.83 lakhs is recognised as goodwill.

c. The group acquired the entire interest of SFL Properties private Limited ('SFL Properties'), an Indian company engaged in the business of Real estate promotion and construction, on December 1, 2010. The total consideration for acquisition was Rs. 981.12 lakhs. The excess of purchase consideration paid

over the net assets of SFL properties to the extent of Rs 865.56 lakhs is recognized as goodwill.

d. The group acquired the entire interest in Intellect, USA., a US based Insurance technology provider with effect from October 01, 2008. The excess of purchase consideration paid over the net assets of Intellect, USA. to the extent of Rs. 2,619.36 lakhs (March 31, 2017 Rs. 2,606.09 lakhs) is recognised as goodwill.

### 36. Investments - Fair value

Particulars	In Rs. Lakhs			
	Carrying value		Fair value	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>Financial assets</b>				
Investments in Mutual Funds	20,67.94	21,56.46	20,64.61	21,63.54
Derivative Financial Instruments - Forward Contracts	5.48	9,58.10	5.48	9,58.10

**Table No. 3.87**

### 37. Fair value hierarchy

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018 & March 31, 2017

		In Rs. Lakhs		
Particulars	Date of valuation	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets measured at fair value:				
Mutual funds (unquoted)	March 31, 2018	-	2,064.61	-
	March 31, 2017	-	2,163.54	-
Derivative financial instruments - Forward Contracts	March 31, 2018	-	5.48	-
	March 31, 2017	-	958.10	-

**Table No. 3.88**

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

### 38. Hedging of foreign currency exposures

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Group does not use forward contracts for speculative purposes. The following are the outstanding Forward Exchange Contracts entered into by the Group as at year / period ends including forward cover taken for forecasted revenue receivable transactions:

Particulars (USD and INR) (Rs.in lakhs)	March 31, 2018	March 31, 2017
Number of contracts	69.00	6.00
US \$ Equivalent	690.00	140.00
INR Equivalent	47,345.63	10,166.50

**Table No. 3.89**

### 39. Research and Development Expenditure

The Group continues its significant investments in R&D efforts towards research, technology, engineering and new product development. The Group follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 Intangible asset and has accordingly recognised such cost as Internally generated Intangible asset under Intangible Under development and Intangible asset (Note 6). During the current year ended March 31, 2018 the Group has incurred a revenue expenditure of Rs. 72,44.46 Lakhs (FY March 31, 2017 Rs. 47,77).

We hereby furnishing the details of expenses under the respective Head of accounts which are recognised as Capital Work in Progress.

Particulars	In Rs. Lakhs	
	As at March 31,	
	2018	2017
Salaries, wages and bonus	75,51.92	78,07.19
Cost of license	5,47.59	5,80.41
Other Direct overheads	29,71.27	17,58.19
<b>Total</b>	<b>110,70.78</b>	<b>101,45.79</b>

**Table No. 3.90**

### 40. Lease payments

The Group has certain offices and other premises under operating leases, which expires at various dates in future years. The minimum lease rental payments to be made in respect of these non cancellable lease are as follows

Particulars	In Rs. Lakhs	
	March 31, 2018	March 31, 2017
Lease payments for the year	16,65.09	17,52.09
<b>Minimum lease payments</b>		
Not later than one year	8,89.03	9,51.30
Later than one year but not later than 5 years	14,14.97	8,56.03
Later than 5 years	5,46.90	4,18.72
	<b>28,50.90</b>	<b>22,26.05</b>

**Table No. 3.91**

### 41. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of short tenured borrowings, trade and other payables and financial guarantee contracts. Most of these liabilities relate to financing Group's working capital cycle. The Group has trade and other receivables, loans and advances that arise directly from its operations. The Group also enters into hedging transactions to cover foreign exchange exposure risk.

The Group is accordingly exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors, Risk Committee and the Audit Committee. This process provides assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Risk Committee and the Audit Committee review and agree policies for managing each of these risks which are summarised below:

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPL investments and derivative financial instruments.

#### 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) and the Group's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Group's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Currency	Increase in Foreign Currency by	March 31, 2018		March 31, 2017	
		Amount in Foreign Currency	Effect on Pre tax profit	Amount in Foreign Currency	Effect on Pre tax profit

**Amounts****receivable in foreign currency**

USD	5%	244.46	796.68	308.66	1,000.82
EURO	5%	3.83	15.48	20.14	69.78
CAD	5%	12.57	31.84	23.57	57.27
VND	5%	32,113.59	4.66	78,597.16	11.40

**Amounts Payable in foreign currency**

CAD	5%	6.77	(17.15)	1.56	(3.79)
EURO	5%	2.38	(9.63)	1.57	(5.44)
USD	5%	87.60	(285.49)	173.07	(561.18)

**Table No. 3.92**

Conversely, 5% depreciation in the above mentioned exchange rates on foreign currency exposures as at 31st March 2018 and 31st March 2017 would have had the same but opposite effect, holding all other variables constant.

Currency	Increase in Foreign Currency by	Effect on OCI	
		March 31, 2018	March 31, 2017

<b>Amounts receivable in foreign currency</b>			
SGD	5%	(25.11)	(97.49)
AED	5%	173.69	201.74
CHF	5%	20.65	15.27
GBP	5%	603.83	136.50

Conversely, 5% depreciation in the above mentioned exchange rates on foreign currency exposures as at 31st March 2018 and 31st March 2017 would have had the same but opposite effect, holding all other variables constant.

**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.

**A. Trade Receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11c. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers (which are in the nature of reputed banking

and financial institutions) are located in several jurisdictions and industries and operate in largely independent markets.

**Credit Risk exposure**

The allowance for ECL on customer balances for the year ended March 31, 2018 and March 31, 2017:

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year	32,20.50	30,44.40
Impairment loss recognised / reversed	10,60.48	12,33.16
Translation difference	(58.41)	(4,35.66)
Written-off	(2,76.95)	(6,21.39)
<b>Balance at the end of the year</b>	<b>39,45.62</b>	<b>32,20.50</b>

**B. Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and 2017 is the carrying amount as illustrated in Notes 7, 11 and 12.

**Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

In Rs. Lakhs			
Particulars	As of March 31, 2018		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	38,19.78	90,49.54	128,69.32
Trade Payables	116,59.12	-	116,59.12
Provision for employee benefit	32,13.26	-	32,13.26
Other liabilities	142,82.11	-	142,82.11
Other financial liabilities	128,92.84	-	128,92.84
<b>Total</b>	<b>458,67.11</b>	<b>90,49.54</b>	<b>549,16.65</b>

**Table No. 3.93**

In Rs. Lakhs			
Particulars	As of March 31, 2017		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	176,03.70	56,32.54	232,36.24
Trade Payables	99,42.68	-	99,42.68
Provision for employee benefit	29,40.20	-	29,40.20
Other liabilities	121,18.75	-	121,18.75
Other financial liabilities	103,45.46	-	103,45.46
<b>Total</b>	<b>529,50.79</b>	<b>56,32.54</b>	<b>585,83.33</b>

**Table No. 3.94****42. Capital management**

For the purpose of the Group's capital management, capital includes issued For the purpose of the Group'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 Group's capital management is to maximise the shareholder value. The Group determines the amount of capital required on the basis of annual operating plans and long-term product and



other strategic investment plans. The funding requirements are met through equity and other long-term/short-term borrowings.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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.

	In Rs. Lakhs	
	31-Mar-18	31-Mar-17
Borrowings	159,36.61	232,36.24
Less: cash and bank balances	(140,22.76)	(116,07.52)
<b>Net debt</b>	<b>19,13.85</b>	<b>116,28.72</b>
Equity	847,10.64	598,34.38
Total capital*		
<b>Capital and net debt</b>	<b>866,24.49</b>	<b>714,63.10</b>
Gearing ratio	2%	16%

**Table No. 3.95**

\* Includes Equity Share Capital & Other Equity

#### 43. Rights Issue

The Company, vide its Letter of Offer dated July 06,2017 offered upto 23,135,710 Equity Shares of Face Value of Rs 5/- each at a price of Rs 86/- per Rights Share including Share Premium of Rs 81/- per Equity Share for an amount aggregating to Rs 19,896.71 lakhs on Rights basis in the ratio of 5:22 (Five Rights Shares for every 22 fully paid up Equity Shares) held by the Equity Shareholders on the record date ie July 18, 2017. The Company has allotted 23,135,710 shares on August 19, 2017. Pursuant to allotment of shares by way of rights issue, earnings per share (EPS) in respect of previous year has been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

#### 44. Additional Disclosure requirement under Section 129 of the Companies Act, 2013

Name of the Companies	Net Assets		Share in Profit or Loss	
	As a% of the Consolidated net assets	Amount (Rs. in Lakhs)	As a% of the Consolidated profit or loss	Amount (Rs. in Lakhs)
<b>Parent</b>				
Intellect Design Arena Limited	77%	743,56.18	59%	32,84.88
<b>Subsidiaries</b>				
<b>Indian</b>				
Intellect Commerce Limited	0%	4,40.19	1%	37.21
Laser Soft Infosystems Limited	3%	27,29.29	3%	1,41.59
SFL Properties Private Limited	1%	6,34.08	0%	(11.83)
Indigo TX Software Private Ltd	0%	10.46	-2%	(1,26.37)
Intellect Payments limited	0%	2,54.13	0%	(5.37)
Intellect India Limited	0%	1.38	0%	(3.62)
<b>Foreign</b>				
Intellect Design Arena Limited., United Kingdom	10%	93,29.69	-12%	(6,68.59)
Intellect Design Arena SA, Switzerland	4%	37,63.16	3%	1,77.34
Intellect Design Arena Pte Ltd., Singapore	4%	42,53.73	3%	1,59.03
Intellect Software Lab Chile Limitada , Chile	-1%	(9,23.22)	-14%	(7,56.22)
Intellect Design Arena Inc., USA	-2%	(18,15.88)	28%	15,65.65
Intellect Design Arena PT, Indonesia	0%	(1,01.04)	1%	68.42
Intellect Design Arena Co. Ltd, Vietnam	0%	1,54.53	7%	4,00.89
Intellect Design Arena Philippines Inc,	-1%	(5,96.93)	-7%	(3,81.07)

Name of the Companies	Net Assets		Share in Profit or Loss	
	As a% of the Consolidated net assets	Amount (Rs. in Lakhs)	As a% of the Consolidated profit or loss	Amount (Rs. in Lakhs)
<b>Philippines</b>				
Intellect Design Arena FZ - LLC, Dubai	5%	46,67.76	-4%	(2,14.83)
Sonali Polaris FT Ltd, Bangladesh	2%	19,71.26	49%	27,02.33
FT Grid Pte Ltd, Singapore	0%	(1.40)	0%	-
Intellect Design Arena Pty Ltd, Australia	-1%	(565.77)	-6%	(3,34.70)
Intellect Design Arena Inc.Canada	-3%	(24,73.60)	-21%	(11,81.76)
Intellect Design Arena Limited, Thailand	0%	3,69.31	15%	8,10.16
Intellect Design Arena Limited, Kenya	0%	83.77	-1%	(50.62)
Intellect Design Arena,SDN BHD.Malaysia	0%	56.48	-1%	(81.33)
<b>Sub Total</b>		<b>965,97.56</b>		<b>55,31.19</b>
Less:Adjustment arising out of Consolidation		(118,86.92)		(3,64.28)
Minority interest in subsidiaries		998.34		(9,98.34)
Add:Share of Profit/(Loss) on Associate Companies		-		5,04.05
<b>Total</b>		<b>857,08.98</b>		<b>46,72.62</b>

**Table No. 3.96**

#### 45. Group Information

The principal activities of all the entities comprising the Group is 'software product development and implementation'. The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of the Group	Country of Incorporation	March 31, 2018	March 31, 2017
Intellect Design Arena Pte Ltd	Singapore	100%	100%
Intellect Design Arena Limited	United Kingdom	100%	100%
Intellect Design Arena SA	Switzerland	100%	100%
Intellect Design Arena PT**	Indonesia	100%	100%
FT Grid Pte Ltd**	Singapore	100%	100%
Intellect Design Arena Ltd.*	Chile	100%	100%
Intellect Design Arena Inc.**	United States	100%	100%
Intellect Commerce Limited	India	100%	100%
Lasersoft Infosystems Limited	India	100%	100%
Intellect Design Arena Co. Ltd	Vietnam	100%	100%
SFL Properties Private Limited	India	100%	100%
Indigo TX Software Private Limited	India	100%	100%
Intellect Design Arena FZ LLC	Dubai	100%	100%
Intellect Design Arena Philippines**	Philippines	100%	100%
Sonali Polaris FT Ltd	Bangladesh	51%	51%
SEEC Asia Technologies Private Limited***	India	100%	100%
Intellect Design Arena Inc.**	Canada	100%	100%
Intellect Design Arena SDN BHD**	Malaysia	100%	100%
Intellect Payments Limited	India	100%	100%
Intellect India Limited	India	100%	100%
Intellect Design Arena PtyLtd**	Australia	100%	100%
Intellect Design Arena Limited**	Thailand	100%	100%
Intellect Design Arena Limited	Kenya	100%	-

**Table No. 3.97**

\* Subsidiaries of Intellect Design Arena Limited, UK

\*\* Subsidiaries of Intellect Design Arena Pte Ltd, Singapore

\*\*\* Subsidiaries of Intellect Design Arena Inc., USA

The list of associates with percentage holding of Intellect is given below:

Associates	% of share held as of March 31, 2018	Original cost of investment	Share of accumulated profit/(loss) as at March 31, 2018	Carrying amount of Investments as at March 31, 2018
NMS Works Software Private Limited	36.54	624.14	11,75.45	17,99.59
Adrenalin eSystems Limited	44.54	2,262.36	(7,24.27)	15,38.09

**Table No. 3.98**

The list of joint venture with percentage holding of Intellect is given below:

Associates	% of share held as of March 31, 2018	Original cost of investment	Share of accumulated profit/(loss) as at March 31, 2018	Carrying amount of Investments as at March 31, 2018
Intellect Polaris Design LLC, USA	50.00	15,33.58	(1,55.52)	13,78.06

**Table No. 3.99**

#### 46. Investment in an associate

The Group has a 44.54% and 36.54% interest in Adrenalin eSystems Limited and NMSWorks Software Private Limited, which is involved in the sale of software products and implementation. Adrenalin eSystems Limited and NMSWorks Software Private Limited are entities that are not listed on any public exchange. The Group's interest in Adrenalin eSystems Limited and NMSWorks Software Private Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the associates and reconciliation with the carrying amount of the investments as set out below:

#### A. Adrenalin eSystems Limited

##### Summarised balance sheet as at March 31, 2018:

Particulars	As at March 31,	
	2018	2017
Current Assets	45,66.70	47,96.42
Non - Current Assets	3,63.90	53.46
Current Liabilities	(13,16.51)	(15,13.80)
Non - Current Liabilities	(1,60.81)	(5,42.29)
<b>Equity</b>	<b>34,53.28</b>	<b>2,793.79</b>
Proportion of the Group's ownership	44.54%	39.93%
Carrying amount of investment	15,38.09	11,15.56

**Table No. 3.100**

##### Summarised statement of Statement of Profit and Loss:

Particulars	Year ended March 31,	
	2018	2017
Revenue	41,66.65	54,29.22
Other Income	71.46	2,10.81
Employee Benefit Expense	(26,42.94)	(27,65.45)
Finance Cost	(3.94)	(2.99)
Depreciation & Amortisation Expense	(29.71)	(3,63.54)
Other Expenses	(14,23.77)	(13,75.55)
<b>Profit before Tax</b>	<b>1,37.75</b>	<b>11,32.50</b>
Income tax expense	(53.40)	(2,00.68)
<b>Profit for the year</b>	<b>84.35</b>	<b>9,31.82</b>
<b>Total Comprehensive Income for the year</b>	<b>84.35</b>	<b>9,31.82</b>
Group's share of profit for the current year at 44.54% (March 2017 - 39.93%)	37.57	3,72.08
Adjustment of group's share of profit prior to increase in ownership during the current year	(0.08)	-
<b>Group's share of profit for the current year</b>	<b>37.49</b>	<b>3,72.08</b>

**Table No. 3.101**

#### B. NMSWorks Software Private Limited

##### Summarised balance sheet as at March 31, 2018:

Particulars	As at March 31,	
	2018	2017
Current Assets	56,65.34	52,66.96
Non - Current Assets	3,92.48	2,46.36
Current Liabilities	(9,40.37)	(19,54.83)
Non - Current Liabilities	(1,92.44)	(1,18.48)
<b>Equity</b>	<b>49,25.01</b>	<b>34,40.01</b>
Proportion of the Group's ownership	36.54%	36.54%
Carrying amount of investment	17,99.60	12,56.98

**Table No. 3.102**

##### Summarised statement of Statement of Profit and Loss:

Particulars	Year ended March 31,	
	2018	2017
Revenue	49,80.72	48,41.49
Other Income	17.89	67.47
Purchase- Server, other accessories/software/service	(1,15.32)	(9,42.81)
Employee Benefit Expense	(22,31.75)	(19,52.56)
Finance Cost	(56.42)	(2.76)
Depreciation & Amortisation Expense	(48.76)	(57.46)
Other Expenses	(4,91.29)	(5,16.26)
<b>Profit / (Loss) before Tax</b>	<b>20,55.07</b>	<b>14,37.11</b>
Income tax expense	(5,70.07)	(4,86.63)
<b>Profit / (Loss) for the year</b>	<b>14,85.00</b>	<b>9,50.48</b>
<b>Total Comprehensive Income for the year</b>	<b>14,85.00</b>	<b>9,50.48</b>
<b>Group's share of profit / (loss) for the year</b>	<b>5,42.62</b>	<b>3,47.31</b>

**Table No. 3.103**

The group had no contingent liabilities or capital commitments relating to its interest in Adrenalin eSystems Limited, NMSWorks Software Private Limited and Intellect Design Arena Limited as at 31 March 2018 and 2017.

#### 47. Investment in a Joint Venture

The Group has a 50% interest in Intellect Polaris Design LLC, a joint venture involved in the leasing and maintenance of office complex. The Group's interest in Intellect Polaris Design LLC is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

##### Summarised balance sheet as at March 31, 2018:

Particulars	As at March 31,	
	2018	2017
Current Assets	2,09.24	28,38.31
Non - Current Assets	25,90.72	1,12.39
Current Liabilities	(43.86)	(42.48)
Non - Current Liabilities	-	-
<b>Equity</b>	<b>27,56.10</b>	<b>29,08.22</b>
Proportion of the Group's ownership	50.00%	50.00%
Carrying amount of investment	13,78.05	14,54.11

**Table No. 3.104**

##### Summarised statement of Statement of Profit and Loss:

Particulars	Year ended March 31,	
	2018	2017
Revenue	2,19.16	2,86.97
Depreciation & Amortisation Expense	(99.53)	(1,03.61)
Other Expenses	(2,71.10)	(3,09.69)
<b>Profit / (Loss) before Tax</b>	<b>(1,51.47)</b>	<b>(1,26.33)</b>
Income tax expense	(0.64)	-
<b>Profit / (Loss) for the year</b>	<b>(1,52.12)</b>	<b>(1,26.33)</b>
<b>Total Comprehensive Income for the year</b>	<b>(1,52.12)</b>	<b>(1,26.33)</b>
<b>Group's share of profit / (loss) for the year</b>	<b>(76.06)</b>	<b>(63.17)</b>

**Table No. 3.105**

**48. Non Controlling Interest**

The Group has a 51% of Holding in Sonali Polaris FT Ltd, which is consolidated as a subsidiary. The table below explains the portion attributable to the shareholding holding Non Controlling Interest.

**Information Regarding Non Controlling Interest**

Particulars	As at March 31,	
	2018	2017
Accumulated balances of Non Controlling Interest		
Sonali Polaris FT Ltd	9,98.34	-
Profit/Loss allocated to Non Controlling Interest		
Sonali Polaris FT Ltd	9,98.34	-

**Table No. 3.106**

The summarised financial information of the Subsidiary are provided below. This information is based on amounts before inter-company eliminations

**Summarised statement of Statement of Profit and Loss:**

Particulars	Year ended March 31,	
	2018	2017
Revenue	41,31.49	22,08.67
Depreciation & Amortisation Expense	(27.72)	(25.36)
Other Expenses	(14,01.45)	(11,55.86)
<b>Profit before Tax</b>	<b>27,02.32</b>	<b>10,27.45</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>27,02.32</b>	<b>10,27.45</b>
<b>Attributable to Non Controlling Interest</b>	<b>9,98.34</b>	<b>-</b>

**Table No. 3.107**

Summarised Balance Sheet	As at March 31,	
	2018	2017
Current Assets	31,16.84	10,13.56
Non - Current Assets	62.26	1,01.94
Current Liabilities	(12,07.83)	(18,29.83)
Non - Current Liabilities	-	-
<b>Equity</b>	<b>19,71.27</b>	<b>(7,14.33)</b>
Attributable to Equity Holders of the Parent	9,72.93	(7,14.33)
Attributable to Non Controlling Interest	9,98.34	-

**Table No. 3.108****49. Prior year Comparatives**

Previous year figures have been regrouped /reclassified, where ever necessary to conform to this year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

**per Bharath N S**

Partner

Membership No. 210934

Chennai

May 06, 2018

For and on behalf of the Board of Directors of

**Intellect Design Arena Limited**

**Arun Jain**

Chairman & Managing Director

**Arun Shekhar Aran**

Director

**S.Swaminathan**

Chief Financial Officer

**V.V.Naresh**

Vice President &  
Company Secretary

**INTELLECT DESIGN ARENA LIMITED**  
**AUDITED STANDALONE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

(All amounts are denominated in INR and expressed in Lakhs, unless otherwise stated)

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Intellect Design Arena Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Intellect Design Arena Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of 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 purpose 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, 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 Ind AS 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Bharath N S**

Partner

Membership No. 210934

Place of Signature : Chennai

Date: May 6th, 2018

**Annexure 1 referred to in paragraph 1 of the section “Report on other legal and regulatory requirements” of our report of even date**

Re: Intellect Design Arena Limited (“Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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/ fixed assets are held in the name of the company
- (ii) The Company’s business does not involve maintenance of inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, 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.
- (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 products / services of the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee state insurance, goods and service tax, income-tax, sales-tax, service tax, value added tax, cess and other statutory dues applicable to it. The provisions relating to customs duty and excise duty 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, service tax, goods and service tax, sales-tax, value added tax, cess 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, sales-tax, service tax, value added 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 bank. The Company did not have any outstanding dues in respect of financial institution or government or debenture holders.
- (ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of Rights Issue of Equity Shares were applied for the purpose for which they were raised, though idle surplus funds which were not required for immediate utilization have been gainfully invested in fixed deposits. The maximum amount of idle/surplus funds invested during the year was Rs 15,15,75,000, of which Rs 15,15,75,000 was outstanding at the end of the year. The Company utilised monies raised by way of term loans for the purpose for which they were raised.
- (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, 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 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Bharath N S**

Partner

Membership No. 210934

Place of Signature : Chennai

Date : May 6th, 2018



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INTELLECT DESIGN ARENA 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 Intellect Design Arena Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Bharath N S**

Partner

Membership No. 210934

Place of Signature : Chennai

Date : May 6th, 2018

## Balance Sheet

In Rs.Lakhs

Particulars	Note	As at March 31,	
		2018	2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	146,41.36	161,12.37
Capital work-in-progress	4	4,29.06	4,72.30
Intangible assets	5	53,70.11	4,23.82
Intangible assets under development	4	93,06.52	66,74.04
Investment in subsidiaries, joint ventures and associates	6	160,11.65	148,39.45
Financial assets	7		
- Investments		1,48.10	5,63.48
- Derivative instruments		3.66	-
- Loans and deposits		6,86.02	3,79.71
- Non current bank balances		9,13.83	9,73.92
Income tax assets (net)	9	41,58.01	31,54.64
Deferred tax assets (net)	10	10,72.36	4,05.81
Other non-current assets	8	23,66.17	3,54.84
<b>CURRENT ASSETS</b>			
Investment in subsidiary	11	15,44.53	15,44.53
Financial asset			
- Investments	12(f)	20,64.61	21,63.54
- Derivative instruments	12	1.82	9,58.10
- Loans and deposits	12	4,56.73	4,88.69
- Trade receivables	12	257,72.10	166,56.68
- Cash and Cash equivalents	12	12,12.19	23,19.90
- Bank balances other than cash and cash equivalents	13	78,75.39	31,93.38
- Other financial assets	12	112,46.40	120,23.53
Other current assets	14	54,58.62	70,39.92
<b>TOTAL</b>		<b>1,107,39.24</b>	<b>907,42.65</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Equity Share Capital	15	62,76.45	50,86.69
Other Equity	16	683,90.61	473,75.80
		746,67.06	524,62.49
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities			
- Borrowings	17	90,49.54	56,32.54
<b>CURRENT LIABILITIES</b>			
Financial Liabilities	18		
- Borrowings		38,19.78	171,85.13
- Trade payables		73,79.21	55,36.97
- Other financial liabilities		84,25.20	49,79.58
Other current liabilities	19	57,95.54	37,33.28
Provisions	20	16,02.91	12,12.66
<b>TOTAL</b>		<b>1,107,39.24</b>	<b>907,42.65</b>

