

Date: August 31, 2017

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No.C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

The Bombay Stock Exchange Limited
1st Floor, New Trade Ring, Rotunda Building
P J Towers, Dalal Street
Fort, Mumbai – 400 001

Dear Sir,

Sub : Notice of 24th Annual General Meeting of the Company to be held on 25th September 2017

We wish to inform you that 24th Annual General Meeting of the Members of our Company shall be held on 25th September 2017 at 10 A.M at No. 34 IT Highway, Navallur, Chennai-600 130 and the annual report containing the notice for AGM is enclosed. The same is available in the website of our Company at www.polarisft.com.

The Share Transfer Books and Register of Members shall remain closed between 14th September 2017 and 25th September 2017 (both days inclusive).

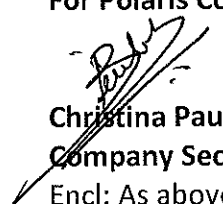
Further we wish to confirm that in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the annual report for the year ending 31st March 2017 will be filed with the stock exchanges after it is adopted by the shareholders at the 24th Annual General Meeting of the Company to be held on the 25th of September 2017 .

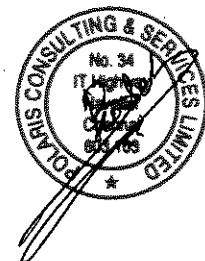
We request you to kindly take the above on record and ensure compliance.

Thanking you,

Yours sincerely

For Polaris Consulting & Services Limited


Christina Pauline Beulah
Company Secretary and Compliance Officer
Encl: As above



Polaris Consulting & Services Limited

Registered Office & Corporate Headquarters: 34, IT Highway, Navallur, Chennai - 600 130, Tamilnadu, India
Ph: +91-44-3987 3000 | Fax: +91-44-2743 5128

• Sydney • Tokyo • Hong Kong • Singapore • Mumbai • Dubai • London • New York • Toronto • Switzerland

www.polarisFT.com

CIN No. L65993TN1993PLCO24142



POLARIS
A Virtusa Company

**ANNUAL
REPORT
2016-2017**

POLARIS CONSULTING & SERVICES LIMITED

Annual Report for the year ended March 31, 2017

Registered Office: No. 34, IT Highway, Navallur, Chennai - 600 130. INDIA

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REGISTERED OFFICE

POLARIS CONSULTING & SERVICES LIMITED

No. 34 IT Highway, Navallur,
Chennai - 600 130. INDIA.
Phone: +91-44-3987 3000

OTHER LOCATIONS

INDIA

POLARIS CONSULTING & SERVICES LIMITED

5th Floor, Plot-3/G-3, Survey III/I (Part)
168/1 (Part) & 130/1 (Part), SIPCOT IT Park,
Siruseri, Chengalpet Taluk, Kancheepuram Dist,
Chennai- 600 130.
Phone:+91-44-3341 8000

POLARIS CONSULTING & SERVICES LIMITED

'The Capital' 203, Financial District,
Manikonda, Hyderabad - 500019.
Phone: +91-40-30953000

POLARIS CONSULTING & SERVICES LIMITED

"Polaris Towers", 249, Udyog Vihar Phase-IV,
Gurgaon - 122001, Haryana.
Phone: +91-124-4849200

POLARIS CONSULTING & SERVICES LIMITED

Unit No. 133, SDF - V, SEEPZ - SEZ, Andheri (East),
Mumbai - 400 096, Maharashtra.
Phone: +91-22-39815000, 4202 8400

POLARIS CONSULTING & SERVICES LIMITED

Unit No. 184, SDF - VI, SEEPZ - SEZ, Andheri (East),
Mumbai - 400 096, Maharashtra.
Phone: +91-22-4204 6100

POLARIS CONSULTING & SERVICES LIMITED

7th Floor, Level-10, G: Corp Tech Park,
Kasarvadawali, Ghodbunder Road,
Thane (West)-400601, Maharashtra.
Phone: +91-22-3998 8000 / 41218000

POLARIS CONSULTING & SERVICES LIMITED

Unit No 501 & 502, Wing 3, Cluster D, 5th Floor,
Plot No 1, Survey no. 77, EON Free Zone,
MIDC Kharadi Knowledge Park,
Pune - 411014.
Phone: +91-20-40734000

POLARIS CONSULTING & SERVICES LIMITED

15th Floor, Tower-B, Prestige Shantiniketan IT Park,
ITPL/Whitefields Road, Bengaluru – 560 066,
Karnataka.
Phone: +91-80-3010600

Americas

POLARIS CONSULTING & SERVICES LIMITED

20, Corporate Place South, Piscataway, NJ 08854, USA
Phone: +1-732-5908100

POLARIS CONSULTING & SERVICES LIMITED

111, Town square Place, Suite 340,
Jersey City, NJ - 07310, USA.
Phone: +1-732-590-8151

Canada

POLARIS CONSULTING & SERVICES INC.