Table No. 4.1

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI &amp; ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 06, 2018

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

Arun Jain

Chairman &amp; Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &  
Company Secretary

## Statement of Profit and Loss

In Rs. Lakhs

Particulars	Note	Year ended March 31,	
		2018	2017
Revenue from operations		671,47.78	516,97.50
Finance Income	21	5,95.00	4,39.73
Other Income	22	25,38.72	27,06.33
<b>Total Income</b>		<b>702,81.50</b>	<b>548,43.56</b>
<b>Expenses</b>			
Employee Benefit Expense	23	470,21.93	442,19.95
Depreciation and amortization expense	26	25,13.54	22,60.71
Finance Cost	25	13,73.13	10,52.30
Other Expenses	24	158,67.59	129,25.51
<b>Total Expenses</b>		<b>667,76.19</b>	<b>604,58.47</b>
<b>Profit/(loss) before tax</b>		<b>35,05.31</b>	<b>(56,14.91)</b>
<b>Tax Expenses</b>	27		
Income taxes - Current tax		8,86.98	-
- Deferred tax		2,20.43	-
- MAT credit entitlement		(8,86.98)	-
<b>Profit/(Loss) for the year</b>		<b>32,84.88</b>	<b>(56,14.91)</b>
<b>Other comprehensive income</b>	29		
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Re-measurement gains/ (losses) on defined benefit plans		37.60	(1,87.44)
<b>Items that will be reclassified subsequently to profit and loss</b>			
Net movement on cash flow hedges		(18,14.18)	12,23.97
<b>Other comprehensive income for the year, net of tax</b>		<b>(17,76.58)</b>	<b>10,36.53</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>15,08.30</b>	<b>(45,78.38)</b>

Table No. 4.2

<b>Earnings per share</b>	28		
Equity shares par value Rs.5 each (Mar 17 Rs 5 each)			
Basic		2.79	(5.24)
Diluted		2.72	(5.24)

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of  
**Intellect Design Arena Limited**

**per Bharath N S**  
Partner  
Membership No. 210934  
Chennai  
May 06, 2018

**Arun Jain**  
Chairman & Managing Director

**Arun Shekhar Aran**  
Director

**S.Swaminathan**  
Chief Financial Officer

**V.V.Naresh**  
Vice President &  
Company Secretary

## Statement of Changes in Equity

### a. Equity Share Capital:

In Rs. Lakhs

Equity shares of INR 5 each issued, subscribed and fully paid	No. of shares	Amount (INR)
As at 1st April, 2016	100,778,624	50,38.93
Issue of share capital	955,248	47.76
At 31st March, 2017	101,733,872	50,86.69
Issue of share capital	23,795,212	11,89.76
<b>At 31st March, 2018</b>	<b>125,529,084</b>	<b>62,76.45</b>

Table No. 4.3

### b. Other equity

For the year ended 31st March, 2018

In Rs. Lakhs

Particulars	Reserves & Surplus				Items of OCI	Total Equity
	Securities premium	Share based payment reserves	General reserve	Retained earnings	Cash flow hedge reserve	
<b>As at 1st April, 2017</b>	<b>203,56.75</b>	<b>22,65.27</b>	<b>172,50.04</b>	<b>56,84.08</b>	<b>18,19.66</b>	<b>473,75.80</b>
Exercise of share options	3,96.88	(1,11.84)	-	-	-	2,85.04
Issue of shares on Rights Issue (Refer Note 43)	187,39.93	-	-	-	-	187,39.93
<b>Less: Cost incurred towards Rights Issue</b>	<b>(2,56.81)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,56.81)</b>
Share-based payments	-	7,38.35	-	-	-	7,38.35
Profit / (Loss) for the year	-	-	-	32,84.88	-	32,84.88
Re-measurement of the net defined benefit liability/asset, net of tax effect	-	-	-	37.60	-	37.60
Movement in cash flow hedge	-	-	-	-	(18,14.18)	(18,14.18)
<b>As at 31st March, 2018</b>	<b>392,36.75</b>	<b>28,91.78</b>	<b>172,50.04</b>	<b>90,06.56</b>	<b>5.48</b>	<b>683,90.61</b>

Table No. 4.4

For the year ended 31st March, 2017

In Rs. Lakhs

Particulars	Reserves & Surplus				Items of OCI	Total Equity
	Securities premium	Share based payment reserves	General Reserve	Retained earnings	Cash flow hedge reserve	
<b>As at 1st April, 2016</b>	<b>195,11.48</b>	<b>18,47.22</b>	<b>172,50.04</b>	<b>114,86.43</b>	<b>5,95.69</b>	<b>506,90.86</b>
Exercise of share options	8,45.27	-	-	-	-	8,45.27
Share-based payments	-	4,18.05	-	-	-	4,18.05
Profit / (Loss) for the year	-	-	-	(56,14.91)	-	(56,14.91)
Re-measurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(1,87.44)	-	(1,87.44)
Movement in cash flow hedge	-	-	-	-	12,23.97	12,23.97
<b>As at 31st March, 2017</b>	<b>203,56.75</b>	<b>22,65.27</b>	<b>172,50.04</b>	<b>56,84.08</b>	<b>18,19.66</b>	<b>473,75.80</b>

Table No. 4.5

### Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

**per Bharath N S**

Partner

Membership No. 210934

For and on behalf of the Board of Directors of

**Intellect Design Arena Limited****Arun Jain**

Chairman &amp; Managing Director

**Arun Shekhar Aran**

Director

**S.Swaminathan**

Chief Financial Officer

**V.V.Naresh**Vice President &  
Company Secretary

Chennai

May 06, 2018

## Statement of Cash Flows

In Rs. Lakhs

Particulars	Year ended March 31,	
	2018	2017
<b>Cash flows from / (used in) operating activities</b>		
Profit before taxation	3,505.31	(5,614.91)
Adjustments to reconcile profit / (loss) for the year to net cash flows:		
Depreciation / amortisation	2,513.54	2,260.71
Unrealised exchange (gains) / losses	(216.61)	436.48
ESOP outstanding	738.35	418.05
Interest income	(478.52)	(315.82)
Dividend income	(116.48)	(123.91)
Provision for doubtful debts (net)	780.00	587.02
Bad debts / advances written off	276.25	621.39
(Profit) / Loss on sale of investments	-	(77.94)
(Profit) / Loss on sale of fixed assets	(1,604.65)	(2,223.74)
Adjustments to the carrying amount of investments;	-	(7.08)
Interest Expense	1,373.13	1,052.30
<b>Operating Profit / (Loss) before working capital changes</b>	<b>6,770.32</b>	<b>(2,987.45)</b>
<b>Movement in working capital</b>		
Decrease / (Increase) in trade receivables	(10,984.56)	(1,484.47)
Decrease/(Increase) in loans and advances and other assets	(654.82)	(6,518.44)
Increase/(Decrease) in liabilities and provisions	7,797.52	418.46
<b>Cash flow used in operations</b>	<b>2,928.46</b>	<b>(10,571.90)</b>
Taxes paid	(1,890.35)	(1,471.92)
<b>Net cash flow from / (used in) operating activities</b>	<b>1,038.11</b>	<b>(12,043.82)</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment and changes in capital work in progress	(8,789.23)	(12,878.92)
Proceeds from sale of property, plant and equipment	1,750.64	2,667.80
(Acquisition) / Disposal of subsidiary	(787.17)	250.00
(Purchase) / sale proceeds of other long term investments	(385.04)	1,047.12
Net (Increase) / decrease in non-trade investments	1,466.95	843.47
Net (Increase) / decrease in bank deposit	(4,621.92)	-
Interest received	478.52	315.82
Dividend received	116.48	123.91
<b>Net cash flow used in investing activities</b>	<b>(10,770.77)</b>	<b>(7,630.80)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of stock options	1,189.76	47.76
Proceeds from securities premium on exercise of stock options	18,768.16	845.28
(Repayment) / Proceeds from Long term secured loans	3,417.01	10,075.01
(Repayment) / Proceeds from Short term borrowings	(7,672.56)	5,540.00
Finance charges	(1,373.13)	(1,052.30)
<b>Net cash flow from in financing activities</b>	<b>14,329.24</b>	<b>15,455.75</b>
Exchange differences on translation of foreign currency cash and cash equivalents	(11.49)	(7.44)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<b>4,585.09</b>	<b>(4,226.31)</b>
Cash and cash equivalents at the beginning of the year	(3,372.90)	853.41
<b>Cash and cash equivalents at the end of the year (Refer Note 12)</b>	<b>1,212.19</b>	<b>(3,372.90)</b>
<b>Cash and cash equivalents As per Note 12d (Disclosure)</b>	<b>1,212.19</b>	<b>(3,372.90)</b>

Table No. 4.6

As per our report of even date

For S.R. BATLIBOI &amp; ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 06, 2018

Arun Jain

Chairman &amp; Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &  
Company Secretary

## Notes forming part of the accounts for the year ended March 31, 2018 (All amounts are in Rupees in lakhs unless otherwise stated)

### 1. Corporate Information

Intellect Design Arena Limited ('Intellect' or 'the Company'), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 in 2011. Consequent to the approval obtained for listing, the shares of the Company have been listed on the National Stock Exchange and Bombay Stock Exchange with effect from December 18, 2014. The Company has its registered office in 244, Anna Salai, Chennai-006

The Company, has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on 6th May 2018.

### 2. Basis of Preparation

The standalone financial statements of the Company are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

### 3. Summary of Significant accounting policies

#### 3.1. Current versus non-current classification

An asset has been classified as current when it satisfies any of the following criteria;

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

A liability has been classified as current when it satisfies any of the following criteria;

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

All other assets and liabilities have been classified as non-current.

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

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

#### 3.2. Fair value Measurement

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
- c) 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 best economic 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 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
- 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 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.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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.

#### 3.3 Use of Estimates

The preparation of the unconsolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements have been disclosed in Note 30. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### 3.4 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

#### 3.5 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can

be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as Capital advances under other non-current assets and the cost of asset not put to use before such date are disclosed under "Capital Work in Progress". Subsequent expenditure relating to property, plant and equipment is capitalised only when its probable that future economic benefit associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance cost are recognised in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and the resultant gains or loss are recognised in the Statement of profit and loss. Asset to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### Cash Flow Statement

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

#### 3.5 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as Capital advances under other non-current assets and the cost of asset not put to use before such date are disclosed under "Capital Work in Progress". Subsequent expenditure relating to property, plant and equipment is capitalised only when its probable that future economic benefit associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance cost are recognised in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and the resultant gains or loss are recognised in the Statement of profit and loss. Asset to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### 3.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The estimated useful life of the intangible assets is in the range of 3 to 5 Years

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The

amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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.

#### Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset
3. How the asset will generate future economic benefits
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### 3.7 Other Assets

Cost incurred in fulfilling a contract are capitalised if all the following conditions are satisfied:

1. The costs relate directly to a contract
2. The costs generate or enhance resources of the entity that will be used to satisfy future performance obligation
3. The costs are recoverable

#### 3.8 Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years (five years in the case of Internally Generated Intangible assets (IPR)). For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year / fifth year in case of IPR.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit'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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



### Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

### Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

Revenue from software development contract and time bound contracts are recognized using proportionate completion method over the life of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.

Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue from time and material contracts are recognised as services are rendered and related costs are incurred.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

### Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

## 3.10 Foreign Currency Transactions

### Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

### Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of 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.

### Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

## 3.11 Derivative Instruments and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged and type of hedge relationship designated.

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – "Financial Instruments" as 'cash flow hedges'

The use of Derivative Contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward contracts and as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## 3.12 Depreciation and Amortisation

### Depreciation

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

Assets Category	Estimated useful life (in years)
Buildings	30
Plant and machinery	15
Computer equipment	3
Servers and computer accessories	6
Electrical fittings, furniture and fixtures	10
Office equipment	5
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold land	Over the lease period (99 years)

**Table No. 4.7**

Categories of assets for which depreciation has been provided based on the estimated useful life of the Company based on management evaluation, durability based on use, etc. are:

Assets Category	Estimated useful life (in years)
Vehicles	4-8

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

#### Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

#### 3.13 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 fulfillment 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.

For arrangements entered into prior to April 1, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. 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 fulfillment 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.

#### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets 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.

#### 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. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### 3.14 Retirement and other employee benefits

##### a. Provident Fund

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

##### b. Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible

employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Intellect Design Group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

##### c. Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The company recognizes contribution payable to the fund as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

##### d. Compensated Absences

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

##### 3.15 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 year 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 recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

### 3.16 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non - occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3.17 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 3.18 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as rights issue, bonus shares, other than the conversion of potential equity 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 and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3.19 Employee Stock Option Scheme

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account 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 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 recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

If the options vests in installments (i.e. the options vest pro rata over the service period), then each installment is treated as a separate share option grant because each installment has a different vesting period.

### 3.20 Business Combination

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire company is adjusted against the reserves of the acquiring company.

### 3.21 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.

#### A. Financial assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### ii. 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 fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

#### Debt instruments at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any financial asset under this category

#### 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 classify 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 P&L

## Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. 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 P&L.

### iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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

### iv. 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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables and Unbilled revenue

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.

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, 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) 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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: 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.

## 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.

## B. Financial liabilities

### i. Initial recognition and measurement

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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### ii. Subsequent measurement

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

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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.

### 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.

### De-recognition of financial liabilities

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 de-recognition 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.

### 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

## 3.23. Transactions Costs Relating to Equity Transactions

The Company defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense

## 3.24. Segment reporting

The Executive Management Committee monitors the operating results of its business as a single primary segment "Software Product License and related services" for the purpose of making decisions about resource allocation and performance assessment. The business of the Company falls under a single primary segment i.e. 'Software Product License & related services' for the purpose of Ind AS 108.

### 3.25 Recent accounting Pronouncements

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.

The Ministry of Corporate Affairs (MCA) has the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is 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.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development which includes contracts in the nature of both time and material as well as fixed bids

contracts. In addition, the Company also develops products and sells licences and/implementation customization support depending on the contracts with its customers.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transaction and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related the asset, expense or income, when the entity has received or paid advance consideration in a foreign currency.

The amendment will come into force on April 1, 2018. The Company is in process of evaluating its effect on the financial statements.

### 4. Plant, property and equipment

In Rs. Lakhs

Particulars	Land	Leasehold land*	Buildings	Leasehold improvement	Plant & machinery	Electrical equipment	Furniture and fittings	Office equipment	Vehicles	Total
<b>Gross Block</b>										
<b>As at April 1, 2016</b>	<b>4,52.43</b>	<b>2,80.47</b>	<b>96,75.43</b>	<b>0.58</b>	<b>69,61.26</b>	<b>13,77.66</b>	<b>31,86.16</b>	<b>14,13.49</b>	<b>14,07.10</b>	<b>247,54.58</b>
Additions	-	-	22,45.27	-	9,71.06	1,83.17	4,33.15	3,05.38	64.01	42,02.04
Deletions	-	-	(2,96.55)	-	(4,05.27)	(34.31)	(1,11.97)	(25.32)	(4,13.24)	(12,86.66)
<b>As at March 31, 2017</b>	<b>4,52.43</b>	<b>2,80.47</b>	<b>116,24.15</b>	<b>0.58</b>	<b>75,27.05</b>	<b>15,26.52</b>	<b>35,07.34</b>	<b>16,93.55</b>	<b>10,57.87</b>	<b>276,69.96</b>
Additions	-	-	13.36	-	3,18.87	5.49	2,34.74	57.34	-	6,29.80
Deletions	-	-	(2,05.14)	-	-	-	-	-	(2,65.59)	(4,70.73)
<b>As at March 31, 2018</b>	<b>4,52.43</b>	<b>2,80.47</b>	<b>114,32.37</b>	<b>0.58</b>	<b>78,45.92</b>	<b>15,32.01</b>	<b>37,42.08</b>	<b>17,50.89</b>	<b>7,92.28</b>	<b>278,29.03</b>
<b>Accumulated Depreciation</b>										
<b>As at April 1, 2016</b>	<b>-</b>	<b>31.12</b>	<b>20,57.62</b>	<b>0.55</b>	<b>47,25.88</b>	<b>5,75.82</b>	<b>12,40.63</b>	<b>8,49.31</b>	<b>8,18.12</b>	<b>102,99.05</b>
Depreciation charge for the year	-	1.91	3,72.47	0.03	8,32.65	1,26.05	2,96.58	2,33.11	2,38.34	21,01.14
Disposals	-	-	(82.43)	-	(3,43.46)	(16.13)	(52.52)	(22.79)	(3,25.27)	(8,42.60)
<b>As at March 31, 2017</b>	<b>-</b>	<b>33.03</b>	<b>23,47.66</b>	<b>0.58</b>	<b>52,15.07</b>	<b>6,85.74</b>	<b>14,84.69</b>	<b>10,59.63</b>	<b>7,31.19</b>	<b>115,57.59</b>
Depreciation charge for the year	-	2.81	4,00.93	-	7,20.23	1,29.61	3,02.42	2,35.80	1,63.02	19,54.82
Disposals	-	-	(67.49)	-	-	-	-	-	(2,57.25)	(3,24.74)
<b>As at March 31, 2018</b>	<b>-</b>	<b>35.84</b>	<b>26,81.10</b>	<b>0.58</b>	<b>59,35.30</b>	<b>8,15.35</b>	<b>17,87.11</b>	<b>12,95.43</b>	<b>6,36.96</b>	<b>131,87.67</b>
<b>Net Book Value</b>										
<b>As at April 1, 2016</b>	<b>4,52.43</b>	<b>2,49.35</b>	<b>76,17.81</b>	<b>0.03</b>	<b>22,35.38</b>	<b>8,01.84</b>	<b>19,45.53</b>	<b>5,64.18</b>	<b>5,88.98</b>	<b>144,55.53</b>
<b>As at March 31, 2017</b>	<b>4,52.43</b>	<b>2,47.44</b>	<b>92,76.49</b>	<b>-</b>	<b>23,11.98</b>	<b>8,40.78</b>	<b>20,22.65</b>	<b>6,33.92</b>	<b>3,26.68</b>	<b>161,12.37</b>
<b>As at March 31, 2018</b>	<b>4,52.43</b>	<b>2,44.63</b>	<b>87,51.27</b>	<b>-</b>	<b>19,10.62</b>	<b>7,16.66</b>	<b>19,54.97</b>	<b>4,55.46</b>	<b>1,55.32</b>	<b>146,41.36</b>

Table No. 4.8

\* represents 13.35 acres of land at Chennai taken on 99 years lease from SIPCOT under terms of MOU dated 3rd January, 2005 (modified on 10th March, 2015) with Government of TamilNadu.

**Land and Building**

Land and buildings with a carrying amount of Rs 25,63.50 lakhs (31 March 2017: Rs 26,78.16 lakhs) are subject to a first charge to secure the Company's bank loans.

**Capital work-in-progress**

In Rs. Lakhs								
Particulars	Buildings	Plant & machinery (including Computer Equipment, software and accessories)	Electrical fittings	Office equipments	Furniture and fixtures	Vehicles	Total	Intangible assets under development (Refer Note 38)
<b>Capital Work in Progress (CWIP) as at April 1, 2016</b>	23,53.37	77.18	1,74.12	1,38.20	146.84	21.23	<b>29,10.94</b>	12,27.00
<b>Add:</b>								
Additions to CWIP	4.47	16.19	-	6.99	26.13	0.11	<b>53.89</b>	56,74.26
<b>Less:</b>								
Capitalisation of assets	(20,24.09)	(74.64)	(87.73)	(1,37.89)	(1,46.84)	(21.34)	<b>(24,92.53)</b>	(2,27.22)
<b>CWIP as at March 31, 2017</b>	<b>3,33.75</b>	<b>18.73</b>	<b>86.39</b>	<b>7.30</b>	<b>26.13</b>	<b>-</b>	<b>4,72.30</b>	<b>66,74.04</b>
<b>Add:</b>								
Additions to CWIP	4.43	9.89	1.62	7.91	98.16	-	<b>1,22.01</b>	79,20.10
<b>Less:</b>								
Capitalisation of assets	(10.90)	(28.62)	(11.62)	(15.21)	(98.90)	-	<b>(1,65.25)</b>	(52,87.62)
<b>Closing balance of CWIP as at March 31st 2018</b>	<b>3,27.28</b>	<b>-</b>	<b>76.39</b>	<b>-</b>	<b>25.39</b>	<b>-</b>	<b>4,29.06</b>	<b>93,06.52</b>

Table No. 4.9

**5. Intangible Assets**

In Rs. Lakhs				
Particulars	Computer software	Software products	Internally generated intangible asset	Total
<b>Cost</b>				
<b>As at April 1, 2016</b>	<b>18,43.83</b>	<b>58,38.17</b>	<b>-</b>	<b>76,82.00</b>
Additions - acquisition	1,29.53	-	-	1,29.53
Additions - internally developed	-	-	2,27.22	<b>2,27.22</b>
<b>As at March 31, 2017</b>	<b>19,73.36</b>	<b>58,38.17</b>	<b>2,27.22</b>	<b>80,38.75</b>
Additions - acquisition	2,17.39	-	-	<b>2,17.39</b>
Additions - internally developed	-	-	52,87.62	52,87.62
<b>As at March 31, 2018</b>	<b>21,90.75</b>	<b>58,38.17</b>	<b>55,14.84</b>	<b>135,43.76</b>
<b>Accumulated Amortization and Impairment</b>				
<b>As at April 1, 2016</b>	<b>16,17.19</b>	<b>58,38.17</b>	<b>-</b>	<b>74,55.36</b>
Amortization for the year	1,53.26	-	6.31	1,59.57
Impairment for the year	-	-	-	-
<b>As at March 31, 2017</b>	<b>17,70.45</b>	<b>58,38.17</b>	<b>6.31</b>	<b>76,14.93</b>
Amortization for the year	2,13.80	-	3,44.92	5,58.72
Impairment for the year	-	-	-	-
<b>As at March 31, 2018</b>	<b>19,84.25</b>	<b>58,38.17</b>	<b>3,51.23</b>	<b>81,73.65</b>
<b>Net Book Value</b>				
<b>As at April 1, 2016</b>	<b>2,26.64</b>	<b>-</b>	<b>-</b>	<b>2,26.64</b>
<b>As at March 31, 2017</b>	<b>2,02.91</b>	<b>-</b>	<b>2,20.91</b>	<b>4,23.82</b>
<b>As at March 31, 2018</b>	<b>2,06.50</b>	<b>-</b>	<b>51,63.61</b>	<b>53,70.11</b>

Table No. 4.10

## 6. Investment in subsidiaries, joint ventures and associates

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>(a) Investments in equity instruments of subsidiaries, carried at cost</b>		
Intellect Design Arena Pte Ltd. (Singapore)	23,53.79	16,98.60
5,217,500 (March 31, 2017: 3,799,500 ) equity shares of SGD 1 each fully paid up		
Intellect Design Arena Limited (United Kingdom)	6,17.50	6,17.50
889,000 (March 31, 2017: 889,000) equity shares of GBP 1 each fully paid up		
Intellect Commerce Limited (India)	9,00.00	9,00.00
9,000,000 (March 31, 2017: 9,000,000) equity shares of INR 10 each fully paid up		
Intellect Design Arena SA (Switzerland)	1,12.76	1,12.76
35,000 (March 31, 2017: 35,000) equity shares of CHF 10 each fully paid up		
Laser Soft Infosystems Limited (India)	52,01.05	52,01.05
7,828,838 (March 31, 2017: 7,828,838) equity shares of INR 10 each fully paid up		
Indigo Tx Software Private Limited (India)	17,02.97	17,02.97
1,985,200 (March 31, 2017: 1,985,200) equity shares of INR 2 each fully paid up		
Intellect Design Arena Co. Ltd (Vietnam)	22.50	22.50
900,000,000 (March 31, 2017: 900,000,000) equity shares of VND 1 each fully paid up		
Intellect Payments Limited (India)	2,55.00	2,55.00
5,100,000 (March 31, 2017: 5,100,000) equity shares of INR 5 each fully paid up		
Intellect India Limited (India)	5.00	5.00
100,000 (March 31, 2017: 100,000) equity shares of INR 5 each fully paid up		
Intellect Design Arena FZ LLC (Dubai)	2,03.70	2,03.70
1,500 (March 31, 2017: 1,500) equity shares of AED 1,000 each fully paid up		
Sonali Polaris FT Limited (Bangladesh)	2,38.75	2,38.75
3,825,000 (March 31, 2017: 3,825,000) equity shares of BDT 10 each fully paid up		
Intellect Design Arena Limited (Kenya)	1,31.98	-
20,770 (March 31, 2017: NIL) equity shares of KSHS 1,000 each fully paid up		
<b>Total investments in equity instruments of subsidiaries, carried at cost</b>	<b>117,45.00</b>	<b>109,57.83</b>
<b>(b) Investments in equity instruments of joint venture, carried at cost</b>		
Investment in Intellect Polaris Design, LLC (45%)	13,80.15	13,80.15
45 (March 31, 2017: 45) equity shares of USD 50,000 each fully paid up		
<b>Total investments in equity instruments of joint venture, carried at cost</b>	<b>13,80.15</b>	<b>13,80.15</b>
<b>(c) Investments in equity instruments of associates, carried at cost</b>		
NMS Works Software Private Limited (India)	6,24.14	6,24.14
726,256 (March 31, 2017: 726,256) equity shares INR 10 each fully paid up		
Adrenalin eSystems Limited (India)	22,62.36	18,77.33
29,485,502 (March 31, 2017: 14,285,502) equity shares of INR 5 each fully paid up		
<b>Total investments in equity instruments of associates, carried at cost</b>	<b>28,86.50</b>	<b>25,01.47</b>
<b>Total investment in subsidiaries, joint ventures and associates (a+b+c)</b>	<b>160,11.65</b>	<b>148,39.45</b>

Table No. 4.11

## 7. FINANCIAL ASSET

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>NON-CURRENT ASSETS</b>		
<b>FINANCIAL ASSET</b>		
<b>(a) Investments carried at amortised cost</b>		
(A) Investment in Preference Shares of Adrenalin eSystems Private Limited (Unquoted)	-	4,31.24
NIL (March 31, 2017 - 15,200,000 7% redeemable preference shares of Face value of Rs. 5)		
(B) Investment in Preference Shares of NMS Works Solution Private Limited (Unquoted)	1,48.10	1,32.24
378,614 (March 31, 2017 - 378,614 12% preference shares of Face value of Rs. 5 each)		
<b>Investments carried at fair value through Profit and Loss</b>		
(C) Investment in Equity Shares of Gamma Green Power Private Limited (Unquoted)	-	-
2,62,473 Equity Shares of Face Value of Rs. 10 each	-	-
	<b>1,48.10</b>	<b>5,63.48</b>
Aggregate book value of Quoted Investments	-	-
Aggregate market value of Quoted Investments	-	-
Aggregate value of Unquoted Investments	1,74.35	5,63.48
Aggregate amount of impairment in value of Investment	26.25	-
<b>(b) Derivative instruments, carried at fair value through OCI*</b>		
<b>Cash flow hedges</b>		
Forward cover receivable, Net	3.66	-
	<b>3.66</b>	<b>-</b>

\*Financial asset at fair value through OCI

Financial asset at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future sale in USD.

**(c) Loans and deposits, carried at amortized cost**

Unsecured considered good		
- Security Deposits*	3,78.89	1,19.20
- Loans to employees**	3,07.13	2,60.51
	<b>6,86.02</b>	<b>3,79.71</b>

\*Security deposit 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, carrying an interest rate of 8.95%.

\*\*Loan to employees 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, carrying an interest rate of 7.02%.

<b>(d) Non current bank balances, carried at amortized cost</b>		
Deposits with Banks with more than 12 months maturity	9,13.83	9,73.92
	<b>9,13.83</b>	<b>9,73.92</b>

The balance on deposit accounts bears an interest rate of 7.02%, which has been pledged as a security by the company for availing non-fund based facilities (Bank guarantee)

Table No. 4.12

## 8. OTHER NON-CURRENT ASSETS

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Capital Advances	75.26	10.07
Loans to Employees Welfare Trust	1.09	1.09
Prepayments	17,60.94	2,89.42
Input tax credit receivable	5,28.88	54.26
	<b>23,66.17</b>	<b>3,54.84</b>

Table No. 4.13

## 9. INCOME TAX ASSETS (NET)

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Advance income tax (Net of provision for tax)	41,58.01	31,54.64
	<b>41,58.01</b>	<b>31,54.64</b>

Table No. 4.14

## 10. DEFERRED TAX ASSETS (NET)

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred Tax Liability</b>		
Property plant and equipment	(43,41.39)	(22,74.83)
Revaluation of cash flow hedge	(1.90)	(4,23.59)
Revaluation of FVTPL investments to fair value	(6.91)	(2.45)
<b>Deferred Tax Asset</b>		
Impact of disallowance under Section 36(1)(vii) of the Income Tax Act	6,37.48	4,57.00
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19,11.38	4,19.68
Carry forward business loss and unabsorbed depreciation	15,80.91	18,24.19
MAT credit entitlement	12,92.79	4,05.81
	<b>10,72.36</b>	<b>4,05.81</b>

Table No. 4.15

## 11. CURRENT ASSETS

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>INVESTMENT IN SUBSIDIARY</b>		
Investment in Equity Instrument of SFL Properties Private Limited	15,44.53	15,44.53
(1,560,000 equity shares of Face Value of Rs 10 each) (March 31, 2017 - 1,560,000 shares)		
	<b>15,44.53</b>	<b>15,44.53</b>

Table No. 4.16

The Company in its board meeting expressed its intention to dispose off its investment in SFL Properties Private Limited, thereby the investment has been classified in its balance sheet as "investment in subsidiary" under "current assets".

## 12. FINANCIAL ASSET

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>(a) Derivative instruments carried at fair value through OCI</b>		
<b>Cash flow hedges</b>		
Forward cover receivable, Net	1.82	9,58.10
	<b>1.82</b>	<b>9,58.10</b>
<b>(b) Loans and deposits carried at amortized cost</b>		
Unsecured considered good		
- Security Deposits	2,51.97	2,75.59
- Loans to employees	2,04.76	2,13.10
	<b>4,56.73</b>	<b>4,88.69</b>
<b>(c) Trade receivables</b>		
Trade Receivable	64,74.68	79,60.63
Receivables from related parties (Refer note 33)	192,97.42	86,96.05
	<b>257,72.10</b>	<b>166,56.68</b>
<b>Break-up for Security Details:</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	60,98.23	5,82.22
- Doubtful	18,41.99	13,20.51
Less: Allowance for credit losses	(18,41.99)	(13,20.51)
	<b>60,98.23</b>	<b>5,82.22</b>
<b>Other debts</b>		
- Unsecured considered good	196,73.87	160,74.46
Less: Allowance for credit losses	-	-
	<b>196,73.87</b>	<b>160,74.46</b>
	<b>257,72.10</b>	<b>166,56.68</b>
<b>(d) Cash and cash equivalent carried at amortized cost</b>		
Balance with banks		
- On Current accounts	12,12.19	21,82.43
- On deposit accounts	-	1,37.47
	<b>12,12.19</b>	<b>23,19.90</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Balances with banks:		
- On current accounts	12,12.19	21,82.43
Cash at bank and short term deposits	-	1,37.47
	<b>12,12.19</b>	<b>23,19.90</b>
Less - Bank overdraft (note 18)	-	(56,92.80)
	<b>12,12.19</b>	<b>(33,72.90)</b>



Particulars	As at March 31,	
	2018	2017
<b>(e) Other financial assets carried at amortized cost</b>		
Revenues accrued and not billed *	111,01.46	119,08.88
Other receivable	1,44.94	1,14.65
	<b>112,46.40</b>	<b>120,23.53</b>

\* The balance as at March 31, 2018 is net of allowance for credit loss of Rs 594.57 lakhs (Previous year ended March 31, 2017 Rs.336.05).

**Table No. 4.17****(f) Current investments**

In Rs. Lakhs

Particulars	March 31, 2018		March 31, 2017	
	Units	Amount	Units	Amount
Trade Investments (Carried at fair value through profit or loss)				
<b>Investment in Mutual Funds - (Unquoted)</b>				
ICICI Pru Banking & PSU Debt -DD	11,064,110	11,14.47	12,263,616	12,34.95
ICICI Pru Ultra Short Term Reg-DD	2,952,019	2,98.67	2,961,061	3,01.35
ICICI Pru Liquid Plan Direct -DD	-	-	1,862.70	1.86
Reliance Short-term-DM Reinvestment	5,828,104	6,51.47	5,630,498	6,25.38
		<b>20,64.61</b>		<b>21,63.54</b>
Aggregate book value of Unquoted Investments		20,67.94		21,56.46
Aggregate market value of Unquoted Investments		20,64.61		21,63.54
Aggregate amount of impairment in value of Investment		-		-

**Table No. 4.18****13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Deposits having a maturity period more than 3 months and less than 12 months	78,75.39	31,93.38
	<b>78,75.39</b>	<b>31,93.38</b>

The balance on deposit accounts bears an interest rate of 7.02%, which has been pledged as a security by the company for availing non-fund based facilities (Bank guarantee)

**Table No. 4.19****14. OTHER CURRENT ASSETS**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Advances to related parties (Refer note 33)	27,70.06	51,21.69
Prepayments and other recoveries*	25,90.49	17,85.03
Salary advance	98.07	1,33.20
	<b>54,58.62</b>	<b>70,39.92</b>

\* Includes an expenditure of Rs.102 Lakhs towards the Rights Issue transaction which had been classified as "other current assets" in the financial statements as at March 31, 2017. Such costs has been adjusted against Securities premium (in "Other Equity") upon completion of the equity transaction during the year ended March 31, 2018.

**Table No. 4.20****15. SHARE CAPITAL**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>Authorised</b>		
150,000,000 equity shares of Rs 5 each. (March 31, 2017 : 150,000,000 equity shares of Rs 5 each)	75,00.00	75,00.00
	<b>75,00.00</b>	<b>75,00.00</b>
<b>(b) Issued, Subscribed and Paid up</b>		
125,529,084 equity shares of Rs 5 each (March 31, 2017: 101,733,872 equity shares of Rs 5 each ) fully paid up	62,76.45	50,86.69
	<b>62,76.45</b>	<b>50,86.69</b>

Particulars	As at March 31,	
	2018	2017
<b>Shares held by shareholders holding more than 5 percent shares in the Company.</b>		
Polaris Banyan Holding Private Limited	31,761,000	24,291,508
	25.30%	23.88%

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share. Equity shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Particulars	As at March 31,	
	2018	2017
Shares outstanding at the beginning of the year/period	101,733,872	100,778,624
Shares issued under the Rights Issue	23,135,710	-
Shares issued under the Employee Stock Option Scheme	659,502	955,248
<b>Shares outstanding at the end of the year/period</b>	<b>125,529,084</b>	<b>101,733,872</b>
Share capital outstanding at the beginning of the year/period	50,86.69	50,38.93
Share capital issued under the Rights Issue	11,56.79	-
Share capital issued under the Employee Stock Option Scheme	32.97	47.76
<b>Share capital outstanding at the end of the year/period</b>	<b>62,76.45</b>	<b>50,86.69</b>

**Table No. 4.21**

For details of shares reserved for issue under the Share based payment plan of the company, please refer note 32.

**16. OTHER EQUITY**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Securities premium	392,36.75	203,56.75
Share Based Payment Reserves	28,91.78	22,65.27
General Reserve	172,50.04	172,50.04
Retained earnings	90,06.56	56,84.08
Cash flow hedge reserve	5.48	18,19.66
	<b>683,90.61</b>	<b>473,75.80</b>

**Table No. 4.22****17. NON-CURRENT LIABILITIES  
FINANCIAL LIABILITIES**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Term Loan (Secured)	90,49.54	56,32.54
	<b>90,49.54</b>	<b>56,32.54</b>

**Table No. 4.23**

Term loan from banks (USD) has a moratorium of 12 months from the date of disbursement and repayable in 16 quarterly installments contractually commencing from December 2018. The classification of "Current Maturities of Long Term Borrowings" is done based on management's intention to repay the loan. The loan is measured at amortised cost (net of processing charges) and carries an effective interest of 5.28% per annum and secured by a charge on the Land and buildings of the Company.

**18. CURRENT LIABILITIES  
FINANCIAL LIABILITIES**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
<b>(a) Short term borrowings carried at amortized cost</b>		
Secured		
Loans repayable on demand		
- from Banks	-	56,92.80
Buyers credit availed		59,52.33
Unsecured		
- from other parties (Refer Note 33)	38,19.78	55,40.00
	<b>38,19.78</b>	<b>171,85.13</b>
Aggregate Secured loans	-	116,45.13
Aggregate Unsecured loans	38,19.78	55,40.00

Particulars	Effective Interest Rate	Repayable	Security
<b>Loans repayable on demand (Currency of loan - INR)</b>			
Overdraft from bank (March 31, 2017)	8.4%-10.05%	30 days credit period	Building and land
Loan from other parties - March 31, 2018/2017	9.50%	Repayable on Demand	Unsecured
<b>Pre-shipment credit in foreign currency &amp; Export bills discounting</b>			
Export bills discounting (with recourse) (March 31, 2017)	9.75%	90 days to 180 days credit period	Building
Pre-shipment credit in foreign currency (March 31, 2017)	2.00%	60 days to 120 days credit period	Land
<b>As at March 31,</b>			
<b>Particulars</b>	<b>2018</b>	<b>2017</b>	
<b>(b) Trade payable</b>			
Trade payables	73,11.90	55,35.40	
Trade payables to related parties (Refer note 33)	67.31	1.57	
	<b>73,79.21</b>	<b>55,36.97</b>	
<b>(c) Other financial liabilities carried at amortized cost</b>			
Employee benefit payable	45,64.16	43,17.87	
Capital creditors	1,77.97	1,03.40	
Superannuation payable	6,15.77	5,56.53	
Current Maturities of long term borrowings	30,67.30	-	
Due to contractual obligation	-	1.78	
	<b>84,25.20</b>	<b>49,79.58</b>	

Table No. 4.24

**19. OTHER CURRENT LIABILITIES**

19. OTHER CURRENT LIABILITIES

	In Rs. Lakhs	
Particulars	As at March 31	
	2018	2017
Customer and other advance received	25.69	4.87
Billings in excess of revenues	39,07.85	20,92.96
Advances from related parties (Refer note 33)	10,71.14	9,98.22
Statutory dues	7,90.86	6,37.23
	<b>57,95.54</b>	<b>37,33.28</b>

Table No. 4.25

**20. PROVISIONS**

		In Rs. Lakhs	
Particulars	As at March 31,		
	2018	2017	
Provision for employee benefits			
- Provision for gratuity (Refer note 31)	7,99.80	4,67.36	
- Provision for leave benefits	8,03.11	7,45.30	
	<b>16,02.91</b>	<b>12,12.66</b>	

Table No. 4.26

**21. FINANCE INCOME (Recurring and not related unless stated otherwise)**

		In Rs. Lakhs	
Particulars	Year ended March 31,		
	2018	2017	
<b>FINANCE INCOME (Recurring and not related unless stated otherwise)</b>			
(a) Interest Income			
Interest received on deposits with banks	447.27	180.17	
Interest from financial assets carried at amortised cost	31.25	135.65	
(b) Dividend Income			
Dividends received on investments in mutual funds	116.48	123.91	
	<b>595.00</b>	<b>439.73</b>	

Table No. 4.27

**22. OTHER INCOME (Recurring and not related unless stated otherwise)**

	In Rs. Lakhs	
Particulars	Year ended March 31,	
	2018	2017
(a) Net gain from sale of investments		
Profit on sale of investments, carried at fair value through profit or loss	-	77.94
(b) Other non-operating Income		
Fair value gain on financial instruments at fair value through profit or loss	-	7.08
Net gain on disposal of property, plant and equipment (Non recurring and not related)	16,04.65	22,23.74
Net Gain on foreign currency transaction and translation	5,32.66	-
Miscellaneous Income, Net	4,01.41	3,97.57
	<b>25,38.72</b>	<b>27,06.33</b>

Table No. 4.28

**23. EMPLOYEE BENEFIT EXPENSE**

23. EMPLOYEE BENEFIT EXPENSE

	In Rs. Lakhs	
Particulars	Year ended March 31,	
	2018	2017
Salaries and incentive	430,21.49	408,83.15
Contribution to provident and other funds	17,39.08	15,59.41
Gratuity contribution scheme (Refer Note 31)	3,70.04	3,45.16
Expense on Employee Stock Option Scheme (ESOP)	7,38.35	4,18.05
Staff welfare expenses	11,52.97	10,14.18
	<b>470,21.93</b>	<b>442,19.95</b>

Table No. 4.29

**24. OTHER EXPENSES**

		In Rs. Lakhs	
Particulars	Year ended March 31,		
	2018	2017	
Cost of software packages, consumable and maintenance	3,628.70	971.79	
Travelling expenses	3,984.23	3,886.03	
Communication expenses	805.05	820.98	
Professional and Legal charges	1,480.05	1,922.02	
Payment to the auditors*			
- Statutory audit	51.00	53.00	
- for other services	4.00	1.80	
- for reimbursement of expenses	2.11	2.20	
Power and fuel	650.80	475.34	
Rent	621.66	279.31	
Repairs - Plant and machinery	69.78	180.54	
Repairs - Building	0.24	2.04	
Repairs - Others	379.02	421.11	
Business promotion	1,302.07	539.94	
Office maintenance	690.96	605.84	
Allowances for credit losses	780.00	587.02	
Bad debts / advances written off	276.25	621.39	
Insurance	103.21	106.81	
Printing and stationery	186.18	156.44	
Rates and taxes excluding Taxes on Income	40.39	261.15	
Donations	200.00	1.50	
Directors' sitting fees	21.30	20.82	
Bank charges & commission	223.00	91.12	
Miscellaneous expenses	367.59	501.91	
Net Loss on foreign currency transaction and translation	-	415.41	
	15,867.59	12,925.51	

Table No. 4.30

\* Audit fees for year ended March 31, 2017 does not include Rs. 25 Lakhs paid for Rights issue adjusted in share premium as these are share issue expenses.

**25. FINANCE COSTS**

		In Rs. Lakhs
Particulars	Year ended March 31,	
	2018	2017
Interest Expenses	13,73.13	10,52.30
	13,73.13	10,52.30

Table No. 4.31

**26. DEPRECIATION AND AMORTIZATION EXPENSE**

26. DEPRECIATION AND AMORTIZATION EXPENSE		
	In Rs. Lakhs	
Particulars	Year ended March 31,	
	2018	2017
Depreciation & Amortization (Refer Note 4 & 5)	25,13.54	22,60.71
	25,13.54	22,60.71

Table No. 4.32

**27. Income Tax**

The major components of income tax expense for the years ended 31 March, 2018 and 31 March, 2017 are:

**Statement of Profit or Loss:**

Particulars	In Rs. Lakhs	
	Year ended March 31,	
	2018	2017
<b>Current income tax:</b>		
Current income tax charge	8,86.98	-
MAT credit entitlement (Current Year)	(8,86.98)	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	2,20.43	-
<b>Total</b>	<b>2,20.43</b>	<b>-</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March, 2017 and 31 March, 2018:</b>		
<b>Accounting Profit before income tax</b>	<b>35,05.31</b>	<b>(56,14.91)</b>
At India's statutory income tax rate of 34.608%	34.608%	34.608%
Derived Tax Charge for the year (Restricted to Zero incase of loss)	12,13.12	-
Adjustments:		
Tax impact arising on account of set off of available losses	(9,92.69)	-
<b>Net derived tax charge</b>	<b>2,20.43</b>	<b>-</b>
<b>Income tax expense reported in the statement of Profit &amp; Loss</b>	<b>2,20.43</b>	<b>-</b>

**Table No. 4.33**

28. Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.  
Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders 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 income and share data used in the basic and diluted EPS computations:

Particulars	In Rs. Lakhs	
	Year ended March 31,	
	2018	2017
Profit / loss attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share	32,84.88	(56,14.91)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (number)		
- Basic	117,552,245	107,078,294
- Diluted	120,785,310	107,078,294
Earning per share of Rs.5 each		
- Basic	2.79	(5.24)
- Diluted	2.72	(5.24)

**Table No. 4.34**

Pursuant to allotment of shares by way of rights issue, Earnings Per Share (EPS) in respect of previous year has been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

**29. Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	Retained Earnings	Net movement on cash flow hedges	Total
<b>During the year ended March 31, 2018</b>			
Re-measurement gains (losses) on defined benefit plans	37.60	-	37.60
Net movement on cash flow hedges	-	(18,14.18)	(18,14.18)
<b>During the year ended March 31, 2017</b>			
Re-measurement gains (losses) on defined benefit plans	(1,87.44)	-	(1,87.44)
Net movement on cash flow hedges	-	12,23.97	12,23.97

**Table No. 4.35****30. 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. 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.

**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 projected 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 Company 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.

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**Share-based payments**

The Company initially measures the cost of Equity-settled transactions with employees using a black scholes model to determine the fair value of the liability incurred. 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.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuation. 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 underlying bonds are further reviewed for quality.

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 and sensitivity analysis are given in Note 31.

**Taxes**

Current Tax for the current year is computed as per the provisions of Section 115JB and the Minimum Alternate Tax liability (MAT) is provided for. Significant management judgements have been involved in evaluating and recognising MAT credit, to be set off against the future taxable profits for which the Company has an eligible carry forward period of 15 years.

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.

**Provision for Allowance of Credit Loss**

The Company has adopted and laid out its Expected Credit Loss Model (ECL) for determination of the Provision for credit loss allowance, which are primarily in the nature of trade receivables and unbilled revenue. In determining its ECL, assumptions and estimates are made in relation to Nature of customers (Public Sector Banks, Non-Banking Finance Companies, Private Banks etc), billing and collection terms as per the contract, average aging of the customer balance and the past trends of collection.

**31. Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Intellect Design Group gratuity trust" has been constituted by Intellect Design Arena Limited to administer the gratuity fund.

The following table summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Particulars	As at March 31,	
	2018	2017
<b>Obligations at the beginning of the period</b>	<b>17,75.25</b>	<b>13,35.15</b>
Current service cost	3,35.27	3,20.15
Interest cost	1,24.69	98.89
Benefits paid	(1,98.60)	(1,04.95)
Actuarial (gains) / losses	(39.14)	1,26.01
<b>Obligations at the end of the period</b>	<b>19,97.47</b>	<b>17,75.25</b>
<b>Change in plan assets</b>		
Plan assets at period beginning, at fair value	13,07.89	9,16.13
Expected Return on plan assets	89.92	73.88
Contributions	-	4,84.27
Actuarial gains / (losses)	(1.54)	(61.43)
Benefits paid	(1,98.60)	(1,04.96)
<b>Plan assets at period end, at fair value</b>	<b>11,97.67</b>	<b>13,07.89</b>
Actual Return on Plan Assets	88.38	12.44
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Fair value of plan assets at the end of the year	11,97.67	13,07.89
Present value of defined benefit obligations at the end of the period	19,97.47	17,75.25
<b>Asset / (Liability) recognised in the balance sheet</b>	<b>(7,99.80)</b>	<b>(4,67.36)</b>
a) Non-Current portion	-	-
b) Current portion	(7,99.80)	(4,67.36)
<b>Amount recognised in the statement of Profit and Loss under employee benefit expense:</b>		
Service cost	3,35.27	3,20.15
Net interest on the net defined liability/asset	34.77	25.01
	<b>3,70.04</b>	<b>3,45.16</b>
<b>Amount recognised in the statement of Other Comprehensive Income</b>		
(Gain)/Loss from change in demographic assumptions	20.45	(0.20)
(Gain)/Loss from change in financial assumptions	9.60	1,20.35
Actuarial (Gain)/Loss due to Experience (Return) / Loss on Plan Assets (greater) / less than discount rate	(69.19)	5.86
	1.54	61.43
	<b>(37.60)</b>	<b>1,87.44</b>
<b>Gratuity cost for the period</b>		
Experience adjustments on plan liabilities	(39.14)	1,26.01
Experience adjustments on plan assets	(1.54)	(61.43)
Actual return on plan assets	88.38	12.44
Defined Benefit Obligation	19,97.47	17,75.25
Fair Value of Plan Assets	11,97.67	13,07.89
Surplus / (deficit)	(7,99.80)	(4,67.36)
Experience adjustments on plan liabilities	(39.14)	1,26.01
Experience adjustments on plan assets	(1.54)	(61.43)

Particulars	As at March 31,	
	2018	2017
<b>Actuarial Assumptions</b>		
Discount rate	7.44%	6.68%
Expected return on plan assets	7.44%	6.68%
Salary growth rate	7.75%	6.75%
Attrition rate	18.84%	20.81%

**Table No. 4.36**

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

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

Estimated amount of contribution to the fund during the year ended March 31, 2018 as estimated by management is Rs. 799.80 lakhs.

**Amounts recognised in current year and previous year**

In Rs. Lakhs

Gratuity	As at March 31,	
	2018	2017
Defined benefit obligation	19,97.47	17,75.25
Plan asset	11,97.67	13,07.89
Surplus/(Deficit)	(7,99.80)	(4,67.36)
Experience Adjustment on Plan Liabilities (Gain) / Loss	(39.14)	1,26.01
Experience Adjustment on Plan Assets Gain / (Loss)	(1.54)	(61.43)

**Table No. 5.37**

Estimated amount of contribution to the fund during the Year Ended March 31, 2018, as estimated by management is Rs.7,99.80 lakhs (Previous year Rs. 5,57.11 lakhs)

**Gratuity cost**

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Statement of profit or loss	3,70.04	3,45.16
Other comprehensive Income	(37.60)	1,87.44

**Notes**

- The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation
- The Composition of Plan assets which is funded with ICICI Prudential Life Insurance

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets	March 31, 2018	March 31, 2017
Assets under insurance schemes	100%	100%

**Table No. 4.38**

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March, 2017 - 5 years)

**A quantitative sensitive analysis of the assumption as at March 31, 2018**

Assumptions	Discount Rate		Salary Escalation Rate	
Sensitivity level	1%	1%	1%	1%
Activity	Increase	Decrease	Increase	Decrease
Defined benefit obligation	19,10.95	29,02.12	20,78.67	19,21.80

**Table No. 4.39**

Assumptions	Attrition rate		Mortality rate	
Sensitivity level	1%	1%	10%	
Activity	Increase	Decrease	Increase	
Defined benefit obligation	19,85.78	20,09.61	19,98.08	

**Table No. 4.40**

**A quantitative sensitive analysis of the assumption as at March 31, 2017**

Assumptions	Discount Rate		Salary Escalation Rate	
Sensitivity level	1%	1%	1%	1%
Activity	Increase	Decrease	Increase	Decrease
Defined benefit obligation	17,04.65	18,48.48	18,29.96	17,19.39

**Table No. 4.41**

Assumptions	Attrition rate		Mortality rate
Sensitivity level	1%	1%	10%
Activity	Increase	Decrease	Increase
Defined benefit obligation	17,67.05	17,80.15	17,74.15

**Table No. 4.42****32. Share based payments**

The Scheme of Arrangement (Demerger) entered into by the Company with Polaris Consulting & Services Limited (Demerged Company) with effect from April 1, 2014 provided for the following in respect of Employee Stock Option Schemes;

(i) The Company has adopted three stock option plans (ASOP 2003, ASOP 2004 and ASOP 2011) from Polaris Consulting & Services Limited, as provided in the Scheme of Arrangement.