Suite 1800, The Exchange Tower,
130, King Street, W Toronto,
Ontario, M5X 1E3. CANADA.
Phone: +1-416-865 3365

Florida

POLARIS CONSULTING & SERVICES LIMITED

10002 Princess Palm Avenue,
Suite 124, Registry One Building, Tampa,
Florida- 33619, USA

Asia Pacific

Singapore

POLARIS CONSULTING & SERVICES PTE LTD

3 Changi Business Park Vista, # 4-02 Akzonobel House,
Singapore - 486 051
Phone: +65-6496 6565

Japan

POLARIS CONSULTING AND SERVICES JAPAN K K

32, Shiba Koen building, 8th Floor, Shiba Koen,
Minato-ku, Tokyo 105-0011, Japan
Phone:+81-(0)3-5405-9410

Hong Kong

POLARIS CONSULTING & SERVICES LIMITED

10/F, 1-3 Pedder Street,
Unit-1051, Central Building, Central
HongKong

Malaysia

POLARIS CONSULTING & SERVICES SDN.BHD.

Unit 5-1, Level 5, Tower 6, Avenue 5,
Bangsar South, No.8, Jalan Kerinchi,
59200, Kuala Lumpur, Malaysia
Phone No.: +60-323860906

CHINA

POLARIS SOFTWARE (SHANGHAI) COMPANY LIMITED

Shanghai City Time Square Office Tower, Suite 26-03A,
Level 26, No:93, Huaihai Zhong Road, Luwan District,
Shanghai -200021
Phone : +86 21 51176391

Australia & New Zealand

Australia

POLARIS CONSULTING & SERVICES PTY LTD

Level 23, HWT Tower,
40 City Road, South Gate,
Victoria 3006, Melbourne, AUSTRALIA.
Phone: +61-3-96740419

POLARIS CONSULTING & SERVICES PTY LTD

Level 12, 31, Market Street,
Sydney, NSW 2000, AUSTRALIA.
Phone: +61-2-92671955

New Zealand

POLARIS CONSULTING & SERVICES PTY LTD

Suite 115 Plaza Level 41, Shortland Street,
Auckland Central, Auckland 1010,
New Zealand.
Phone:+64-93639612

Europe

POLARIS CONSULTING & SERVICES LTD

26 Finsbury Square, London EC2A 1DS
Phone: +44 20 36517800

POLARIS CONSULTING & SERVICES LIMITED

Unit 16, Building 1, The Concourse,
Northern Ireland Science Park,
Belfast, BT3 9DT, UNITED KINGDOM.
Phone: +44-28-90737832

Switzerland

POLARIS CONSULTING & SERVICES SA

Avenue de la Gare 49,
Case Postale 2067, CH 2001,
Neuchatel, SWITZERLAND.
Phone: +41-32-7221990

Germany

POLARIS CONSULTING & SERVICES GmbH

2 Etage, Herriotstraße 1, Frankfurt am Main,
Frankfurt - 60528, GERMANY.
Phone: +49-69-6773 3410

Ireland

POLARIS CONSULTING & SERVICES IRELAND LTD

Atlas Court, Bray Business Park, Southern Cross, Bray, Co
Wicklow Republic of Ireland.
Phone: +353-1-2041024

Netherlands

POLARIS CONSULTING & SERVICES B.V

Newtonlaan 115,3584 BH
Utrecht, THE NETHERLANDS,
Phone: +31-30-2106099

Hungary

POLARIS CONSULTING & SERVICES KFT

1103, Budapest, Koer utca 2/A, C ep. Hungary
Phone: +36-15055492

Middle East

Dubai

POLARIS CONSULTING AND SERVICES FZ-LLC

Room 113, Level 1, Building 12,
Dubai Internet City, PO Box 501801
Dubai, United Arab Emirates
Phone: +971 4 3753637

Numeric Snapshot

as on March 31, 2017

Total Revenue

₹2,079.74 Crores

Net Worth of the Company

₹1,091.30 Crores

Cash & Cash Equivalents

₹537.04 Crores

Earnings Per Share (EPS)