(ii) Every employee holding an option in the Demerged Company under the stock option plans of the Demerged Company, shall be issued one option in the stock option plans formed by the Resulting Company upon the Scheme coming into effect.

(iii) The exercise price of the options in the Resulting Company shall be adjusted to 28% of the exercise price of the options granted under the Schemes of the Demerged Company.

Apart from the schemes provided under the Demerger arrangement the company has the following Employee stock option schemes

(i) The Company has formulated two stock option plans (Intellect Stock Option Plan 2015, Intellect Stock Option Plan 2016) of its own.

These plans provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

During the current year the Company had offered rights issue to its shareholders on 17th July, 2017. Consequent to this corporate action, the market price of the shares reduced from Rs. 130.60 to Rs. 118.20. The ESOP scheme of the Company specifically requires the Compensation/Nomination & Remuneration Committee to make a fair and reasonable adjustment to the option terms in case of corporate action. Considering the above, the Nomination and Remuneration Committee of Intellect on 09th November 2017 has revised/ reduced the exercise prices of outstanding options (both vested and unvested) as on the record date i.e 18th July, 2017 by 15 %. The fair values before and after the modification have remained unchanged and there is no incremental impact in the Income statement. The option plans are summarized below:

**Associate Stock Option Plan 2003**

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and from the Bombay Stock Exchange on March 3, 2015. The 2003 Plan provides for issuance of 26,03,850 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including directors of the Company. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1,

2015. A summary of the status of the options granted under 2003 plan at March 31, 2018 is presented below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	132,802	48.60
Granted During the period	-	-
Exercised during the year	(57,802)	43.13
Forfeited during the year	-	-
Expired during the year	(27,900)	44.41
Outstanding at the end of the year	47,100	42.25
Exercisable at the end of the year	47,100	42.25

**Table No. 4.43**

Particulars	March 31, 2018
Range of exercise price (Rs.)	30.58 - 49.68
Weighted average remaining contractual life (in years)	1.55
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	169.85

**Table No. 4.44**

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	238,100	53.95
Granted During the period	-	-
Exercised during the year	(69,098)	43.89
Forfeited during the year	(35,600)	42.31
Expired during the year	(600)	35.98
Outstanding at the end of the year	132,802	49.39
Exercisable at the end of the year	132,802	48.60

**Table No. 4.45**

Particulars	March 31, 2017
Range of exercise price (Rs.)	19.07-63.67
Weighted average remaining contractual life (in years)	2.06
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

**Table No. 4.46****Associate Stock Option Plan 2004**

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange and the Bombay Stock Exchange on February 16, 2015. The 2004 Plan provides for issuance of 8,24,645 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees, including directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2004 plan at March 31, 2018 is presented below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	64,200	49.32
Granted During the period	-	-
Exercised during the year	(11,200)	41.13
Forfeited during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	53,000	42.79
Exercisable at the end of the year	53,000	42.79

Table No. 4.47

Particulars	March 31, 2018
Range of exercise price (Rs.)	30.58 to 44.26
Weighted average remaining contractual life (in years)	1.15
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	169.33

Table No. 4.48

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	86,800	51.60
Granted during the year	-	-
Exercised during the year	(7,600)	51.64
Forfeited during the year	(10,000)	52.07
Expired during the year	(5,000)	-
Outstanding at the end of the year	64,200	49.32
Exercisable at the end of the year	64,200	49.32

Table No. 4.49

Particulars	March 31, 2017
Range of exercise price (Rs.)	48.38 - 54.47
Weighted average remaining contractual life (in years)	2.22
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

Table No. 4.50

**Associate Stock Option Plan 2011**

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and the Bombay Stock Exchange on February 19, 2015. The 2011 Plan provides for issuance of 4,888,450 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees. The plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non - Executive directors
Maximum number of options grantable	3,648,450	17,36,000	1,240,000	2,00,000
Less: Number of Options granted under Swarnam 21			Less: Number of Options granted under Swarnam 41	

Table No. 4.51

**Grant price**

Market price upto Rs. 49	Market price	Market price	Market price	Market price
Market price between Rs. 49 - Rs. 140	15% discount on market price. (Subject to being Not lower than Rs 49)	30% discount on market price. (Subject to being Not lower than Rs 49)	50% discount on market price. (Subject to being Not lower than Rs 49)	Market price
Market price greater than Rs.140	10% discount on market price	20% discount on market price	50% discount on market price	Market price

Table No. 4.52

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

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

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

Table No. 4.53

**Performance conditions**

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth.	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth.	NA	NA

Table No. 4.54

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,597,650	40.55
Granted during the year	-	-
Exercised during the year	(459,700)	36.93
Forfeited during the year	(803,410)	48.79
Expired during the year	(22,160)	38.48
Outstanding at the end of the year	1,312,380	43.06
Exercisable at the end of the year	730,390	35.76

Table No. 4.55

Particulars	March 31, 2018
Range of exercise price (Rs.)	25.94 to 62.35
Weighted average remaining contractual life (in years)	5.32
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	159.78

Table No. 4.56

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	3,639,650	43.41
Granted during the year	-	-
Exercised during the year	(759,750)	37.91
Forfeited during the year	(17,800)	46.02
Expired during the year	(264,450)	47.23
Outstanding at the end of the year	2,597,650	51.47
Exercisable at the end of the year	646,620	40.55

Table No. 4.57

Particulars	March 31, 2017
Range of exercise price (Rs.)	31.70 - 73.35
Weighted average remaining contractual life (in years)	6.21
Weighted average fair value of options granted	-

Table No. 4.58

Scheme	ASOP 2011				
Grant ID	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11
Grant date	20-Jan-12	24-Apr-12	24-Jul-12	22-Oct-12	22-Jan-13
Stock Price	134.40	150.75	113.20	126.15	141.95
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Risk-free interest rate	8.08%	8.47%	8.10%	8.11%	7.90%
Revised Exercise Price	114.24	128.14	96.22	107.23	120.66
Expected life (Years)	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5
Expected volatility	59.31%	20.00%	20.00%	20.00%	43.86%
Expected dividend yield	1.54%	0%	0%	0%	2%

Table No. 4.59

Scheme	ASOP 2011				
Grant ID	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11	Swarnam 11
Grant date	27-Apr-13	30-Jul-13	22-Oct-13	07-Mar-14	10-Mar-14
Stock Price	114.70	109.00	141.25	153.40	143.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Risk-free interest rate	7.59%	8.74%	8.56%	8.93%	8.96%
Revised Exercise Price	97.50	92.65	120.06	130.39	122.15
Expected life (Years)	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5
Expected volatility	20.00%	20.00%	20.00%	20.00%	44.67%
Expected dividend yield	0%	0%	0%	0%	2.26%

Table No. 4.60

Scheme	ASOP 2011			
Grant ID	Swarnam 21 & 31	Swarnam 21 & 31	Swarnam 11	Swarnam 21 & 31
Grant date	10-Mar-14	30-Apr-14	07-Jan-15	07-Jan-15
Stock Price	143.70	183.55	86.30	86.30
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20
Risk-free interest rate	9.09%	8.86%	8.07%	8.02%
Revised Exercise Price	122.15	148.75	51.35	51.35
Expected life (Years)	5.5 - 7.5	5.5 - 7.5	3.5 - 7.5	5.5 - 7.5
Expected volatility	20.00%	55.21%	20.00%	20.00%
Expected dividend yield	0%	2.407%	0%	0%

Table No. 4.61

#### Intellect Stock option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on January 29, 2015 approved the Intellect Stock Option Plan 2015. The 2015 plan provides for issuance of 60,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non-Executive directors
Maximum number of options grantable	37,20,000 Less: Number of Options granted under Swarnam 21	17,36,000	12,40,000 Less: Number of Options granted under Swarnam 41	2,00,000

Table No. 4.62

**Grant price**

	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401
Market price upto Rs. 49	Market price	Market price	Market price	Market price
Market price between Rs. 49 - Rs. 140	15% discount on market price. (Subject to being Not lower than Rs 49)	30% discount on market price. (Subject to being Not lower than Rs 49)	50% discount on market price. (Subject to being Not lower than Rs 49)	25% discount on market price. (Subject to being Not lower than Rs 49)
Market price greater than Rs.140	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price (Subject to being not lower than Rs. 49)

**Table No. 4.63****Grant price**

	Swarnam 501
Market price upto Rs. 49	Market price
Market price between Rs. 49 - Rs. 140	Upto 50% discount on market price. (Subject to being Not lower than Rs 49)
Market price greater than Rs.140	Upto 50% discount on market price. (Subject to being not lower than Rs. 49)

**Table No. 4.64**

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

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

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401
Service conditions				
At the end of year 1	10%	0%	0%	0%
At the end of year 2	15%	0%	0%	0%
At the end of year 3	20%	33%	33%	33%
At the end of year 4	25%	33%	33%	33%
At the end of year 5	30%	34%	34%	34%

**Table No. 4.65**

Particulars	Swarnam 501
Service conditions	
At the end of year 1	0%
At the end of year 2	0%
At the end of year 3	33%
At the end of year 4	33%
At the end of year 5	34%

**Table No. 5.66****Performance Conditions**

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating.
Company's target growth	EPS Accelerated vesting of NA 5%/10% each year, based on Company achieving specified target EPS growth

**Table No. 4.67**

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

A summary of the status of the options granted under 2015 plan at March 31, 2018 and March 31, 2017 is presented below:

	March 31, 2018	
Particulars	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	50,13,800	134.06
Granted during the year	12,55,000	119.62
Exercised during the year	(1,42,000)	91.27
Forfeited during the year	(4,37,800)	138.31
Expired during the year	(55,700)	123.99
Outstanding at the end of the year	56,33,300	121.99
Exercisable at the end of the year	11,53,613	116.04

**Table No. 4.68**

Particulars	March 31, 2018
Range of exercise price	77.18 to 179.35
Weighted average remaining contractual life (in years)	6.96
Weighted average fair value of options granted	69.78
Weighted average market price of shares on the date of exercise	166.59

**Table No. 4.69**

	March 31, 2017	
Particulars	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	48,62,400	142.45
Granted during the year	11,03,500	176.41
Exercised during the year	(1,26,400)	97.57
Forfeited during the year	(51,850)	121.03
Expired during the year	(7,73,850)	110.56
Outstanding at the end of the year	50,13,800	134.06
Exercisable at the end of the year	5,67,215	-

**Table No. 4.70**

Particulars	March 31, 2017
Range of exercise price	95.33 - 102
Weighted average remaining contractual life (in years)	7.50
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise	-

**Table No. 4.71**

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

**Grants in FY 17-18****SWARNAM 101- ISOP 2015**

Date of Grant : 30/Jan/2018	30-Jan- 2019	30-Jan- 2020	30-Jan- 2021	30-Jan- 2022	30-Jan- 2023
Market Price (Rs.)	175.05	175.05	175.05	175.05	175.05
Expected Life (In Years)	3.50	4.51	5.51	6.51	7.51
Volatility (%)	54.92	54.92	54.92	54.92	54.92
Riskfree Rate (%)	7.11	7.30	7.45	7.56	7.65
Exercise Price (Rs)	157.55	157.55	157.55	157.55	157.55
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>87.68</b>	<b>98.14</b>	<b>106.97</b>	<b>114.57</b>	<b>121.19</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>109.88</b>				

**Table No. 4.72**



Date of Grant : 9/Nov/2017	09-Nov- 2018	09-Nov- 2019	09-Nov- 2020	09-Nov- 2021	09-Nov- 2022
Market Price (Rs.)	144.25	144.25	144.25	144.25	144.25
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.58	6.72	6.84	6.94	7.03
Exercise Price (Rs)	122.61	122.61	122.61	122.61	122.61
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>50.18</b>	<b>57</b>	<b>63.3</b>	<b>69.16</b>	<b>74.64</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>65.91</b>				

Table No. 4.73

Date of Grant : 7/Sep/2017	07-Sep- 2018	07-Sep- 2019	07-Sep- 2020	07-Sep- 2021	07-Sep- 2022
Market Price (Rs.)	109.5	109.5	109.5	109.5	109.5
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.4	6.51	6.61	6.69	6.77
Exercise Price (Rs)	93.08	93.08	93.08	93.08	93.08
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>37.71</b>	<b>42.74</b>	<b>47.38</b>	<b>51.69</b>	<b>55.75</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>49.31</b>				

Table No. 4.74

Date of Grant : 3/May/2017	03-May- 2018	03-May- 2019	03-May- 2020	03-May- 2021	03-May- 2022
Market Price (Rs.)	125.6	125.6	125.6	125.6	125.6
Revised Market Price (Rs.)	118.2	118.2	118.2	118.2	118.2
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.76	6.88	6.99	7.08	7.15
Revised Exercise Price (Rs)	90.746	90.746	90.746	90.746	90.746
Dividend yield (%)	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>44.12</b>	<b>50.09</b>	<b>55.61</b>	<b>60.73</b>	<b>65.46</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>57.87</b>				

Table No. 4.75

## Grants in FY 16-17

## ISOP 2015- Swarnam 501

Grant Date : 03 May 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	234.45	234.45	234.45
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	63.73%	63.73%	63.73%
Riskfree Rate	7.48%	7.53%	7.58%
Revised Exercise Price (Rs.)	99.64	99.64	99.64
Time To Maturity (Years)	5.73	6.73	7.73
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>94.06</b>	<b>103.83</b>	<b>105.97</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>101.33</b>		

Table No. 4.76

Grant Date : 20 October 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	181.60	181.60	181.60
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	138.92	138.92	138.92
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>74.23</b>	<b>81.69</b>	<b>88.58</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>81.57</b>		

Table No. 4.77

## ISOP 2015- Swarnam 101

Date of Grant : 03/May/2016	03-May- 2017	03-May- 2018	03-May- 2019	03-May- 2020	03-May- 2021
Stock Price (Rs.)	234.45	234.45	234.45	234.45	234.45
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	64%	64%	64%	64%	64%
Riskfree Rate	7%	7%	7%	8%	8%
Revised Exercise Price (Rs.)	179	179	179	179	179
Time To Maturity (Years)	3.73	4.73	5.73	6.73	7.73
Dividend yield	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>131.82</b>	<b>145.29</b>	<b>156.57</b>	<b>166.18</b>	<b>174.39</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>160.15</b>				

Table No. 4.78

Date of Grant : 20/Oct/2016	20-Oct- 2017	20-Oct- 2018	20-Oct- 2019	20-Oct- 2020	20-Oct- 2021
Stock Price (Rs.)	181.6	181.6	181.6	181.6	181.6
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%	20.00%	20.00%
Riskfree Rate	6.59%	6.68%	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	139	139	139	139	139
Time To Maturity (Years)	3.50	4.50	5.50	6.50	7.50
Dividend yield	0	0	0	0	0
<b>Fair Value per vest (Rs.)</b>	<b>57.54</b>	<b>66.21</b>	<b>74.23</b>	<b>81.69</b>	<b>88.58</b>
Vest Percent (%)	10	15	20	25	30
<b>Options Fair Value (Rs.)</b>	<b>77.53</b>				

Table No. 4.79

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns 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 also not necessarily be the actual outcome.

## Intellect Stock option Plan 2016

The Shareholders of the Company in the Extraordinary General Meeting held on May 03, 2016 approved the Intellect Stock Option Plan 2016. The 2016 plan provides for issuance of 40,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. A summary of the status of the options granted under 2016 plan at March 31, 2018 is presented as below:

Particulars	March 31, 2018	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	26,27,500	93.18
Granted During the year	8,00,000	135.70
Exercised during the year	-	-
Forfeited during the year	(1,74,400)	83
Expired during the year	-	-
Outstanding at the end of the year	32,53,100	94.73
Exercisable at the end of the year	2,28,650	84.48

Table No. 4.80

Particulars	March 31, 2018
Range of exercise price (Rs.)	83.09 to 87.98
Weighted average remaining contractual life (in years)	7.72
Weighted average fair value of options granted	44.52
Weighted average market price of shares on the date of exercise(Rs.)	-

Table No. 4.81

Particulars	March 31, 2017	
	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-
Granted During the period	27,12,500	92.90
Exercised during the year	-	-
Forfeited during the year	-	-
Expired during the year	85,000	87.54
Outstanding at the end of the year	26,27,500	93.18
Exercisable at the end of the year	-	-

Table No. 4.82

Particulars	March 31, 2017
Range of exercise price (Rs.)	97.75 - 103.50
Weighted average remaining contractual life (in years)	8.50
Weighted average fair value of options granted	-
Weighted average market price of shares on the date of exercise(Rs.)	-

Table No. 4.83

## Service conditions

Particulars	Swarnam 501	Swarnam 101
Service conditions		
At the end of year 1	33%	10.00%
At the end of year 2	33%	15.00%
At the end of year 3	34%	20.00%
At the end of year 4	-	25.00%
At the end of year 5	-	30.00%

Table No. 4.84

## Performance Conditions

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating.			
Company's target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA	

Table No. 5.85

## Grants in FY 17-18

## SWARNAM 101- ISOP 2016

Date of Grant : 30/Jan/2018	30-Jan-2019	30-Jan-2020	30-Jan-2021	30-Jan-2022	30-Jan-2023
Market Price (Rs.)	175.05	175.05	175.05	175.05	175.05
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	54.92	54.92	54.92	54.92	54.92
Riskfree Rate (%)	7.11	7.3	7.45	7.56	7.65
Exercise Price (Rs.)	148.79	148.79	148.79	148.79	148.79
Dividend yield (%)	0	0	0	0	0
Fair Value per vest (Rs.)	90.71	100.82	109.36	116.71	123.11
Vest Percent (%)	10	15	20	25	30
Options Fair Value (Rs.)	112.18				

Table No. 4.86

## SWARNAM 101- ISOP 2016

Date of Grant : 9/Nov/2017	09-Nov-2018	09-Nov-2019	09-Nov-2020	09-Nov-2021	09-Nov-2022
Market Price (Rs.)	144.25	144.25	144.25	144.25	144.25
Expected Life (In Years)	3.5	4.51	5.51	6.51	7.51
Volatility (%)	20	20	20	20	20
Riskfree Rate (%)	6.58	6.72	6.84	6.94	7.03
Exercise Price (Rs.)	129.83	129.83	129.83	129.83	129.83
Dividend yield (%)	0	0	0	0	0
Fair Value per vest (Rs.)	45.69	52.78	59.32	65.42	71.13
Vest Percent (%)	10	15	20	25	30
Options Fair Value (Rs.)	62.04				

Table No. 4.87

## Grants in FY 16-17

## ISOP 2016- Swarnam 101

Grant Date : 24 March 2017	Vest 1 24-Mar-18	Vest 2 24-Mar-19	Vest 3 24-Mar-20	Vest 4 24-Mar-21	Vest 5 24-Mar-22
Stock Price (Rs.)	115.70	115.70	115.70	115.70	115.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%	20.00%	20.00%
Riskfree Rate	6.58%	6.75%	6.88%	6.98%	7.07%
Revised Exercise Price (Rs.)	87.98	87.98	87.98	87.98	87.98
Time To Maturity (Years)	3.50	4.50	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Option Fair Value Vest wise (Rs.)	37.04	42.71	48.00	52.91	57.48
Vesting %	10	15	20	25	30
Option Fair Value (Rs.)	50.18				

Table No. 4.88

## ISOP 2016- Swarnam 501

Grant Date : 24 March 2017	Vest 1 24-Mar-18	Vest 2 24-Mar-19	Vest 3 24-Mar-20
Stock Price (Rs.)	115.70	115.70	115.70
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.88%	6.98%	7.07%
Revised Exercise Price (Rs.)	83.09	83.09	83.09
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
Option Fair Value Vest wise (Rs.)	51.19	55.90	60.28
Vesting %	33.00%	33.00%	34.00%
Option Fair Value (Rs.)	55.83		

Table No. 4.89

Grant Date : 20 October 2016	Vest 1 20-Oct-19	Vest 2 20-Oct-20	Vest 3 20-Oct-21
Stock Price (Rs.)	181.60	181.60	181.60
Stock Price (as at date of revision of Exercise Price)	118.20	118.20	118.20
Volatility	20.00%	20.00%	20.00%
Riskfree Rate	6.76%	6.82%	6.87%
Revised Exercise Price (Rs.)	131.21	131.21	131.21
Time To Maturity (Years)	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%
<b>Option Fair Value Vest wise (Rs.)</b>	<b>79.24</b>	<b>86.40</b>	<b>93.02</b>
<b>Vesting %</b>	<b>33.00%</b>	<b>33.00%</b>	<b>34.00%</b>
<b>Option Fair Value (Rs.)</b>	<b>86.29</b>		

Table No. 4.90

**33. Related party transactions****33a. List of related parties****Subsidiaries**

- Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore')
  - Intellect Design Arena Limited, United Kingdom ('Intellect UK')
  - Intellect Design Arena SA, Switzerland ('Intellect Switzerland')
  - Intellect Design Arena FZ-LLC, Dubai ('Intellect Dubai')
  - Intellect Commerce Limited, India ('Intellect Commerce')
  - Intellect Design Chile Ltda , Chile ('Intellect Chile') \*
  - Intellect Design Arena Inc, USA ('Intellect Inc. – SEEC US')\*\*
  - SEEC Technologies Asia Private Limited, India ('Seec Asia')\*\*\*
  - Laser Soft Infosystems Limited, India ('Laser Soft')
  - Indigo TX Software Pvt Ltd, India ('Indigo TX')
  - Intellect Design Arena Co. Ltd, Vietnam ('Intellect Vietnam')
  - SFL Properties Private Ltd, India ('SFL Properties')
  - Intellect Design Arena Philippines Inc.(' Intellect Philippines')\*\*
  - Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
  - FT Grid Pte Ltd, Singapore ('FT Grid')\*\*
  - Intellect Design Arena, PT Indonesia ('Intellect Indonesia')\*\*
  - Intellect Design Arena Inc.('Intellect Canada')\*
  - Intellect Design Arena Limited.('Intellect Thailand')\*\*
  - Intellect Design Arena,SDN BHD.('Intellect Malaysia')\*\*
  - Intellect Design Arena Pty Ltd.('Intellect Australia')\*\*
  - Intellect Payments Limited ('Intellect Payments')
  - Intellect India Limited ('Intellect India')
  - Intellect Design Arena Limited ('Intellect Kenya')
- \* Subsidiaries of Intellect Design Arena Limited, UK  
 \*\* Subsidiaries of Intellect Design Arena Pte Ltd, Singapore  
 \*\*\* Subsidiary of Intellect Design Arena Inc., USA

**Associates**

- NMS Works Software Private Limited, India ('NMS')
- Adrenalin eSystems Limited, India ('Adrenalin eSystems')

**Joint Venture**

- Intellect Polaris Design LLC,USA ('IPDLLC USA')

**Others**

(a) Enterprises that directly or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence.

- Polaris Banyan Holding Private Ltd, India ('Polaris Banyan')

**(b) Key management personnel (KMP)**

- Mr. Arun Jain, Chairman and Managing Director
- Mr. S Swaminathan, Chief Financial Officer
- Mr. Naresh VV, Company Secretary
- Mr. Balaraman V, Independent Director
- Mr. Arun Shekhar Aran, Audit Committee Chairman
- Mr. Anil Kumar Verma, Director

**33b. Related party transactions****Subsidiaries :**

Particulars	In Rs. Lakhs	
	Subsidiaries	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>TRANSACTIONS DURING THE YEAR</b>		
<b>Advances given</b>		
Intellect Singapore	14.66	3.85
Intellect Canada	30.92	32.60
Seec US	12.58	36.42
Intellect UK	62.02	40.96
Intellect Switzerland	5.96	6.13
Intellect Australia	0.53	6.09
Intellect Dubai	12.59	39.65
Intellect Indonesia	5.41	-
Intellect Thailand	1.45	-
Intellect Philippines	5.34	-
Intellect Malaysia	11.01	-
Intellect Commerce	13.09	-
	<b>1,75.56</b>	<b>1,65.70</b>
<b>Software development service income</b>		
Intellect Malaysia	4,08.04	7,71.60
Intellect Philippines	8,09.25	7,06.79
Intellect Singapore	22,36.75	23,46.28
Intellect Thailand	18,83.43	10.52
Intellect Canada	27,04.25	15,60.35
Intellect Indonesia	6,59.65	-
Intellect Dubai	54,74.13	76,61.84
Intellect US	14,51.94	15,84.55
Intellect Australia	3,75.54	-
Intellect Vietnam	21,31.01	-
Intellect Switzerland	8,15.83	7,65.39
Intellect UK	192,14.06	96,40.17
Sonali Polaris FT	3.27	46.28
	<b>381,67.15</b>	<b>250,93.77</b>
<b>Software development expenses/ recoveries</b>		
Laser Soft	20,14.50	11,40.00
IndigoTX	1,97.95	1,20.53
Intellect Payments	4,10.11	-
Intellect Malaysia	1,56.00	54.44
Intellect Philippines	2,46.58	44.33
Intellect Australia	(1,94.47)	-
Intellect Singapore	8,83.76	7,93.63
Intellect Vietnam	1,63.00	1,30.00
Intellect Canada	12,68.96	5,69.35
Intellect Dubai	12,53.20	14,64.19
Seec US	47.35	2,76.16
Intellect Switzerland	1,18.07	22.88
Intellect Thailand	(1,25.37)	-
Intellect UK	9,04.69	11,78.44
	<b>73,44.33</b>	<b>57,93.95</b>
<b>Reimbursement of expenses by the Company</b>		
Intellect Singapore	1,80.34	2,81.65
Intellect Thailand	37.83	-
Seec US	37,87.78	27,99.75
Intellect UK	9,69.50	8,87.08
Intellect Australia	1,78.13	1,67.21
Indigo TX	11.46	51.08
LaserSoft	7,99.20	20,75.57
Intellect Canada	3,18.53	1,25.89
Intellect Vietnam	0.80	42.54
Intellect Commerce	1,49.70	6.39
Intellect Malaysia	-	13.58
Intellect Philippines	55.30	25.46
Intellect Dubai	2,71.48	12,53.02
Intellect Switzerland	36.91	5.92
Intellect India Ltd	0.70	-
	<b>67,97.66</b>	<b>77,35.14</b>
<b>Equity Investments in Subsidiaries During the year</b>		
Intellect Kenya	1,31.98	-
Intellect Singapore	6,55.19	-
Intellect Payments	-	2,50.00
	<b>7,87.17</b>	<b>2,50.00</b>

Particulars	In Rs. Lakhs	
	Subsidiaries	
	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Reimbursement of expenses to the Company</b>		
Intellect Dubai	35.88	2,73.56
SFL Properties	0.70	0.92
Intellect India Ltd	1.06	1.10
Intellect Payments	2.61	59.87
Indigo TX	27.88	27.32
Intellect Commerce	1,76.17	2,40.82
LaserSoft	2,03.77	13,75.06
Intellect Switzerland	20.83	-
Intellect Malaysia	35.48	16.74
Intellect Canada	1.10	-
Intellect Singapore	61.75	1,49.72
Intellect Philippines	5.50	27.97
Intellect Vietnam	-	82.58
Intellect Chile	-	3.43
Intellect Thailand	48.38	-
Seec US	20,30.13	11,67.56
Intellect UK	5,72.09	2.33
	<b>32,23.33</b>	<b>34,28.98</b>
<b>Others</b>		
Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>TRANSACTIONS DURING THE YEAR</b>		
<b>Interest on loans from related parties</b>		
Polaris Banyan Holding Limited	4,69.01	2,05.48
	<b>4,69.01</b>	<b>2,05.48</b>
<b>Borrowing made during the year</b>		
Polaris Banyan Holding Limited	-	55,40.00
	-	<b>55,40.00</b>
<b>Repayment of Borrowings</b>		
Polaris Banyan Holding Limited	17,20.22	-
	<b>17,20.22</b>	-
<b>Associates</b>		
Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Reimbursement of expenses by the Company</b>		
Adrenalin eSystems	-	15.62
	-	<b>15.62</b>
<b>Interest income from Investment in debt instrument of associates</b>		
Adrenalin eSystems	-	46.20
NMS	15.87	14.17
	<b>15.87</b>	<b>60.37</b>
<b>Reimbursement of expenses to the Company</b>		
Adrenalin eSystems	4,94.85	4,00.69
	<b>4,94.85</b>	<b>4,00.69</b>
<b>Key Management Personnel</b>		
Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Remuneration to Key Management Personnel**</b>		
Remuneration & other Benefits	5,21.82	3,71.78
	<b>5,21.82</b>	<b>3,71.78</b>
<b>Remuneration to independent directors</b>	<b>21.30</b>	<b>20.80</b>

\*\* The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

In Rs. Lakhs

**Balance Due From / To Related Parties**

Particulars	Subsidiaries	
	31-Mar-18	31-Mar-17
<b>BALANCE DUE FROM / TO RELATED PARTIES</b>		
<b>Trade receivables</b>		
Intellect Malaysia	5,55.01	7,80.23
Intellect Philippines	11,64.15	5,77.99
Intellect Singapore	8,34.82	21.04
Intellect Thailand	15,62.76	41.90
Intellect Indonesia	6,20.07	-
Intellect Australia	5,66.51	-
Intellect Vietnam	20,90.16	-
Intellect Canada	22,32.88	11,49.04
Intellect Chile	6,30.95	5,94.89
Intellect Dubai	(12,52.74)	2,81.00
Seec US	20,52.23	20,14.94
Intellect Switzerland	(19.94)	3,66.06
Intellect UK	72,76.18	17,29.40
IndigoTX	-	1.58
Sonali FT	9,84.38	11,37.98
	<b>192,97.42</b>	<b>86,96.05</b>
<b>Loans and Advances</b>		
Indigo TX	3,85.56	1,02.65
LaserSoft	4,46.68	8,95.27
Intellect Commerce	93.40	1,60.92
SFL Properties	0.49	-
Intellect Switzerland	27.53	42.69
Intellect Philippines	-	19.75
Intellect Singapore	85.13	7,78.09
Intellect Chile	38.39	34.90
Intellect Indonesia	3.42	-
Seec US	-	13,22.97
Intellect UK	1,52.01	3,67.12
Intellect Thailand	12.44	-
Intellect India	1.55	1.20
Intellect Malaysia	1,13.75	55.05
Intellect Payments	-	3,20.90
Intellect Vietnam	3,75.77	1,73.25
	<b>17,36.12</b>	<b>42,74.76</b>

Particulars	Subsidiaries	
	31-Mar-18	31-Mar-17
<b>Trade payables</b>		
Adrenalin eSystems	67.31	1.57
<b>Other current liabilities</b>		
Intellect Dubai	5,81.92	7,47.79
Intellect Payments	1,58.51	-
Intellect Canada	21.72	13.55
Intellect Australia	1,75.97	2,36.67
Intellect Philippines	25.10	-
Intellect Singapore	65.70	-
Seec US	42.22	-
SFL	-	0.21
	<b>10,71.14</b>	<b>9,98.22</b>

In Rs. Lakhs

Particulars	Subsidiaries	
	31-Mar-18	31-Mar-17
<b>INVESTMENTS</b>		
Indigo TX	17,02.97	17,02.97
LaserSoft	52,01.05	52,01.05
Intellect Commerce	9,00.00	9,00.00
SFL	15,44.53	15,44.53
Sonali Polaris FT	2,38.75	2,38.75
Intellect Singapore	23,53.79	16,98.60
Intellect Vietnam	22.50	22.50
Intellect Dubai	2,03.70	2,03.70
Intellect Kenya	1,31.98	-
Intellect Switzerland	1,12.76	1,12.76
Intellect UK	6,17.50	6,17.50
Intellect India	5.00	5.00
Intellect Payments	2,55.00	2,55.00
	<b>132,89.53</b>	<b>125,02.36</b>

Particulars	Others	
	31-Mar-18	31-Mar-17
<b>Loan Repayable on Demand</b>		
Polaris Banyan Holding Private Ltd, India	38,19.78	55,40.00

Particulars	Associates	
	31-Mar-18	31-Mar-17
<b>Short Term Loans and Advances</b>		
Adrenalin eSystems	10,33.94	8,46.93
	<b>10,33.94</b>	<b>8,46.93</b>
<b>Investment in debt instrument of associates, carried at amortized cost</b>		
Adrenalin eSystems	-	4,31.24
NMS	1,48.10	1,32.24
	<b>1,48.10</b>	<b>5,63.48</b>
<b>INVESTMENTS</b>		
IPDLLC	13,80.15	13,80.15
NMS	6,24.14	6,24.14
Adrenalin eSystems	22,62.36	18,77.33
	<b>42,66.65</b>	<b>38,81.62</b>

**Table No. 4.91****Terms and conditions of transactions with related parties**

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: 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.

**34. Capital and other commitments****Capital commitment:**

Contracts yet to be executed on capital account (net of advances) Rs. 150.63 lakhs (March 31, 2017: Rs.12.42 Lakhs).

**Other Commitment:**

Bank guarantees in the nature of Financial guarantees (backed up by Fixed deposits) as at March 31, 2018 amounting to Rs.3,940 Lakhs.

**35. Investment - Fair value**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	In Rs. Lakhs			
	Carrying value		Fair value	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>Financial assets</b>				
Investments	20,67.94	21,56.46	20,64.61	21,63.54
Derivative Financial Instruments - Forward Contracts	5.48	9,58.10	5.48	9,58.10
<b>Total</b>	<b>20,73.42</b>	<b>31,14.56</b>	<b>20,70.09</b>	<b>31,21.64</b>

**Table No. 4.92****36. Fair value hierarchy**

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018 & March 31, 2017

Particulars	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
Mutual funds	March 31, 2018	-	2,064.61	-
Mutual funds	March 31, 2017	-	2,163.54	-
<b>Assets measured at fair value:</b>				
Derivative financial instruments - Forward Contracts	March 31, 2018	-	5.48	-
Derivative financial instruments - Forward Contracts	March 31, 2017	-	958.10	-

**Table No. 4.93**

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

**37. Hedging of foreign currency exposures**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Company does not use forward contracts for speculative purposes. The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2018 and March 31, 2017 including forward cover taken for forecasted revenue receivable transactions:

Particulars (USD and INR) (Rs.in lakhs)	As at March 31,	
	2018	2017
Number of contracts	69.00	6.00
US \$ Equivalent	6,90.00	140.00
INR Equivalent	473,45.63	101,66.50

**Table No. 4.94****38. Research and Development Expenditure**

During the current year ended March 31, 2018, the Company has incurred revenue expenditure of Rs 4,336.25 Lakhs (March 2017: 4,777 Lakhs). The Company continues its significant investments in Research and Development efforts towards research, technology, engineering and new product development. The Company follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 Intangible assets and has accordingly recognised such cost as Internally

generated Intangible asset under 'Intangible assets under development' (Note 4) and Intangible asset (Note 5). During the current year ended March 31, 2018 the Company has incurred a revenue expenditure of Rs. 43,36.25 Lakhs (FY March 31, 2017 - Rs. 47,77) which has been debited to the Income statement and Capital expenditure as per table below:

We hereby furnishing the details of expenses under the respective Head of accounts which are recognised as Intangible assets under development:

Particulars	As at March 31,	
	2018	2017
Salaries, wages and bonus	61,01.22	45,59.00
Cost of license	0.31	-
Other Direct overheads	18,18.56	11,15.26
<b>Total</b>	<b>79,20.09</b>	<b>56,74.26</b>

**Table No. 4.95****39. Lease payments**

The company has certain offices and other premises under operating leases, which expires at various dates in future years. The minimum lease rental payments to be made in respect of these non cancellable lease are as follows

Particulars	As at March 31,	
	2018	2017
Lease payments for the year	6,82.17	5,40.18
<b>Minimum lease payments</b>		
Not later than one year	5,38.54	3,67.23
Later than one year but not later than 5 years	6,70.87	88.55
Later than 5 years	-	8.68
	<b>12,09.41</b>	<b>4,64.46</b>

**Table No. 4.96****40. Financial risk management objectives and policies**

The Company's principal financial liabilities comprise of short tenured borrowings, trade and other payables and financial guarantee contracts. Most of these liabilities relate to financing Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors, Risk Committee and the Audit Committee. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out by a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Risk Committee and the Audit Committee review and agree policies for managing each of these risks which are summarised below:

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPL investments and derivative financial instruments.

**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) and the Company's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Rs. In lakhs

Currency	Increase in Foreign Currency by	March 31, 2018		March 31, 2017	
		Amount in Foreign Currency	Effect on Pre tax profit	Amount in Foreign Currency	Effect on Pre tax profit
Amounts receivable in foreign currency					
USD	5%	213.99	697.39	211.22	684.89
GBP	5%	49.14	226.72	4.72	19.08
CAD	5%	39.83	100.86	21.67	52.64
THB	5%	693.20	72.44	22.29	2.09
Amounts Payable in foreign currency					
JPY	5%	337.87	(10.47)	-	-
AED	5%	48.43	(42.98)	97.37	(85.98)
USD	5%	160.41	(522.77)	119.12	(386.23)

**Table No. 4.97**

Conversely, 5% depreciation in the above mentioned exchange rates on foreign currency exposures as at 31st March 2018 and 31st March 2017 would have had the same but opposite effect, again holding all other variables constant.

#### 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.

#### A. Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12(c). The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers (which are in the nature of reputed banking and financial institutions) are located in several jurisdictions and industries and operate in largely independent markets.

#### Credit Risk exposure

The allowance for ECL on customer balances for the year ended March 31, 2018 and March 31, 2017:

In Rs. Lakhs

Particulars	As at March 31,	
	2018	2017
Balance at the beginning of the year	16,56.56	10,69.54
Impairment loss recognised / reversed	10,56.25	12,08.41
Written-off	(2,76.25)	(6,21.39)
Balance at the end of the year	24,36.56	16,56.56

**Table No. 4.98**

#### B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2018 and 2017 is the carrying amount as illustrated in Notes 7, 12 and 13.

#### Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.

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

Particulars	As at March 31, 2018		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	38,19.78	90,49.54	128,69.32
Trade Payables	73,79.21	-	73,79.21
Provisions (Employee Benefits)	16,02.91	-	16,02.91
Other current liabilities	57,95.54	-	57,95.54
Other financial liabilities	84,25.20	-	84,25.20
<b>Total</b>	<b>270,22.64</b>	<b>90,49.54</b>	<b>360,72.18</b>

**Table No. 4.99**

In Rs. Lakhs

Particulars	As at March 31, 2017		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	171,85.13	56,32.54	228,17.67
Trade Payables	55,36.97	-	55,36.97
Provisions (Employee Benefits)	12,12.66	-	12,12.66
Other current liabilities	37,33.28	-	37,33.28
Other financial liabilities	49,79.58	-	49,79.58
<b>Total</b>	<b>326,47.62</b>	<b>56,32.54</b>	<b>382,80.16</b>

**Table No. 4.100**

#### 41. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, 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 shareholders value. The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short-term borrowings.

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

	In Rs. Lakhs	
	31-Mar-18	31-Mar-17
Borrowings	159,36.61	228,17.67
Less: cash and bank balances	(90,87.58)	(55,13.28)
<b>Net debt</b>	<b>68,49.03</b>	<b>173,04.39</b>
Equity	746,67.06	524,62.49
<b>Total capital*</b>	<b>746,67.06</b>	<b>524,62.49</b>
<b>Capital and net debt</b>	<b>815,16.09</b>	<b>697,66.88</b>
<b>Gearing ratio</b>	<b>8.40%</b>	<b>24.80%</b>

**Table No. 4.101**

\* Includes Equity Share Capital & Other Equity

#### **42. SCHEMEN OF ARRANGEMENT (MERGER) BETWEEN INDIGO TX SOFTWARE PRIVATE LIMITED AND LASER SOFT INFOSYSTEMS LIMITED**

The Board of Directors of the Company at its meeting held on May 3, 2016 had approved a Scheme of Arrangement ("the Scheme") enabling the merger of two of its subsidiaries, namely Indigo TX Software Private Limited ("ITSPL") and Laser Soft Infosystems Limited ("LSIL") with the Company, with an appointed

date of April 1, 2016. The Scheme of Arrangement has been approved by the National Stock Exchange (NSE), the designated stock exchange on March 28, 2017 and by Bombay Stock Exchange (BSE) on March 29, 2017, the creditors and by the shareholders of the Companies in the National Company Law Tribunal (NCLT) convened meeting on January 18, 2018 and is yet to be approved by the NCLT and other Statutory Regulatory authority(ies) as may be applicable and would be given effect to after receipt of all approvals in accordance with Ind AS 103 - 'Business Combinations' as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

#### **43. Rights Issue**

The Company, vide its Letter of Offer dated July 06, 2017 offered upto 23,135,710 Equity Shares of Face Value of Rs 5/- each at a price of Rs 86/- per Rights Share including Share Premium of Rs 81/- per Equity Share for an amount aggregating to Rs 19,896.71 lakhs on Rights basis in the ratio of 5:22 (Five Rights Shares for every 22 fully paid up Equity Shares ) held by the Equity Shareholders on the record date ie July 18, 2017. The Company has allotted 23,135,710 shares on August 19, 2017. Pursuant to allotment of shares by way of rights issue, earnings per share (EPS) in respect of previous year has been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

#### **44. Prior periods Comparatives**

Previous year figures have been re grouped / reclassified, where ever necessary to confirm to this year's classification

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

**per Bharath N S**

Partner

Membership No. 210934

Chennai

May 06, 2018

For and on behalf of the Board of Directors of

**Intellect Design Arena Limited**

**Arun Jain**

Chairman & Managing Director

**Arun Shekhar Aran**

Director

**S.Swaminathan**

Chief Financial Officer

**V.V.Naresh**

Vice President &  
Company Secretary



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## 1. Overview

Intellect is a Digital Products and Technology Company that addresses the Digital transformation needs of the Banking and Financial Services domains. We have a rich suite of 14 Products that cater to the three main verticals in the Banking Industry viz Retail Banking, Corporate Banking, Treasury & Capital Markets and the Insurance Industry. We differentiate ourselves by our principles and practice of Design Thinking in every aspect of our Business

Post its de-merger from Polaris, Intellect spent the first three years of its journey post listing in

- Investing in its Products - enriching their Functionality, Architecture
- Investing in Sales & Marketing - Brand building, enlisting analyst endorsements and gaining Market acceptance - apart from hiring Leaders who brought Relationships
- Expanding its Footprint - winning Customer Logos and enhancing its referenceability
- Sharpening its Execution by investing in Delivery Excellence
- Building its Leadership bandwidth and expertise

This phase - termed Intellect 1.0 - saw us

- establish ourselves as Global Leaders in several categories ,
- compete against the World's best and figure amongst the 'final two' in several deals,
- win marquee Logos and prestigious deals and
- deliver to exacting timelines and requirements.

Several of these were detailed in prior year reports.

As we sign off from this phase and leapfrog into the next phase of our Growth agenda, we also emerge as a strong financial entity having

- clocked Rs. 1,000 Crs in revenues ,
- recorded profits for five Quarters in a row,
- managed our cash flows efficiently and
- successfully retained our Investors' confidence reflected in the oversubscription of our Rights Issue in the last financial year.

## 2. FACTORS IMPACTING OUR RESULTS OF OPERATIONS

Our Company's consolidated revenue for Financial Year 2017-18 was Rs.1,11,396.89 lakhs. Our Company's consolidated profit / loss after tax for Financial Year 2017-18 was Rs. 56,70.96 lakhs. Our Company's standalone revenue for Financial Year 2017-18 was Rs.70,281.50 lakhs. Our Company's standalone profit / loss after tax as for Financial Year 2017-18 was Rs. 32,84.88 lakhs.

As on March 31, 2018 our Company (*on an unconsolidated basis*) had sanctioned funded and non funded working capital facilities aggregating Rs.145.40 lakhs and Rs. 179.00 lakhs, respectively out of which Rs.38,19.78 lakhs were outstanding against funded working capital and non funded working capital had been utilised to the extent of Rs. 177.76 lakhs. Of the said sanctioned funded working capital facilities, loans aggregating to Rs.Nil lakhs were secured and the remaining Rs.38,19.78 lakhs were unsecured. The same is used to fund our working capital needs including that of receivables.

### Other factors

In addition to the above factors, the following factors could cause actual results to differ materially from our expectations:

1. Overall global economy;
2. Changes in fiscal, economic or political conditions in India;
3. Company's ability to successfully implement its strategy and its growth and expansion plans;
4. Increasing competition;

5. Changes in the value of the Indian rupee and other currencies; and
6. Regulatory changes pertaining to the BFSI industry in which our Company operates and our Company's ability to respond to them.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Current versus non-current classification

An asset has been classified as current when it satisfies any of the following criteria;

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria;

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current.

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

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

### 3.2. Fair value Measurement

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:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability
- c) 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 best economic 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 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:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) 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 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.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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.

### 3.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements have been disclosed in Note 30. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### 3.4 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

### 3.5 Cash Flow Statement

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

### 3.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as Capital advances under other non-current assets and the cost of asset not put to use before such date are disclosed under "Capital Work in Progress". Subsequent expenditure relating to property, plant and equipment is capitalised only when its probable that future economic benefit associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance cost are recognised in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and the resultant gains or loss are recognised in the Statement of profit and loss. Asset to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

### 3.7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The estimated useful life of the intangible assets is in the range of 3 to 5 Years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed atleast at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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.

#### Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset
3. How the asset will generate future economic benefits
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### 3.8 Other Assets

Cost incurred in fulfilling a contract are capitalised if all the following conditions are satisfied:

1. The costs relate directly to a contract
2. The costs generate or enhance resources of the entity that will be used to satisfy future performance obligation
3. The costs are recoverable

#### 3.9 Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years (five years in the case of Internally Generated Intangible assets (IPR)). For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year / fifth year in case of IPR.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit'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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.10 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

##### Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

##### Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

- Revenue from software development contract and time bound contracts are recognized using proportionate completion method over the life of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue from time and material contracts are recognised as services are rendered and related costs are incurred.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

#### Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

#### 3.11 Foreign Currency Transactions

##### Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

##### Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of 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.

#### Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

### 3.12 Derivative Instruments and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged and type of hedge relationship designated.

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – “Financial Instruments” as ‘cash flow hedges’.

The use of Derivative Contracts is governed by the Company’s policies on the use of such financial derivatives consistent with the Company’s risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company’s risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be

highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward contracts and as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

### 3.13 Depreciation and Amortisation

#### Depreciation

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

Assets Category	Estimated useful life (in years)
Buildings	30
Plant and machinery	15
Computer equipment	3
Servers and computer accessories	6
Electrical fittings, furniture and fixtures	10
Office equipment	5
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold land	Over the lease period (99 years)

Categories of assets for which depreciation has been provided based on the estimated useful life of the Company based on management evaluation, durability based on use, etc. are:

Assets Category	Estimated useful life (in years)
Vehicles	4-8

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

#### Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of

competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

### 3.14 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.

For arrangements entered into prior to April 1, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. 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.

#### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets 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.

#### 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. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### 3.15 Retirement and other employee benefits

#### a. Provident Fund

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

#### b. Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Intellect Design Group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to

profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

#### c. Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The company recognizes contribution payable to the fund as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

#### d. Compensated Absences

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

### 3.16 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised. The carrying amount of deferred tax

assets is reviewed at each reporting date and written off 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 year 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 recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

### 3.17 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3.18 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 3.19 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3.20 Employee Stock Option Scheme

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-

settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account 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 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 recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

### 3.21 Business Combination

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire company is adjusted against the reserves of the acquiring company.

### 3.22 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.

#### A. Financial assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### ii. 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 fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

#### Debt instruments at amortised cost

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

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



- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any financial asset under this category

#### 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 classify 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 P&L.

#### Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. 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 P&L.

#### iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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.

#### iv. 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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables and Unbilled revenue

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.

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, 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) 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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: 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.

#### 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.

## B. Financial liabilities

### i. Initial recognition and measurement

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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### ii. Subsequent measurement

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

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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.

#### 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.

#### De-recognition of financial liabilities

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 de-recognition 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.

#### 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

### 3.23. Transactions Costs Relating to Equity Transactions

The Company defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense

### 3.24. Segment reporting

The Executive Management Committee monitors the operating results of its business as a single primary segment "Software Product Licence and related services" for the purpose of making decisions about resource allocation and performance assessment.

The business of the Company falls under a single primary segment i.e 'Software Product License & related services' for the purpose of Ind AS 108.

### 3.25 Recent accounting Pronouncements

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.

The Ministry of Corporate Affairs (MCA) has the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is 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.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development which includes contracts in the nature of both time and material as well as fixed bids contracts. In addition, the Company also develops products and sells licences and/implementation customization support depending on the contracts with its customers.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers

and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### **Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transaction and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when the entity has received or paid advance consideration in a foreign currency.

The amendment will come into force on April 1, 2018. The Company is in process of evaluating its effect on the financial statements.

#### **4. Principal components of our statement of profit and loss account**

##### **Revenue**

Our revenue consists of:

- Revenue from operations** – Our revenue from operations comprises revenue from our four business verticals viz., global consumer banking and central banking, risk, treasury & markets, global transaction banking and insurance.
- Finance Income** – Our finance income comprises of interest/dividend from fixed deposits/mutual funds.
- Other income** – Other income consisting of interest received on deposits with banks, interest on others, dividends on investments in mutual funds, profit on sale of investments, provision for diminution in value of investments, miscellaneous income, profit / (loss) on sale of assets and net gain on foreign currency transactions and translation (other than those considered as finance cost).

Our total revenue, as per the Consolidated Summary Statements, for the Financial Year 2018 and the Financial Year 2017 was Rs.111396.89 lakhs, and Rs. 94770.28 lakhs respectively.

##### **Expenses**

Our expenses comprised employee benefit expenses, other expenses and finance cost and depreciation and amortisation expenses.

- Employee benefit expenses** – Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other fund, superannuation scheme, other funds, gratuity expense, cost of technical sub-contractors, social security and other benefit plans for overseas employees and staff welfare expenses.
- Depreciation and amortisation expense** - Depreciation and amortisation expense comprises of depreciation on fixed assets of the company.
- Finance cost** – Finance cost comprises interest related expenses.
- Other expenses** – Other expenses comprises cost of software packages, consumable and maintenance, travelling expenses, communication expenses, professional and legal charges, payment to the auditors, power and fuel, rent, repairs - plant and machinery, repairs - building, repairs - others, business promotion, office maintenance, provision for doubtful debts, bad debts/advances written off, insurance, printing and stationery, rates and taxes excluding taxes on income, directors' sitting fees, bank charges and commission, miscellaneous expenses and net loss on foreign currency transaction and translation (other than considered as finance cost).

Our total expense, as per the Consolidated Summary Statements, for the Financial Year 2018 and Financial Year 2017 was Rs.105,527 lakhs and Rs. 97381.45 lakhs respectively.

##### **Tax Expense**

###### **Current Tax**

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to our Company. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where our Company has a legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

###### **Deferred Tax**

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the year that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as Company does not have legal right to do so.

#### **RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2018 COMPARED TO FINANCIAL YEAR 2017**

##### **Revenue**

Our total revenue, as per the Consolidated Summary Statements, increased by 17.54% from Rs. 94,770.28 lakhs in Financial Year 2017 to Rs.111,396.89 lakhs in Financial Year 2018. This increase was primarily due to incremental customer acquisitions and growth in revenue from the existing customer base.

###### **Revenue from operations**

Our revenue from operations increased by 19.01% from Rs. 913,57.50 lakhs in Financial Year 2017 to Rs. 108,729.07 lakhs in Financial Year 2018. This increase was primarily due to incremental customer acquisitions and growth in revenue from the existing customer base.

###### **Finance income**

Our finance income increased by 29.89% from Rs.464.23 lakhs in Financial Year 2017 to Rs.602.98 lakhs in Financial Year 2018. This was primarily due to Increase in income from interest received on deposits with Banks.

###### **Other income**

Our other income decreased by 29.97% from Rs.29,48.55 lakhs in Financial Year 2017 to Rs.2064.84 lakhs in Financial Year 2018 due to decrease in profit on sale of assets and net gain on foreign currency transaction and translation.

##### **Expenses**

Our total expenses increased by 8.36% from Rs.973,81.45 lakhs in Financial Year 2017 to Rs. 105,527 lakhs in Financial Year 2018.

###### **Employee benefit expenses**

Our employee benefit expenses comprising salaries, wages and bonus, contribution to provident and other fund, gratuity etc., increased by 6.86 % from Rs. 717,84.30 lakhs in Financial Year 2017 to Rs.767,11.78 lakhs in Financial Year 2018. This increase was primarily due to annual salary increase and increase in the number of employees by close to 568

###### **Depreciation and amortisation expenses**

Our depreciation and amortisation expenses increased by 9.92% from Rs. 24,13.99 lakhs in Financial Year 2017 to Rs.26,53.49 lakhs in Financial Year 2018, primarily, due to the addition of fixed assets.

**Finance cost**

Our finance cost comprising interest expense increased by 22.33% from Rs. 11,30.24 lakhs in Financial Year 2017 to Rs.13,82.62 lakhs in Financial Year 2018 primarily due to higher usage of working capital loans for operations.

**Other expenses**

Our other expenses comprising payment to auditors, cost of software packages, consumable and maintenance, travelling expenses, professional legal charges, rent, business etc., increased by 12.36% from Rs. 22,052.92 lakhs in Financial Year 2017 to Rs.24,779.11 lakhs in Financial Year 2018 mainly because of increase in cost of software packages, consumables & maintenance

**Profit / Loss after tax**

As a result of the foregoing factors, our total consolidated profit / loss after tax increased from Rs. (22,38.58) lakhs in Financial Year 2017 to Rs.56,70.96 lakhs in Financial Year 2018.

**Liquidity and capital resources**

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and for capital expenditures. We have met these requirements through cash flows from operations as well as through borrowings. As on March 31, 2018, we had Rs.140,22.76lakhs in cash and bank balances, and Rs. 38,19.78 lakhs in short term borrowings.

We believe that our anticipated cash flow from operations, committed debt facilities, together with proceeds from this Issue and our existing cash, will be sufficient to meet our operating and capital expenditure requirements for the the Financial Year 2018.

**Cash flows**

The table below summarizes the statement of cash flows, as per our Consolidated Summary Statement of Cash Flows, for the year / period indicated:

(in Rs. lakhs)

Particulars	Financial Year	
	2018	2017
Net cash generated from operating activities	(331)	(6495.24)
Net cash generated from (used in) investing activities	(24,363.09)	(108,87.16)
Net cash generated from (used in) financing activities	28,942.21	(14597.05)

**Operating activities**

Net cash flow from operating activities comprises cash consumed / generated from operations and increase / decrease in working capital. Net cash used in operating activities in Financial Year 2018 decreased from Rs.(64,95.25) lakhs to Rs. (331) lakhs mainly due to increase in profit and on account of collections.

**Investing activities**

Net cash used in investing activities comprises sale of non-trade investments, proceeds received from sale of fixed assets, increase in purchase of property, plant and equipment.

Net cash used in investing activities decreased from Rs.(108,87.16) lakhs in Financial Year 2017 to Rs.(24,363.09) lakhs in 2018 . The decrease was primarily due to increase in investments in Fixed Assets and increase In Bank deposits.

**Financing activities**

Net cash flow from financing activities comprises proceeds / repayment of loans.

Net cash generated from financing activities increased from Rs.(145,97.05) lakhs in 2017 to Rs. 28,942.21 lakhs in 2018. The increase was primarily due to Rights issue made by the Company during the financial year 2017-18

**Indebtedness**

As on March 31, 2018 at standalone level, we had a sanctioned term loan of USD 2,00.00 lakhs out of which USD 86.85 lakhs were outstanding .As on that date, we had sanctioned funded and non funded working capital facilities aggregating Rs.145,50 lakhs and Rs. 179,00 lakhs respectively, out of which Rs.3819.78 lakhs were outstanding against funded and the utilisation non funded working capital facility is Rs. 177.76 lakhs. Of the said working capital outstanding, loans aggregating Rs. Nil lakhs were secured and the remaining Rs.3819.78 lakhs were unsecured.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with any entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

**Related Party Transactions**

We confirm that none of our debtors are related parties within the meaning of Accounting Standard IND AS-24 issued by the ICAI other than as disclosed in the financial statements.

**Contingent liabilities**

The following table sets forth our contingent liabilities.

(in Rs. lakhs)

Particulars	Financial Year 2018	Financial Year 2017
Capital commitments (net of advances and deposit)	150.63	12.42
Demand from Indian income tax authorities	998.85	621.07
Sales Tax demand from Commercial Tax Officer, Chennai.	43.13	31.62
Service tax demand from Commissioner of Central excise, Chennai	80.81	28.42

The above contingent liabilities disclosed in the Consolidated Summary Statements are in accordance with IND AS 37 on Provisions, Contingent Liabilities and Contingent Assets.

**Changes in accounting policies**

Our Company has not changed its accounting policies in the last five financial years.

**Qualifications and matters of emphasis**

Our Financial Statements do not contain any qualifications, reservations and matters of emphasis by our statutory auditors in their audit reports relating to the respective periods.

**Quantitative and qualitative disclosure about market risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. We are exposed to various types of market risks, in the normal course of our business. The following discussion and analysis, which constitutes 'forward-looking statements', involves risk and uncertainties summarise our exposure to different market risks.

**Exchange rate risk**

Changes in currency exchange rates may indirectly influence our results of operations. Our Company has extensive international operations particularly in the Americas and Europe. Any adverse change in foreign exchange rates may adversely affect our results of operations.

**Interest rate risk**

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt, and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may engage in interest rate

hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, we cannot assure you that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

#### Credit risk

We are exposed to credit risk on amounts owed to us by our customers. If our customers do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

#### Unusual or infrequent events or transactions

Except as described above, there have been no other events or transactions that, to our knowledge, may be described as 'unusual' or 'infrequent'.

#### Known trends or uncertainties

Other than as described above, and in this chapter, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

#### Seasonality of business

Our Company's business is not seasonal.

#### Significant developments after March 31, 2018 that may affect our future results of operations

No circumstances have arisen since the date of the last Financial Statements which materially and adversely affect or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months of the date of the last Financial Statements as disclosed.

There is no development subsequent to March 31, 2018 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

### SECTION D

#### Strengths

Intellect continues to grow and expand its footprint in various geographies. Its rich industry experience of over 30 years in the Banking, Financial Services and Insurance segment has helped to establish itself as a global leader. Some of the strengths are given below:

- Intellect has a full spectrum of technology products for Banking, Financial services & Insurance. Most others in this space are niche players with a narrow product range. This width allows us to bring design thinking as we can span across different functionalities. This also allows us to manage the cyclicity of the sub segments in BFSI much better since we are not dependent on any single sub-segment.
- A deep understanding of the BFSI vertical that has huge complexity embedded in technology. Thus, we can connect the dots between Business (Products), Operations (Process) and Technology.
- Taking advantage of the Digital Transformation wave in banking technology, our products are designed to enable this Digital transformation in a progressive manner. The architectural design of the Intellect suite of products has digital transformation capabilities built in it.
- Intellect uses the India Engineering Centers in a major way. This ensures availability of the best technologists in a steady manner.
- Continuous investment in R&D to keep our product offerings updated, relevant and competitive in the market place.
- A dedicated Design Center, FT 8012, the world's first design center focused on Financial Technology, reflecting the company's commitment to continuous and impactful innovation.

- Intellect has been cited in over 50 Analyst reports every year, reflecting rich functionality and global market acceptance of the product suite.
- Proven track record of implementing global roll outs of Products in both developed markets and growth markets. Several of these are Marquee customer accounts that serve as a role model for other banks to emulate and bring in the global best practices.
- Significant investment in Sales and Marketing to take on the competition and create the right push for our products

#### Competition

As mentioned above, Intellect suite is a full spectrum banking technology product for banking, financial services & insurance. Intellect's spread spans across Global Transaction Banking (GTB), Global Consumer Banking (GCB), Risk and Treasury (RTM) and Insurance.

At a broad level, Intellect products compete with global players such as Temenos, Oracle Financial Services, Finastra, FIS, FISERVE, ACI Worldwide and Indian competitors such as Infosys, TCS along with few regionally available solutions providers in different geographies. The competition is spread across various segments of the BFSI sector based on the offerings. A segment wise analysis is given below:

- GTB (Global Transaction Banking) - iGTB is a complete Digital Transaction banking platform. The integrated and vertical solution enables banks to support the corporate customer's needs and complexity. With banks being focused to improve the transaction banking space, increased spends in this area have attracted competition.

Global Competitors for iGTB are Finastra for a full offering and FIS, FISERVE and ACI worldwide for Payments.

- GCB (Global Consumer Banking) - iGCB is a full-spectrum suite of consumer banking products spanning Digital Core, Digital Lending, Digital Wealth & Quantum Central Banking. Designed around Digital 360 approach, our products present both worlds, i.e. Customer Experience (Digital Outside) and Operational Efficiency (Digital Inside) to our customer banks.

Our products have been designed not only to reduce the complexity in transformation, but the design incorporates agile frameworks that enable Speed and Ease of change.

Competitors for iGCB are Temenos (T24), Infosys (Finacle), Oracle Financial (Flex cube), Finastra.

- RTM (Risk and Treasury Management) - iRTM is a complete front to back, cross assets solution with embedded straight through processing (STP). A boon for the trader to make best judgment of the trades with in-built risk-monitoring capability.

Competitors for iRTM are Finastra (Misys), SunGard and Calypso

- INSURANCE - Intellect SEEC provides differentiated solutions in Digital Distribution, Commercial Underwriting and Risk Analytics, and Life Claims. Our geographical focus for this product is the developed markets like US, Canada, UK and also India.

Competitors for Intellect SEEC are Guidewire, Fineos and iPipeline.

- CAPITAL MARKETS - Intellect OneMARKETS offers a robust, scalable and comprehensive 360-degree digital platform that supports straight-through processing, direct market access, and high speed execution across a variety of asset classes and market segments with seamless interfaces to local and international market infrastructure providers like exchanges, central counter-parties, custodians and central securities depositories.

- It minimizes pre and post trade operational risk by digitizing asset servicing functions across front middle and back offices, using appropriate data exchange formats, built-in local language support, access to real-time information for investors, compliance reports for regulators and analytics-based risk management and decision enablement for the market participants.

Competitors are TCS, Vermeg, Sungard

7. **WEALTH & ASSET MANAGEMENT** - iWealth offers end-to-end capabilities to manage the complete life-cycle of Asset management. System robust functionalities enable banks to provide both Non-Discretionary & Discretionary portfolio management services, catering to the needs of diversified client segments starting from Mass Affluent to Ultra-high net-worth investors.
8. Front office tools improve Customer experience and enable RM to have deep customer engagement, System Reduces Operational risk through inbuilt 3-D compliance and minimize the cost of administration and back office.

Competitors are Temenos, Avaloq, Miles, Additiv

#### Threat

Our market, the Global Financial Industry continues to face uncertain times with opportunities as well as risks & challenges. On one side are tighter regulations which have led to a number of laws in different countries of our markets. These may pose entry barrier of localization for some of our products as these regulations will have to be incorporated for these markets. The ROI pressure on new projects has increased as IT

departments try to achieve more with less. Some new projects face budget constraints as the focus is still on regulatory compliance.

Intellect operations and execution teams continuously watch for such developments and constraints to business strategy and plans. Strategy and operational plans are continuously recalibrated to minimize the impact of such threats to business objectives and goals.

The other threat is from disruptive technologies from start ups. Our technology is quite contemporary and we continuously keep upgrading our technology. This is a threat that every technology company, especially in the products space has to monitor and take mitigating action on a continuous basis.

#### Risks & Concern

Our risks are evaluated under the following categories.

- Financial Risk
- Business Risk
- Regulatory & Compliance Risk
- Intellectual Property Risk
- Cyber Security, Data Privacy & Regulations

Risk	Impact	Mitigation
<b>1. Market Risk</b>		
1.1 Global Economic Scenario	Technology investments are linked to a country's GDP. Low economic outlook in our key operational markets can affect the growth	<ul style="list-style-type: none"> <li>• Intellect has four lines of business to de-risk its product portfolio</li> </ul> <p>Our products cater to different markets from highly developed to developing markets thereby de-risking the geographical dependence</p>
1.2 Business Model Changes	Disruptive technologies such as Cloud, Big data, social and smart devices can change the way business is done	<ul style="list-style-type: none"> <li>• Focused investment in R&amp;D to keep the products relevant and competitive in market place</li> <li>• Creating products with Digital technologies</li> </ul> <p>Our Cloud offering is growing</p>
<b>2. Financial Risk</b>		
2.1 Exchange Risk	Fluctuation in exchange rates	<ul style="list-style-type: none"> <li>• Quotations in foreign currencies are restricted to few selected major currencies. Quotations are highly controlled for any other currency</li> </ul> <p>We have hedged a portion of our Forex earnings</p>
2.2 Tax Regime Changes	Tax rates, TP policies and concessions for this new emerging area may see changes, having impact on profitability	<ul style="list-style-type: none"> <li>• Represent to the government through industry and trade body for a stable IP tax regime. Investing in R&amp;D which is the essence of IP creation also results in tax benefits</li> </ul>
2.3 Long gestation period - from IP creation to Revenue	IP lead business has a larger cash cycle hence it requires investments	Meticulously plan and monitor CAPEX budget for IP creation
2.4 Larger Cash Cycle	Larger working capital requirement	Monitoring the DSO tightly and plan for a realistic working capital well in advance
<b>3. Liability Risk</b>		
3.1 Implementation Delays	Implementation delays can trigger liability as the compensation is based on the terms of the contract	<ul style="list-style-type: none"> <li>• Invested in Quality management tool, process so that delivery is monitored rigorously</li> </ul> <p>Adequate Insurance cover</p>
3.2 Frauds	Possible fraudulent activities through criminal hacking	Even though there is no regulation, we on our own accord are in the process of making Vulnerability Assessment & Penetration Test (VAPT) compulsory for all Product releases
3.3 General Liability	Bodily injury or property damage to Third party arising out of Intellect's Business operations	Adequate Insurance cover to manage any contingency

3.4 Unanticipated Risks	Natural calamity as well as man-made disasters may lead to service disruption to the customers	<ul style="list-style-type: none"> <li>Intellect has an established enterprise business continuity management framework and project level BCPs are effected</li> <li>Our contract clauses provide protection for Force Majeure incidents</li> </ul>
<b>4. Regulatory &amp; Compliance Risk</b>	Government Regulation	<ul style="list-style-type: none"> <li>A dedicated Legal team takes care of the legal activities</li> <li>The Company Secretarial team takes care of the secretarial &amp; compliance related activities</li> <li>Country specific statutory compliance requirements of our Overseas Subsidiaries is regularly monitored and reported</li> </ul>
<b>5. Intellectual Property Risk</b>		
5.1 IP Protection	Difficulties in protecting our IP in some countries that are pivotal for generating revenues	<ul style="list-style-type: none"> <li>Registration of the IP in countries that have safe IP protection laws</li> </ul>
5.2 Use of Third party IP – COTS & FOSS	Failure to abide with the terms of the open source licenses could have a negative impact on our business	<ul style="list-style-type: none"> <li>Usage of COTS are under agreement and audited from time to time by our IT department</li> <li>FOSS used by the respective Business units is reported to the IT Department</li> </ul>
<b>6. Cyber Security, Data Protection &amp; Privacy Risk</b>		
6.1 Cyber Security	Market penetration, new product roadmaps, emerging technology adoptions and regulatory obligations	<ul style="list-style-type: none"> <li>Intellect ensures all its hosted solutions address security requirements of the customer and /or as adopted by the industry</li> <li>Intellect does both internal and external security control assessments in the form of audits, certifications like ISO27001 and SOC2</li> </ul>
6.2 Data Protection & Privacy	Global business nature brings in data protection & privacy scope to Intellect. Any inadvertent information leakage could lead to hefty penalties and reputational loss.	<ul style="list-style-type: none"> <li>We have an established Information and Cyber security forum and a Central Security Group to cater to the needs of the organization and customers</li> <li>Data protection &amp; privacy program has been initiated specifically for GDPR</li> <li>We are in the process of making Vulnerability Assessment &amp; Penetration Test (VAPT) compulsory for all Product releases</li> <li>By adopting new contractual provisions in existing and new contracts</li> </ul>

#### Internal Financial Control and their Adequacy

The Company has disclosure controls and procedures in place that are designed to provide reasonable assurance that material information relating to Intellect is disclosed on a timely basis. Management has reviewed the Company's disclosure controls and concluded that they were effective during the reporting period.

The Managing Director and the Chief Financial Officer (CFO) have evaluated the effectiveness of the Company's disclosure controls and procedures related to the preparation of Management's Discussion and Analysis and the consolidated financial statements. They have concluded that the Company's disclosure controls and procedures were effective, at a reasonable assurance level, to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which the management's discussion and analysis and the consolidated financial statements contained in this report were being prepared.

The Company's management, with the participation of its MD and CFO, are also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian GAAP. Under the supervision of the MD and CFO, the Company's internal control over financial reporting 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 the Indian GAAP.

The company has a robust financial control in place through a combination of internal control and processes. The controls ensure that transactions are recorded in timely manner, they are complete in all aspects, effectively utilizes the resources of the company and safeguarding the assets.

In line with Sec 134 of the Companies Act 2013, new processes were initiated for its compliance. As a first step the Testing framework was designed, next an auditing firm did the testing according to this framework over a period of 8 weeks. The Testing finding was presented to the Statutory Auditors and to the Board of Directors. Both expressed satisfaction over the Internal control operating within the Company.

There have been no changes in the Company's disclosure controls or internal controls over financial reporting during FY 2017-18 that have

materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company's MD and CFO expect to certify Intellect's annual filings with the Indian securities regulatory authorities.

Also, the company has an Internal Auditing system in place handled by a reputed Chartered Accounting firm. The findings are discussed with the process owners and corrective action is taken as necessary and the report presented to the Audit Committee.



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# DESIGN CENTER FOR FINANCIAL INSTITUTIONS



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OF INNOVATION WHERE  
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VIABILITY CONVERGE.  
INNOVATION NEED NOT  
RESTRICT ITSELF TO THE  
CORPORATE WORLD.**

Arun Jain  
Chairman & Managing Director,  
Intellect Design Arena Ltd.



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## Notice

**NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL BE HELD ON THURSDAY, AUGUST 23rd, 2018, AT 10:30 AM AT THE MUSIC ACADEMY, "MINI HALL", NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA TO TRANSACT THE FOLLOWING BUSINESSES:**

### Ordinary Business

#### Item No. 1. – Adoption of Financial Statements

To receive, consider and adopt::

- (i) the audited standalone financial statements of the Company for the financial year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon.
- (ii) the audited consolidated financial statements of the Company for the financial year ended 31st March 2018 together with the report of the auditors thereon.

And in this regard, pass the following resolutions as ordinary resolutions:

- (a) **"RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered, approved and adopted.
- (b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered, approved and adopted."

**Item No. 2 – To appoint a Director in the place of Mr. Anil Kumar Verma (DIN: 01957168), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Verma (DIN: 01957168), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

#### Item No.3 – Ratification of appointment of auditors:

To ratify the appointment of Auditors of the Company who were appointed at the third annual general meeting to hold office for a period of five years till the conclusion of the annual general meeting of the Company to be held in the calendar year 2019 and to authorise the Board of Directors to fix their remuneration and to pass the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT**, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rules 6 of the Companies (Audit and Auditors Rules), 2014 and other applicable provisions of the Companies Act, 2013, the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W), who were appointed as Auditors of the Company at the third Annual General Meeting to hold office till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2019, be and is hereby ratified, and that they shall be paid a remuneration as fixed by the Board of Directors of the Company."

### Special Business

#### Item No. 4 – Re-appointment of Mr. Anil Kumar Verma for a second term of Three (3) years

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT**, in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-

enactment thereof, for the time being in force), and as recommended by the Nomination and Remuneration & Compensation Committee and subject to the approval of the Central Government, the approval of the members be and is hereby accorded to re-appoint Mr. Anil Kumar Verma (DIN:01957168) as Executive Director of the Company, for a further period of 3 (three) years with the remuneration as mentioned below with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Anil Kumar Verma, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

1. Base Pay: Annual Base salary of Gross 3,50,000 AUD p.a. to be paid monthly in accordance with the Company's normal payroll practices and subject to withholdings.
2. Variable Pay: Annual variable pay at a target level of Gross 1,40,000 AUD p.a. (or such other sum as may be decided by the Board) each fiscal year, less applicable withholdings, subject to the Company's achievement of certain fiscal year milestones as determined by the Board (or its Committee) in its sole discretion. The Board (or its Committee) may reserve the authority to set such milestones on an IND AS or non-IND AS basis.
3. Superannuation: Gross 20,132 AUD p.a.
4. Existing Stock Options: 2,05,000 Stock Options granted earlier.
5. Employee Benefits: During the term of office, he will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other whole-time directors of the Company. The Company may reserve the right to cancel or amend the benefit plans and programs it offers to its whole-time directors at any time.
6. Vacation: He will be entitled to paid vacation in accordance with the Company's vacation policy as applicable to its whole-time directors.
7. Expenses: The Company will reimburse him for reasonable travel, entertainment or other expenses incurred by him in the furtherance of or in connection with the performance of his duties, in accordance with the Company's expense reimbursement policy for whole-time directors as in effect from time to time.

**RESOLVED FURTHER THAT** notwithstanding anything contained herein above stated, where, in any financial year during the tenure of his appointment, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Anil Kumar Verma, the remuneration by way of Base Salary, Variable Pay, and other allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### Item No. 5 – Approval for Issue of equity shares on Preferential basis to Promoters as defined under Regulations 2(za) of the SEBI (Issue of Capital and disclosure requirements) Regulations, 2009

To consider and if thought fit, to pass the following as a **Special Resolution**:-

**"RESOLVED THAT** in accordance with the provisions of Sections 42 and 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (**Companies Act**) and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**ICDR Regulations**) and all other applicable statutes, rules, regulations, circulars, notifications, clarifications and guidelines promulgated or issued from time to time by the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India, the Ministry of Corporate Affairs, other regulatory authorities and the stock exchanges including the enabling provisions of the uniform listing agreement entered into by the Company with the stock exchanges on which the Company's Equity Shares are listed (**Stock Exchanges**), the enabling provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to all necessary approvals, consents, permissions and/or sanctions

of the Government of India, any other statutory or regulatory authorities under applicable laws, consent of the Company be and is hereby accorded to issue, offer and allot up to 24,60,945 equity shares of the Company having a face value of Rs. 5 each (**Equity Shares**) to Arun Jain and Arun Jain (HUF) (**Proposed Allottees**), on a preferential basis and for cash consideration, at a price of Rs. 192 per Equity Share including a premium of Rs. 187 per Equity Share aggregating up to Rs. 47.25 crores, as the board of directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) may, in its absolute discretion think fit and without requiring any further approval or consent from the members.

**RESOLVED FURTHER THAT** in accordance with the provisions of the ICDR Regulations, the 'relevant date' for the purpose of determination of the price of the Equity Shares to be issued, offered and allotted, as above, shall be July 24, 2018.

**RESOLVED FURTHER THAT** the aforesaid issue of Equity Shares to the Proposed Allottees shall be subject to inter alia the following terms and conditions:

- i. Equity Shares proposed to be allotted to each Proposed Allottee shall be subject to lock-in for such period as prescribed under the applicable provisions of the ICDR Regulations;
- ii. Equity Shares shall be allotted by the Company within a period of 15 days from the date of passing this resolution, provided that where the allotment of the Equity Shares is pending on account of delay of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval;
- iii. Equity Shares to be issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend;
- iv. Equity Shares shall be issued and allotted only in dematerialised form; and
- v. Equity Shares to be issued and allotted pursuant to this resolution shall be listed on the Stock Exchanges on which the existing Equity Shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals.

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, the names of the Proposed Allottees be recorded for the issue of invitation to subscribe to the Equity Shares and the Board be and is hereby authorised to issue a private placement offer letter in Form PAS-4, prescribed under the Companies Act, together with an application form to the Proposed Allottees inviting them to subscribe to the Equity Shares.

**RESOLVED FURTHER THAT** subject to the ICDR Regulations and other applicable laws, the Board be and is hereby authorised to decide and approve terms and conditions of the issue of the above-mentioned Equity Shares and to vary, modify or alter the terms and conditions, including size of the issue as it may deem expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to these resolutions and for the purpose of issue and allotment of the Equity Shares and listing thereof with the stock exchanges, the Board be and is hereby authorised to take all steps and to perform and execute all such acts, matters, deeds and things as they may consider necessary, expedient, usual or proper including appointing advisors, consultants, valuers, accountants, auditors, attorneys, advocates, consultant firms or any other agencies, prepare, execute and file the necessary documents and enter into contracts, arrangements, agreements, documents, filing such forms with and providing such information to governmental authorities, making such disclosures to the stock exchanges and issuing advertisements and announcements, affixing the common seal of the company in accordance with the Articles of Association of the Company on such documents and papers, approving all expenses and payments in relation to the foregoing and furnishing certified true copies of this resolution, as may be required or they deem necessary to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorised to delegate any or all of the powers conferred upon it by this resolution to any committee of directors, any other director(s), and/or officer(s) of the Company."

#### **Item No. 6: Approval for Issue of equity shares on Preferential basis other than Promoters of the Company**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Sections 42 and 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (**Companies Act**) and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**ICDR Regulations**) and all other applicable statutes, rules, regulations, circulars, notifications, clarifications and guidelines promulgated or issued from time to time by the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India, the Ministry of Corporate Affairs, other regulatory authorities and the stock exchanges including the enabling provisions of the uniform listing agreement entered into by the Company with the stock exchanges on which the Company's Equity Shares are listed (**Stock Exchanges**), the enabling provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India, any other statutory or regulatory authorities under applicable laws, consent of the Company be and is hereby accorded to issue, offer and allot up to 27,47,385 equity shares of the Company having a face value of Rs. 5 each (**Equity Shares**) to Public/ Employees of the company, i.e., Manju Jain, Uday Jain, Aarushi Jain, Jaideep Billa, Pranav Pasricha and Manish Maakan (**Proposed Allottees**), on a preferential basis and for cash consideration, at a price of Rs. 192 per Equity Share including a premium of Rs. 187 per Equity Share aggregating up to Rs. 52.75 crores, as the board of directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) may, in its absolute discretion think fit and without requiring any further approval or consent from the members.

**RESOLVED FURTHER THAT** in accordance with the provisions of the ICDR Regulations, the 'relevant date' for the purpose of determination of the price of the Equity Shares to be issued, offered and allotted, as above, shall be July 24, 2018.

**RESOLVED FURTHER THAT** the aforesaid issue of Equity Shares to the Proposed Allottees shall be subject to inter alia the following terms and conditions:

- i. Equity Shares proposed to be allotted to each Proposed Allottee shall be subject to lock-in for such period as prescribed under the applicable provisions of the ICDR Regulations;
- ii. Equity Shares shall be allotted by the Company within a period of 15 days from the date of passing this resolution, provided that where the allotment of the Equity Shares is pending on account of delay of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval;
- iii. Equity Shares to be issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend;
- iv. Equity Shares shall be issued and allotted only in dematerialised form; and
- v. Equity Shares to be issued and allotted pursuant to this resolution shall be listed on the Stock Exchanges on which the existing Equity Shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals.

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, the names of the Proposed Allottees be recorded for the issue of invitation to

subscribe to the Equity Shares and the Board be and is hereby authorised to issue a private placement offer letter in Form PAS-4, prescribed under the Companies Act, together with an application form to the Proposed Allottees inviting them to subscribe to the Equity Shares.

**RESOLVED FURTHER THAT** subject to the ICDR Regulations and other applicable laws, the Board be and is hereby authorised to decide and approve terms and conditions of the issue of the above-mentioned Equity Shares and to vary, modify or alter the terms and conditions, including size of the issue as it may deem expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to these resolutions and for the purpose of issue and allotment of the Equity Shares and listing thereof with the stock exchanges, the Board be and is hereby authorised to take all steps and to perform and execute all such acts, matters, deeds and things as they may consider necessary, expedient, usual or proper including appointing advisors, consultants, valuers, accountants, auditors, attorneys, advocates, consultant firms or any other agencies, prepare, execute and file the necessary documents and enter into contracts, arrangements, agreements, documents, filing such forms with and providing such information to governmental authorities, making such disclosures to the stock exchanges and issuing advertisements and announcements, affixing the common seal of the company in accordance with the Articles of Association of the Company on such documents and papers, approving all expenses and payments in relation to the foregoing and furnishing certified true copies of this resolution, as may be required or they deem necessary to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorised to delegate any or all of the powers conferred upon it by this resolution to any committee of directors, any other director(s), and/or officer(s) of the Company."

**Item No. 7 – Approval of fund raising options for an amount not exceeding Rs. 400 crores :**

To consider and if thought fit, to pass the following as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 ("the Act"), and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Companies Act, 1956, the Foreign Exchange Management Act, 1999, as amended ("FEMA") including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and the rules framed there under, The Securities Contracts (Regulation) Act, 1956, The Securities and Exchange Board of India Act, 1992 and the rules framed there under including Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, ("ICDR Regulations") (including any statutory amendments, modifications or re-enactments thereof), SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the Board be and is hereby authorized on behalf of the Company, to create, offer, issue and allot in India or in the course of international offerings, in one or more foreign markets, in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Indian and/or Multilateral Financial Institutions, Non Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, Foreign Institutional Investors, Foreign Portfolio Investors, Individuals or otherwise, whether members of the Company or not, by way of qualified institutional placement to qualified institutional buyers ("QIBs") in terms of Chapter VIII of SEBI ICDR Regulations ("QIP"), or any other mode/method or means as may be prescribed by the concerned authorities from time to time, or a combination thereof, Equity Shares of face value Rs. 5/- (Rupees Five only) each of the Company ("Equity Share"), through one or more

prospectus, placement documents and/ or letter of offer or circular and/ or on private placement basis, at such time or times, at such price or prices, and on such terms and conditions as the Board may determine in its absolute discretion thinks fit in accordance with all applicable laws, rules and regulations for the time being in force in this regard, so that the total amount raised through issue of the Securities shall not exceed Rs. 400 crores only (Rupees Four Hundred Crores only), in consultation with the Lead Managers, Underwriters, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Rating Agencies / Advisors, Depositories, Custodians, Principal Paying/ Transfer/ Conversion agents, Listing agents, Registrars, Trustees, Printers, Auditors, Stabilizing agents and all other Agencies/ Advisors.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount in issue/ conversion/ exercise/ redemption, rate of interest, redemption period, listings on one or more stock exchanges in India or abroad as the Board may in its absolute discretion deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) in India and / or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

**RESOLVED FURTHER THAT** in case of a qualified institutional placement pursuant to Chapter VIII of the ICDR Regulations, the allotment of Securities (or any combination of the Securities as decided by the Board) shall only be to QIBs within the meaning of Chapter VIII of the ICDR Regulations, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution or such other time as may be allowed under the ICDR Regulations from time to time, at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations as may be amended from time to time and the Company may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the ICDR Regulations, as may be amended from time to time and the Securities so issued shall not be eligible to be sold for a period of 12 months from the date of allotment, except on a recognized stock exchange.

**RESOLVED FURTHER THAT** in the event that Equity Shares are issued to QIBs under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue and in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued to QIBs under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such Securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities and/or warrants.

**RESOLVED FURTHER THAT** the Equity Shares so issued by the Company pursuant to the QIP shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in the absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint Lead Manager(s) and such other parties in offerings of Securities and such

other agencies, if necessary and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with Lead Manager(s) and other agencies and to seek the listing of such Securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to create necessary charge on such of the assets and properties (whether present or future) of the Company in respect of Securities and to approve, accept, finalize and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with the issue of Securities, if any required.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a Committee of Directors or any director or any officer of the company in such manner as it may deem fit including to settle all questions, difficulties, or doubts, that may arise in regard to the issue, offer and allotment of the Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by way of this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Mr. Arun Jain, Chairman and Managing Director, Mr. Venkateswarlu Saranu, Chief Financial Officer and Mr. V V Naresh, Company Secretary and Compliance Officer of the Company be and is hereby authorised severally, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary e-form with the Registrar of Companies,”

**Item No. 8 :- Increase in Authorised Share Capital of the Company and alteration of Capital Clause in the Memorandum of Association of the Company :**

To consider and if thought fit, to pass the following as an **Ordinary Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 13(1) read with Section 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules formed thereunder and in accordance with the provisions of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from Rs. 87,40,00,000/- (Rupees Eighty Seven Crores Forty Lacs only) divided into 17,48,00,000 (Seventeen Crores and Forty Eight Lacs only) equity shares of Rs. 5/- (Rupees Five only) each to Rs. 97,40,00,000/- (Rupees Ninety Seven Crores and Forty Lakhs only) divided into 19,48,00,000 (Nineteen Crores and Forty Eight Lacs only) equity shares of Rs. 5/- (Rupees Five only) each and that Clause V of the Memorandum of Association of the Company be and is hereby altered accordingly and the Clause V be read :

(V) Authorised Share Capital of the Company is Rs. 97,40,00,000/- (Rupees Ninety Seven Crores and Forty Lacs only) divided into 19,48,00,000 (Nineteen Crores and Forty Eight Lacs only) equity shares of Rs. 5/- (Rupees Five only) each with power to increase, reduce and subdivide the Share Capital of the Company and to divide the same into various classes of shares and attach thereto such preferential/ deferred, special rights and privileges as may be determined by the Company in accordance with the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the new equity shares shall rank pari-passu with the existing equity shares of the Company.”

**Item No. 9 – To amend the Articles of Association subsequent to increase in Authorised Share Capital of the Company:**

To consider and if thought fit, to pass the following as a **Special Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, the existing Article 2(aa) of the Articles of Association be altered and substituted by the following clause :

Article 2 (aa) :- The Authorised Share Capital of the Company is Rs. 97,40,00,000 (Rupees Ninety Seven Crores and Forty Lacs only) divided into 19,48,00,000 (Nineteen Crores and Forty Eight Lacs only) Equity shares of Rs. 5/- (Rupees Five) each.

**Item No. 10 :- Introduction of new Intellect Incentive scheme of the Company**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits) (“SEBI Guidelines”) for the time being in force and as may be modified from time to time, any other rules, regulations and guidelines of any/ various statutory/ regulatory authority(ies) that are or may become applicable (collectively referred to as the “Applicable Laws”) and subject to any approvals, permissions and sanctions of any/ various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this resolution) the approval of the shareholders be and is hereby accorded to the Board to introduce, offer, issue and allot Share Based Incentives under the new Intellect Incentive Plan Scheme 2018 (Incentive Scheme 2018), the salient features of which are furnished in the Explanatory Statement to this Notice and to grant such Incentives, to such person(s) who are in the permanent employment of the Company, whether working in India or out of India, and to the Directors of the Company whether whole time or not, and to such persons as may be from time to time be allowed to be eligible for the benefits of the stock Incentives under applicable laws and regulations prevailing from time to time (all such persons are hereinafter collectively referred to as “Eligible Employees”) except those who are promoters or belong to the promoter group, at such price or prices, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the Incentive Scheme 2018.

**RESOLVED FURTHER THAT** the maximum number of stock Incentives granted to eligible employees under the Incentive Scheme 2018 shall not exceed 62,50,000 equity shares (as adjusted for any changes in the capital structure) at a price decided by the Board from time to time in accordance with the Incentive Scheme 2018.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Company to make or carry out any modifications, changes, variations, alterations or revisions in the terms and conditions of the Incentive Scheme 2018 or to the terms of the stock Incentives granted and/or vested but not exercised including modifications or changes to the quantum and price of such stock Incentives from time to time in accordance with applicable laws and regulations prevailing from time to time as it may deem fit, necessary or desirable, without requiring the Board to secure any further consent(s) or approval(s) of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, restructuring, sale of division of the Company or other similar event, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Incentive Scheme 2018 are passed on to the Eligible Employees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the Incentive Scheme 2018 on the stock exchanges as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the SEBI Regulations and other applicable laws and regulations.

**RESOLVED FURTHER THAT** for the purpose of bringing into effect and implementing the Incentive Scheme 2018 and generally for giving effect to these resolutions, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate such powers to any executives /officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc., as may be necessary in this regard.

**RESOLVED FURTHER THAT** the Board of Directors be and hereby authorised to administer, supervise and implement the terms and conditions of Incentive Scheme 2018 either by itself or through trust.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to administer, supervise and implement the terms and conditions of Incentive Scheme 2018 either by itself or through a trust."

**Item No. 11 :- Approval of extension of the benefits and terms and conditions of Intellect Incentive Plan Scheme 2018 ("Intellect Incentive Scheme 2018") to Subsidiary Companies**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** the benefits of the Intellect Incentive Scheme 2018 be extended to eligible associates(including Directors of the Company, whether whole time Director or not but excluding Independent Directors ) of the Subsidiary Companies on the terms and conditions as may be specified in the scheme.

**Item No. 12 :- Approval to deliver documents through a particular mode as may be sought by the member**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 20 of the Companies Act, 2013 and the Rules made thereunder (hereinafter referred to as 'the Act'), consent of the Company be and is hereby accorded to the Board of Directors of the Company to serve document(s) on Member(s) of the Company by post or registered post or speed post or by courier or by delivering at their address, or by such electronic or other mode as may be prescribed under the Act and desired by the Member(s), from time to time.

**RESOLVED FURTHER THAT** upon request of Member(s) for delivery of any document(s) through a particular mode, the Company do serve the same to the Member(s) through that particular mode and/or charge such fees which shall not be more than the amount charged to the Company by the Department of Post or the Service Provider(s) including related handling charges, if any, to deliver the documents in a particular mode.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be required to effectuate the resolution."

Place: Chennai  
Date: July 25, 2018

By Order of the Board  
for **Intellect Design Arena Limited**

**V.V.Naresh**  
Vice President - Company Secretary & Compliance Officer



## Notes

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF IN THE MEETING AND SUCH PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS OF THE COMPANY NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARES. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the Proxy, duly completed must be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting. A Proxy form for the ANNUAL GENERAL MEETING is enclosed.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Members/Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the ANNUAL GENERAL MEETING.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the ANNUAL GENERAL MEETING.
8. The certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 as applicable and in accordance with the resolution of the Members in the General Meeting will be available for inspection by the Members at the Annual General Meeting.
9. The Register of Members and Share Transfer Books of the Company will remain closed from August 13, 2018 to August 23, 2018 (both days inclusive) for the purpose of the ANNUAL GENERAL MEETING.
10. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
11. Members are requested to quote their Registered Folio Number or Demat Account number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with Registrar & Share Transfer Agents (RTA) of the Company, M/s. Karvy Computershare Private Limited, Hyderabad. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
12. The Company is concerned about the environment and utilizing natural resources in a suitable way. We request you to update your email address with your Depository Participant to enable us to send you the quarterly reports and other communications via email. Annual Report 2018 with Attendance Slip and Proxy form are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2018 are being sent by the permitted mode.
13. Members may also note that the Notice of the 07th Annual General Meeting and the Annual Report 2018 will also be available on the Company's website [www.intellectdesign.com](http://www.intellectdesign.com). The physical copies of the aforesaid documents will also be available at the Company's Corporate Office in Siruseri, Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at [shareholder.query@intellectdesign.com](mailto:shareholder.query@intellectdesign.com) / [company.secretary@intellectdesign.com](mailto:company.secretary@intellectdesign.com).
14. Additional information pursuant to Regulation 36(3) of the Listing Regulations with the Stock Exchanges in respect of the Directors seeking appointment at the ANNUAL GENERAL MEETING are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment/reappointment.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
16. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 07th annual general meeting to be held on Thursday, August 23rd 2018, at 10.30 a.m. The Company has engaged the services of Karvy Computershare Private Limited to provide the e-voting facility: The e-voting facility is available at the link <http://www.evotingkarvy.com/>
17. The facility for voting through Instapoll shall be made available at the AGM, to all the members attending the AGM, who have not opted evoting facility. Further, the members who have opted evoting facility may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
18. Evoting commences on August 20, 2018 at 9 AM and will end at August 22, 2018 at 5 PM and at the end of e-voting period, the facility shall forthwith be blocked.
19. The results for the e-voting shall be declared within 2 days from the date of AGM. The results along with Scrutinizer's Report, shall also be placed on the website of the stock exchange, Company and Karvy Computershare Private Limited
20. The Detailed instructions on remote e-voting is made part of a separate sheet "Instructions for e-voting" attached to this Notice.
21. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date, i.e., August 16, 2018 only shall be entitled to avail the facility of remote e-voting / Instapoll. A person who is not a member as on the cut-off date, should treat this Notice for information purpose only.

22. All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection in physical or electronic form at the Registered Office of the Company during business hours on all working days upto the date of declaration of the result of the 07th Annual General Meeting of the Company and the copies thereof shall also be made available for inspection in physical or electronic form at the Corporate Office of the Company and also at the meeting.

23. Your Company is pleased to provide the facility of live webcast of proceedings of AGM. Members entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of Karvy at <https://evoting.karvy.com/> using their secure login credentials. Members are encouraged to use this facility of webcast.

Place: Chennai  
Date: July 25, 2018

By Order of the Board  
for **Intellect Design Arena Limited**

**V.V.Naresh**  
Vice President - Company Secretary & Compliance Officer

#### STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

##### Item No. 4 :-

At the 04th Annual General Meeting held on July 28, 2015, Mr. Anil Kumar Verma was appointed as Executive Director of the Company to hold office up to January 30, 2018. Keeping in view Mr. Anil Kumar Verma's rich and varied experience in the Industry, his involvement in the operations of the Company over a long period of time, and his pioneering role in guiding the Company through four decades of diversification and growth to emerge as a world leader in the Software industry, it would be in the interest of the Company to continue the employment of Mr. Anil Kumar Verma as Executive Director. In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of Board, Nomination and Compensation Committee, the Board of Directors at its meeting held over January 30, 2018 approved, subject to Members' approval, re-appointment of Mr. Anil Kumar Verma as Executive Director from February 01, 2017 to January 31, 2020 on the terms and conditions and remuneration as set out in the resolution at Item No. 4.

This explanatory statement and the resolution at Item no. 5 may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

In terms of Section 160 of the Companies Act, 2013, notice has been received from a Member signifying his intention to propose re- appointment of Mr. Anil Kumar Verma as Executive Director of the Company along with a deposit of Rs. 1,00,000/-. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, is provided at Annexure A of this Notice.

Except Mr. Arun Jain or his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item no. 4.

The Board of Directors recommends the resolution in relation to the re-appointment of Executive Director as set out at Item no. 4, for approval of the Members by way of a special resolution.

##### Item No. 5 and 6 :-

The Company proposes to issue, offer and allot up to 52,08,330 equity shares of the Company having a face value of Rs.5 each (**Equity Shares**) on a preferential basis to:

- i. Mr. Arun Jain
- ii. Arun Jain (HUF)
- iii. Ms. Manju Jain
- iv. Mr. Uday Jain

- v. Ms. Aarushi Jain
- vi. Mr. Jaideep Billa
- vii. Mr. Manish Maakan
- viii. Mr. Pranav Pasricha (together the **Proposed Allottees**).

The board of directors of the Company (**Board**) has approved the aforementioned preferential issue at its meeting held on July 25, 2018.

Approval of the members by way of special resolution is required inter alia in terms of Sections 42 and 62(1)(c) of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (together **Act**) as well as the ICDR Regulations, as amended from time to time. Accordingly, in terms of the Act and the ICDR Regulations, consent of the members is being sought for the issue, offer and allotment, on a preferential basis, of up to 52,08,330 Equity Shares at a price of Rs. 192 per Equity Share including a premium of Rs. 187 per Equity Share aggregating up to Rs. 100 crores to the Proposed Allottees.

The Proposed Allottees have represented that they have not sold any Equity Shares during the 6 months preceding the Relevant Date (defined later). Moreover, none of the other promoters of the Company or any member of the promoter group of the Company, have sold any Equity Shares during the last 6 months, preceding the Relevant Date (defined later).

The salient features of the preferential issue, including disclosures required to be made in accordance with Chapter VII of the ICDR Regulations and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, are set out below:

##### i. **Objects of the Issue**

To meet general business requirements addressing working capital needs as well as expansion of business activities. Therefore, the company has proposed the issue of shares on preferential basis to selected person including employees of the Company to meet its capital requirements in due course.

##### ii. **Total number of Equity Shares to be issued**

The resolution set out in the accompanying notice authorises the Board to issue and allot up to 52,08,330 Equity Shares having a face value of Rs. 5 each at an issue price of Rs. 192 per Equity Share, aggregating upto Rs. 100 crores.

##### iii. **Basis of Issue price**

Regulation 76 of the ICDR Regulations prescribes the minimum price at which a preferential issue may be made. M/s S.R. Batliboi & Associates LLP, Chartered Accountants, the statutory auditors of the Company, have certified that the minimum price at which the proposed preferential issue may be made (as determined in accordance with Regulation 76(1) of the ICDR Regulations) is Rs. 192 per Equity Share.

The Board has decided that the proposed preferential issue shall be made at a price of Rs. 192 per Equity Share including a premium of Rs. 187 per Equity Share.

##### iv. **Relevant date**

As per the ICDR Regulations, the 'relevant date' for the purpose of determination of the price of the Equity Shares to be issued, offered and allotted, as stated above, is July 24, 2018.

##### v. **Classes of person to whom proposed allotment is proposed to be made**

The preferential issue is being made to Promoters, Promoters Group and Employees of the Company.

##### vi. **Intention of the promoters / directors / key managerial personnel/ Employees of the Company to subscribe to the offer**

Arun Jain and Arun Jain (HUF), Promoters of the Company intend to subscribe up to 24,60,945 Equity Shares of the Company pursuant to the aforesaid offer.

Ms. Manju Jain, Mr. Uday Jain, Ms. Aarushi Jain, Mr. Jaideep Billa, Mr. Pranav Pasricha and Mr. Manish Maakan, Employees /Public of the Company intend to subscribe up to 27,47,385 Equity Shares of the Company pursuant to the aforesaid offer.

The intention of the employees for subscribing towards preferential allotment is that putting their money into a growth stage enterprise is the most potent expression of "Walk the Talk". By putting one's money into the business, one is demonstrating to the shareholders the commitment to treat the Company's funds with the same amount of care as what one would demonstrate towards one's own funds. The funds would be used to build the business and the commitment of the personal funds is the expression of the self-belief that the opportunities are worth chasing.

**vii. Proposed time within which the allotment shall be completed**

The issue and allotment of Equity Shares to the Proposed Allottees will be completed no later than 15 days from the date of passing of this special resolution provided that where the allotment of the Equity Shares is pending on account of delay of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval.

**viii. Details of Proposed Allottees**

The names of the Proposed Allottees, identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately controls the Proposed Allottees

Sr. No.	Details of the Proposed Allottee	Category	Shareholding before the Preferential Issue	Pre-issue holding (%)	No. of Equity Shares proposed to be allotted	Post - issue holding (%)	Name of the ultimate beneficial owner of the Proposed Allottees
1.	Arun Jain	Promoter	61,89,126	4.92	13,67,195	5.76	-
2.	Arun Jain (HUF)	Promoter	10,15,358	0.81	10,93,750	1.61	Arun Jain
3.	Manju Jain	Public	16,37,811	1.30	19,27,080	2.72	-
4.	Uday Jain	Public	7,97,230	0.63	4,68,750	0.97	-
5.	Aarushi Jain	Public	1,77,213	0.14	2,60,415	0.33	-
6.	Jaideep Billa	Employee	3,42,747	0.27	13,020	0.27	-
7.	Manish Maakan	Employee	2,16,522	0.17	52,080	0.20	-
8.	Pranav Pasricha	Employee	1,55,159	0.12	26,040	0.14	-
<b>Total</b>			<b>1,05,31,166</b>	<b>8.36</b>	<b>52,08,330</b>	<b>12.04</b>	

**ix. Change in control, if any, in the Company that would occur consequent to the preferential issue**

There will be no change in control or management of the Company as a consequence of the preferential issue.

**x. Details of preferential allotment during the year**

During the year, no preferential allotment has made to any person.

**xi. The shareholding pattern of the Company before and after the preferential issue:**

Sr. No.	Category	Pre-issue*		Post-issue	
		No. of Equity Shares held	% of Equity Shares held	No. of Equity Shares held	% of Equity Shares held
A	Promoters' holding				
1.	Indian:				
	Individual	72,04,484	5.72	96,65,429	7.37
	Bodies corporate	3,18,61,000	25.32	3,18,61,000	24.31
2.	Foreign promoters	-	-	-	-
	Sub-total (A)	3,90,65,484	31.04	4,15,26,429	31.68
B	Non-promoters' holding:				
1.	Institutional investors	2,90,00,365	23.04	2,90,00,365	22.13
2.	Non-institutional investors:	4,69,04,231	37.27	4,96,51,616	37.88
	Private corporate bodies	26,710	0.02	26,710	0.02
	Others (Including Non-resident Indians)	1,08,61,194	8.63	1,08,61,194	8.29
	Sub-total (B)	8,67,92,500	68.96	8,95,39,885	68.32
	Grant total (A+ B)	12,58,57,984	100.00	13,10,66,314	100.00

\* As on July 20, 2018

**xii. Lock-in period**

The Equity Shares proposed to be allotted to each Proposed Allottee shall be subject to lock-in for such period as may be prescribed under the applicable provisions of the ICDR Regulations

**xiii. Company's undertakings**

The Company hereby undertakes that:

- It would re-compute the price of the Equity Shares specified above in terms of the provisions of the ICDR Regulations, if it is required to do so; and
- If the amount payable on account of re-computation of price is not paid within the time stipulated in the ICDR Regulations, the above shares shall continue to be locked in till the time such amount is paid by the Proposed Allottee.

**xiv. Wilful defaulters**

Neither the Company nor any of its promoters or directors have not been declared as 'wilful defaulter', as defined under Regulation 2(zn) of the ICDR Regulations.

**xv. Auditor's Certificate**

The certificate from M/s S.R. Batliboi & Associates LLP, Chartered Accountants, the statutory auditors of the Company, certifying that the preferential issue is being made in accordance with the requirements of the ICDR Regulations shall be placed before the Annual General Meeting of the shareholders.

Other than Mr. Anil Kumar Verma, (being Brother-in-law of Mr. Arun Jain, Chairman and Managing Director of the Company) Mr. Arun Jain, Chariman & Managing Director, Mrs. Manju Jain, Mr. Uday Jain, Ms. Aarushi Jain relatives of Mr. Arun Jain, none of the directors or key managerial personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding in the Company.

The Board accordingly recommends the special resolution as set out in Item No. 5&6 of this Notice for your approval.

#### Item No. 7 :-

The Board of Directors of the Company at its meeting held on 01st June, 2018 have proposed to raise funds for an amount not exceeding Rs. 500 crores (Five Hundred Crores Only) through issuance of securities including equity shares and/or other securities convertible into equity shares, including through public issue and/or on a private placement basis and/or any other kind of issue by way of further public offer or Rights Issue or including through Qualified Institutional Placement ("QIP") under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (the "SEBI ICDR Regulations").

When it is proposed to increase the issued capital of the Company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing shareholders of such company in the manner laid down in Section 62(1)(a) of the Companies Act, 2013 unless the shareholders by way of Special Resolution in a General Meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Company to persons other than shareholders of the Company, consent of the shareholders is being sought in pursuant to the provisions of Section 62(1)(c) and such other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and the provisions of the Listing Regulations, 2015 executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

However, if it is proposed to increase the issued capital through Qualified Institutional Buyers by way of Qualified Institutions Placement ("QIP") then it should be in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the SECI ICDR Regulations") for cash at such price, to be decided later, for aggregating upto Rs 400 Crores (Rupees Four Hundred Crores only) or to such other persons subject to the compliance of the provisions of ICDR Regulations.

In terms of Sections 41, 42, 62 and Section 71 of the Act, a company proposing to issue Securities to persons other than the existing shareholders or the public, is required to obtain the approval of the members by way of a Special Resolution for each offer or invitation. However, in accordance with relevant rules under the Act, the Company is permitted to make all offers for issue of the securities as specified in the concerned resolution.

It is proposed to obtain the approval of the members under Section 41, 42, 62, 71 and other applicable provisions, if any, of the Act, read together with the Rules made thereunder (to the extent applicable), to enable the Company to make a private placement and/or QIP of securities (equity or other securities convertible into equity) in one or more tranches within such limits to set out in the Resolution at Item No. 7 of the Notice.

The proceeds of the issue would be utilized in meeting the long term working capital requirements, repayment of debt, Capital expenditure and other general corporate purposes. The pricing for the security which may be issued by the Company on the basis of this Resolution will be done by the Board or committee thereof in accordance with applicable law including SEBI (ICDR) Regulations and Foreign Exchange Management Act as may be applicable.

The Board recommends the resolution at Item No. 7 of the Notice for the approval of the shareholders by way of a Special Resolution.

#### Item No. 8 & 9 :-

In light of Item No. 5 and 6 it is proposed to increase the Authorised Share Capital of the Company from the existing Rs. 87,40,00,000/- (Rupees Eighty Seven Crores and Forty Lacs only) divided into 17,48,00,000 (Seventeen crores and Forty Eight thousand only) equity shares of Rs. 5/- (Rupees Five only) to Rs. 97,40,00,000/- (Rupees Ninety Seven Crores and Forty Lacs only) divided into 19,48,00,000 (Nineteen Crores and Forty Eight thousand only) equity shares of Rs. 5/- (Rupees Five only) each, as indicated in the resolution of the Notice.

Consequently, it is proposed to make appropriate alterations in the Memorandum and Articles of Association of the Company to reflect changes in the Authorised Share Capital of the Company.

The proposed resolutions are in the interest of the Company. None of the Directors and Key Managerial Personnel of the Company including their relatives are concerned or interested in aforesaid resolution.

#### Item No. 10 and 11 :-

The primary objective of the Company Intellect has always been to create high performance communities that create significant value for all stakeholders. The Company already has five Stock Option Schemes namely ASOP 2003, ASOP 2004, ASOP 2011, ISOP 2015 and ISOP 2016.

Balance pool available in ASOP 2003, ASOP 2004 and ASOP 2011 shall not be available for further grant of options. However, the balance grantable options in ISOP 2015 and ISOP 2016 are available for grant. The Company has decided to introduce new Intellect Incentive Plan Scheme 2018. The Management opined that the new scheme would encourage and reward eligible associates globally for their performance, commitment and support for the growth of Intellect and to provide an incentive to continue contributing to the success of the Company.

#### Salient features of ISOP-2018 Scheme :

##### 1. Brief description of the 2015 Stock Incentive Compensation Plan

The Board has, after careful consideration, recommended that the Company implements a stock incentive compensation plan granting share based benefits to eligible employees with a view to reward and retain the best talent and to promote increased participation by them in the growth of the Company. The stock incentives are proposed to be issued under the 2018 Plan.

**Purposes of the Plan.** The purposes of this Plan are:

- Attract, retain and motivate talented and critical employees;
- Encourage employees to align individual performance with Company objectives;
- Reward employee performance with ownership in proportion to their contribution;
- Align employee interest with those of the organization.

The 2018 Plan provides alternatives to grant stock incentives to eligible employees such as restricted stock units ('RSU') and stock options, Stock Appreciation Rights ("SAR's") (together 'Stock Incentives') and subject to applicable law and conditions for exercise, the eligible employees shall be entitled to receive equity shares or cash on exercise of the Stock Incentives. The stock incentives will vest over a period of five years from the date of the grant, or such other period as decided in the sole discretion by the Board from time to time. The 2018 Plan shall be administered by the Nomination and Remuneration Committee of the Board constituted by the Company pursuant to the provisions of Section 178 of the Companies Act, 2013 which is ("SAR's") designated as the 'Compensation Committee' for the administration and superintendence of the 2018 Plan ('Administrator'). The Administrator's decisions, determinations, and interpretations will be final and binding on all eligible employees and participants under the 2018 Plan. Each stock incentive shall be evidenced by an award agreement that will specify such terms and conditions as the Administrator, in its sole discretion, will determine, including

whether the eligible employees will get equity shares of the Company or cash on exercise of the Stock Incentives.

**2. Total number of options, shares or benefits to be granted**

The total number of equity shares to be allotted pursuant to the exercise of the Stock Incentives under the 2018 Plan to the employees of the company and its subsidiaries shall not cumulatively exceed 62,50,000 equity shares. The mix of RSUs, options or other equity rights under the Plan may be adjusted in the sole determination of the Administrator from time to time.

**3. Identification of classes of employees entitled to participate and beneficiaries in the scheme**

Employees, as defined under the SEBI Regulations, of the Company and its subsidiary companies, whether working in India or abroad, will be entitled to participate in the 2018 Plan, subject to the fulfillment of such eligibility criteria as may be specified in the SEBI Regulations and / or as may be determined by the Administrator from time to time.

**4. Requirements of vesting and period of vesting**

The vesting of the Stock Incentives would also be subject to the terms and conditions as may be stipulated by the Administrator from time to time including but not limited to satisfactory performance of the employees, their continued employment with the Company or its subsidiaries as applicable. The vesting period of the Stock Incentives shall commence any time after the expiry of one year from the date of the grant of the Stock Incentives to the employee and shall end over a period of four years or such other period as decided in the sole discretion by the Board/Administrator from time to time. The number of Stock Incentives and terms of the same made available to employees (including the vesting period) may vary at the sole discretion of the Administrator.

**5. Maximum period within which the options / benefits shall be vested**

The maximum period within which the Stock Incentives shall vest will be five years from the date of grant (or such other period as decided in the sole discretion of the Administrator from time to time) and shall be provided in the award agreement with the employees.

**6. Exercise price, purchase price or pricing formula**

The exercise price for the restricted stock units will be equal to the par value of the shares and the exercise price of stock options would be market price as on the date of the grant.

**7. Exercise period and process of exercise**

The 2018 Plan specifies the options to provide incentives to employees such as restricted stock units and stock options. The Administrator shall decide the exercise period and process of exercise and the same shall be mentioned in the award agreement with employees. Further, the Stock Incentives shall be deemed exercised when the Company receives:

- Written or electronic notice of the exercise from the person entitled to exercise the Stock Incentives; and
- Subject to the terms of award agreement with the employees, full payment for the equity shares with
- respect to which the Stock Incentives are exercised along with applicable tax amount payable by such person.
- However, in cases where the Administrator so decides, the income tax amounts will be deducted from the concerned employee's salary and in such events, the payment for the equity shares need not be accompanied by the tax amount.

**8. The appraisal process for determining the eligibility of employees for the scheme(s):**

The Administrator shall determine the criteria for the eligible employees under the 2018 Plan based on the performance of the employee for the past financial years (or for his period of service), position and responsibilities of the concerned employee, the nature of the employee's services to the Company or its subsidiaries, the period for which the employee has rendered his services to the Company or its subsidiaries, the employee's present and potential contribution to the success of the Company or its subsidiaries and such other factors as the Administrator shall deem relevant for accomplishing the purpose of the Plan and as mentioned in the award agreement with the employees.

**9. Maximum number of options, shares, as the case may be, to be issued per employee and in aggregate**

The maximum number of Stock Incentive to be granted per eligible employee shall be as follows:

- The maximum number of equity shares that can be issued per eligible employee shall not exceed 1% of the total paid— up equity capital of the Company.
- The maximum number of equity shares that can be issued to eligible employees who are not residents of
- India in the aggregate shall not exceed 5% of the total paid—up capital of the Company.
- The grant of Stock Incentives during any one year covering a number of equity shares equal to or exceeding
- 1% of the issued capital of the Company at the time of grant of the Stock Incentive shall be subject to a special resolution passed at a General Meeting.
- The total number of equity shares to be allotted to employees of the Company and its subsidiaries pursuant to the exercise of the Stock Incentives under the 2018 Plan shall not cumulatively exceed 62,50,000 equity shares.

**10. Maximum quantum of benefits to be provided per employee under the scheme(s)**

Same as 9

**11. Whether the scheme(s) is to be implemented and administered directly by the Company or through a trust**

The Administrator shall administer the 2018 Plan either through itself or through a trust or both as it deems fit

**12. Whether the scheme(s) involves new issue of shares by the Company or secondary acquisition by the trust or both**

The 2018 Plan involves new issue of shares by the Company.

**13. The amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.**

Nil.

**14. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s)**

Not applicable.

**15. A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15.**

The Company shall comply with the accounting policies specified in the requirements of the relevant Indian Accounting Standards or guidance note on accounting for employees share based payments ('Guidance Note') or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.

Where the existing guidance note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under these regulations then the Company shall comply with the relevant accounting standards as may be prescribed by the ICAI from time to time.

**16. The method which the Company shall use to value its Options/SAR's:**

To calculate the employee compensation cost, the Company shall use the Fair Value Method for the valuation of the Stock Incentives granted.

As the 2018 Plan provides for issue of equity shares to be offered to persons other than the existing Members of the Company, consent of the Members is being sought pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI Regulations.

Pursuant to the provisions of the SEBI Regulations, a separate resolution is required to be passed if the grant of option, shares or other benefits, as the case may be, to the employees of subsidiaries. Accordingly, approval of the shareholders is sought

Accordingly, the resolutions set as Item nos. 10 and 11 are being placed for the approval of Members.

None of the Promoters or their relatives are in any way concerned or interested in these resolutions except to the extent of their shareholding as Members.

The directors, key managerial personnel or their relatives may be deemed to be concerned or interested in these resolutions to the extent of RSUs, stock options that be granted to them and to the extent of their shareholding as Members.

The Board of Directors recommends the passing of the proposed resolutions stated in Item nos. 10 and 11 as special resolutions.

**Item No. 12 :-**

Pursuant to the provisions of Section 20 of the Companies Act, 2013 ('the Act') and the Rules made thereunder, a document may be served on a Member of the Company by sending the same to him by post or registered post or by speed post or by courier or by delivering it at his office or address, or by such electronic or other mode as may be prescribed. However, proviso to sub-section 2 of Section 20 of the Act states that a Member may request for delivery of any document through a particular mode, for which he/she shall pay such fees as may be determined by the Company at its Annual General Meeting ('AGM').

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out in Item No.6 of the Notice relating to serving the documents in a requested mode.

In view of this, the Board of Directors recommends the resolution as set out in Item No. 12 of the Notice for the approval by the Members of the Company by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel, or their relatives, is interested or concerned in the Resolution.

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE) OF 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2**

The brief resume, experience and functional expertise and the membership on various Board and Committee of Directors proposed to be appointed/ re-appointed at Serial Number 2of the Notice convening 07th Annual General Meeting, as per the Corporate Governance Code as defined under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below :-

S.NO	PARTICULARS	NAME OF THE DIRECTOR
		MR. ANIL KUMAR VERMA
(a)	Date of Birth	05.07.1955
(b)	Age	63
(c)	Qualifications	Bachelor of Electrical Engineering from IIT Delhi and Post- Graduate in instruction design from the University of Wollongong in Australia
(d)	Experience	Over 38 years
(e)	Expertise in specific functional areas	Well experienced in the areas of accounting, finance, management, and corporate advisory services.
(f)	No. of Meetings of the Board attended during the financial year 2017-18	8 (Eight)
(g)	Terms and conditions of re-appointment	The re-appointment of Anil Kumar Verma (a Non-resident Indian within the meaning of Foreign Exchange Management Act, 1999) as Executive Director is with effect from 1st February 2018 and his term of office shall be liable to be determined by rotation, and shall be for a period of 3 years with effect from 1st February 2018. He will be a member of the Board of Directors of the Company entrusted with substantial powers of management having control on general conduct and management of the business affairs of the Company. 2. Anil Kumar Verma shall perform such duties and responsibilities as may be entrusted to him from time to time subject to the superintendence and control of the Board of Directors of the Company in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Chairman and/or the Board from time to time, by serving on the Boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company. 3. No sitting fee shall be paid to Anil Kumar Verma as Director for attending the meetings of the Board of Directors or any Committees thereof. 4. Termination of Contract - May be terminated earlier by either Party by giving to the other Party three months' notice of such termination OR the Company paying three months' remuneration in lieu of such notice.
(h)	Remuneration sought to be paid	266.09 Lakhs (Including Variable Pay)

S.NO	PARTICULARS	NAME OF THE DIRECTOR
		MR. ANIL KUMAR VERMA
(i)	Remuneration last drawn by such person	181.68 Lakhs (Excluding Variable Pay)
(j)	Date of first appointment on the Board	30-09-2014
(k)	Shareholding in the company	55,033
(l)	Relationship with other Directors, Manager and other Key Managerial Personnel of the company,	Mr. Anil Kumar Verma is brother-in-law of Mr. Arun Jain, Chairman and Managing Director of the Company
(m)	Directorships, Membership/ Chairmanship of Committees of other Boards	a) Oculus Healthcare Private Limited b) Arteclnteractives Pty. Ltd.

**Brief Resume of the Directors:-****ANIL KUMAR VERMA****Background details:**

Mr. Anil Kumar Verma is a key contributor to the strategic vision of the organization. A bachelor of electrical engineering from IIT Delhi and post-graduate in instructional design from the University of Wollongong in Australia, Anil has rich and global professional experience of over 38 years in the industry.

Mr. Anil Kumar Verma established and nurtured deep relationships for strengthening Intellect brand in Australia. Earlier, he was part of the core group that conceptualized and created FINDIT (Forum of Indian IT Companies in Australia) that later became NASSCOM Australia, an influential industry body that he led as founder President for several years. Living the spirit of deeper connect with the local community, Anil established long term relationship with the Western Sydney University in Australia where he was instrumental in creating graduate and post graduate course on software testing. He has contributed significantly in promoting collaboration between India and Australia in the field of ICT. In 1997 he was nominated for prestigious Australia Day award for his contribution to the Aboriginal community.

Mr. Anil Kumar Verma has been associated with the Australian Computer Society, AIIA – FSG (Australian Information Industry Association – Financial Services Group) and Financial Services Institute of Australia (FINSIA) for a long time.

Mr. Anil Kumar Verma is the brother-in-law of Mr. Arun Jain, Chairman and Managing Director.

**STATEMENT PURSUANT TO CLAUSE (B) OF SECTION II OF PART-II OF SCHEDULE V OF THE COMPANIES ACT, 2013****I. GENERAL INFORMATION:**

- Nature of Industry – Software.
- Year of commencement of commercial operations – 01.04.2014
- Financial performance

in Rs. Lakhs

Particulars	2017-18	2016-17
Turnover	67,147.78	516,97.50
Net Profit/(Loss) After Tax	3,284.88	(56,14.91)
Equity Capital (No. of shares)	1,25,529,084	10,17,33,872
Earnings Per share	Basic – 2.79 Diluted – 2.72	Basic - (5.24) Diluted – (5.24)

**II. INFORMATION ABOUT THE APPOINTEE:****1. Background details:**

	Mr. Anil Kumar Verma
Background details & Recognition or awards	<p>Mr. Anil Kumar Verma is a key contributor to the strategic vision of the organization. A bachelor of electrical engineering from IIT Delhi and post-graduate in instructional design from the University of Wollongong in Australia, Anil has rich and global professional experience of over 38 years in the industry.</p> <p>Mr. Anil Kumar Verma established and nurtured deep relationships for strengthening Intellect brand in Australia. Earlier, he was part of the core group that conceptualized and created FINDIT (Forum of Indian IT Companies in Australia) that later became NASSCOM Australia, an influential industry body that he led as founder President for several years. Living the spirit of deeper connect with the local community, Anil established long term relationship with the Western Sydney University in Australia where he was instrumental in creating graduate and post graduate course on software testing. He has contributed significantly in promoting collaboration between India and Australia in the field of ICT. In 1997 he was nominated for prestigious Australia Day award for his contribution to the Aboriginal community.</p> <p>Mr. Anil Kumar Verma has been associated with the Australian Computer Society, AIIA – FSG (Australian Information Industry Association – Financial Services Group) and Financial Services Institute of Australia (FINSIA) for a long time.</p>
Past remuneration	181.68 Lakhs
Job Profile and his suitability	The job profile involves providing leadership and direction to the Business Operations of Intellect Design Arena Limited. This includes managing the day to day operations and take complete ownership of the P&L of the company
Remuneration proposed	Gross Rs. 251.47 Lakhs
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Anil Kumar Verma is the brother-in-law of Mr. Arun Jain, Chairman and Managing Director.
Reasons and justification for payment beyond limits specified in schedule V to the Companies Act, 2013:	Not Applicable

**4. Foreign investments or collaborations – NIL**

**Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person** – Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar top/senior level appointees in other companies.

### III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement – As the Company has earned profit during the current year, this explanation is not required.
2. Expected increase in productivity and profits in measurable terms - Our Company is a Technology Product Company addressing Banking, Financial Services and Insurance industry. Technology Product companies do require significant investments and efforts to build the foundation for growth & profitability.
  - a. The key elements that the Company has been investing on include:-
    - b. developing Intellectual Property in the form of Technology Products,
    - c. putting together a competent & right capacitated Global Sales & Marketing team,
    - d. creating presence in the chosen countries for Global presence,
    - e. Getting recognition from Analysts,
    - f. creating execution capacity for implementing the Products & Solutions offered to the Customers and
    - g. having a Competent Management team for delivering the Companies Goals and Strategies.
    - h. The above efforts are being committed and the Company is in its initial phase of set up (three years in its operations since demerger). Hence during the initial phase of its journey, we need to commit costs. Once the benefits of scale start coming leveraging the above building blocks, the Company and the desired threshold size is achieved, the Company and would start delivering the desired profitability.





**INTELLECT DESIGN ARENA LIMITED**

(CIN:L72900TN2011PLC080183)

Registered Office: No.244, Anna Salai, Chennai - 600 006, Ph : 044 387 4000

Corporate Office : Plot No.3/G-3, SIPCOT IT Park, Siruseri, Chennai – 600 130, Ph : 3341 8000

Email id : shareholder.query@intellectdesign.com, company.secretary@intellectdesign.com Website: www.intellectdesign.com;

**07th Annual General Meeting to be held on August 23rd, 2018 at 10:30 AM****THE MUSIC ACADEMY, MINI HALL, NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA****ATTENDANCE SLIP**

Registered Folio No : .....(or)

Demat Account No. ....D.P.ID.No.....

Name of Shareholder(s) .....

I/We certify that I am/we are the Member(s) / Proxy of the Member(s) of the Company holding \_\_\_\_\_ Shares.

.....  
Signature of Member(s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance of the meeting hall.
- Name of the Proxy in BLOCK letters ..... (in case a Proxy attends the meeting)
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No. ....

**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:** L72900TN2011PLC080183**Name of the Company:** Intellect Design Arena Limited**Registered office:** 244, Anna Salai, Chennai – 600 006**Corporate Office :** Plot No.3/G-3, SIPCOT IT Park, Siruseri, Chennai – 600 130

Name of the Member (s)

Registered Address

E-mail ID

Folio No./ Client Id &amp; DP. ID

I/We being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_, or failing him \_\_\_\_\_

2. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_, or failing him \_\_\_\_\_

3. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held **on Thursday, the August 23rd, 2018, at 10:30 a.m. at THE MUSIC ACADEMY, "MINI HALL", NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA** and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Resolution Nos.

1. Adoption of Financial Statements.
2. Re- appointment of Mr. Anil Kumar Verma
3. Ratification of the appointment of Statutory Auditors
4. Re-appointment of Mr. Anil Kumar Verma for a second term of Three (3) years
5. Approval for Issue of equity shares on Preferential basis to Promoters
6. Approval for Issue of equity shares on Preferential basis to Employees
7. Approval of fund raising options for an amount not exceeding Rs. 400 crores
8. Increase in Authorised Share Capital of the Company and alteration of Capital Clause in the Memorandum of Association of the Company
9. To amend the Articles of Association subsequent to increase in Authorised Share Capital of the Company
10. Introduction of new Intellect Incentive scheme of the Company
11. Approval of extension of the benefits and terms and conditions of Intellect Incentive Plan Scheme 2018 ("Intellect Incentive Scheme 2018") to Subsidiary Companies
12. Approval to deliver documents through a particular mode as may be sought by the member

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Affix Revenue Stamp

Signature of shareholder(s)

Signature of Proxy holder(s)

Re.1  
Revenue  
stamp

#### Notes:

1. 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.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. A holder of this proxy may vote either for or against any of the aforesaid resolutions.

## Route Map for AGM Venue