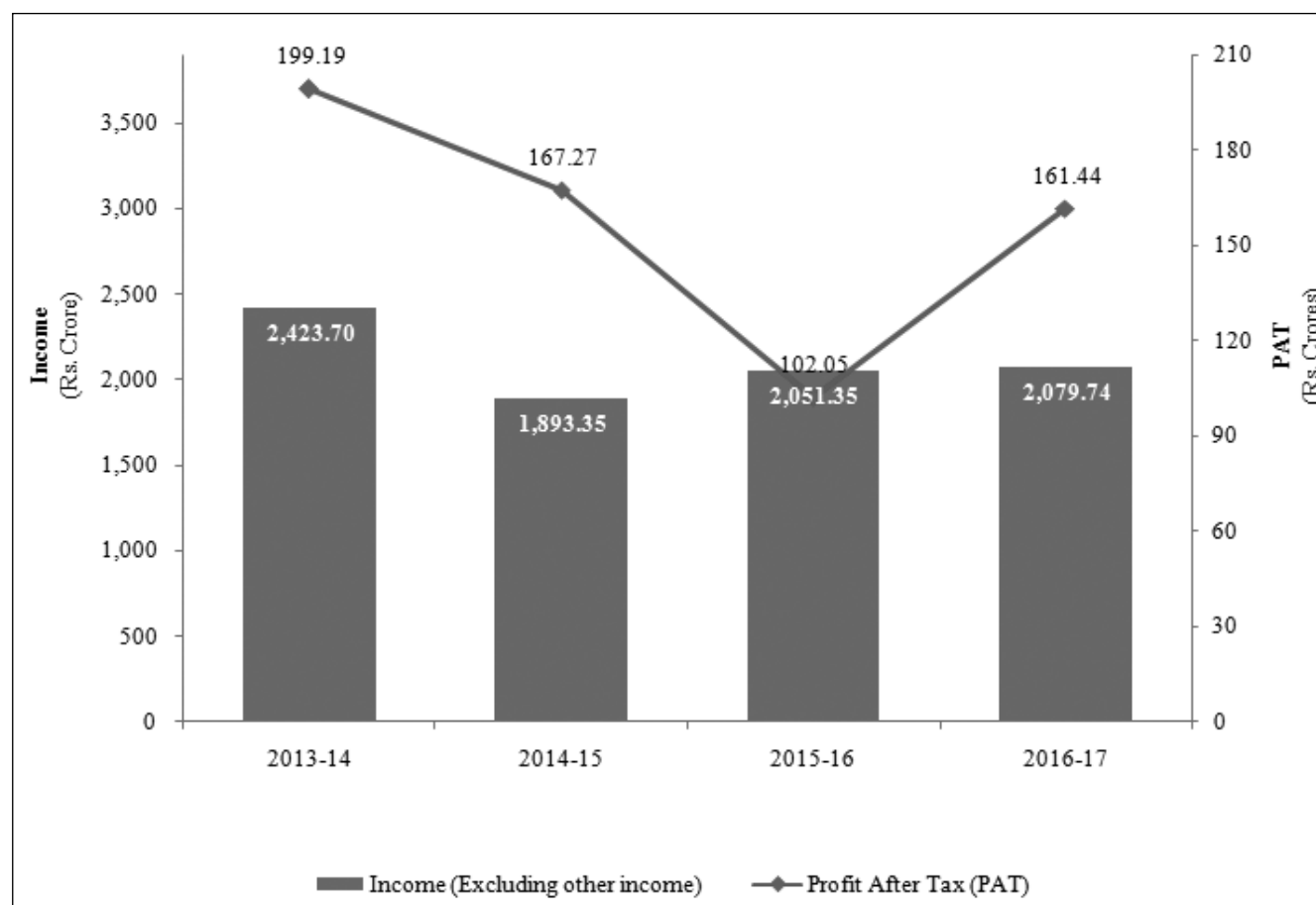
₹15.90

Total Employee Strength

7,327

Financial Highlights

as on March 31, 2017



Financial Highlights as on March 31, 2017

Financial Year	Rupees in Crores except Per share data			
	2013-14	2014-15*	2015-16*#	2016-17*#
Income (Excluding other income)	2,423.70	1,893.35	2,051.35	2,079.74
Profit After Tax (PAT)	199.19	167.27	102.05	161.44
At the year End				
Fixed Assets	378.73	234.68	214.39	202.22
Cash and Cash Equivalents	691.24	314.43	460.94	537.04
Shareholders' Equity (Net Worth)	1,547.41	850.82	934.27	1,091.30
Earnings Per Share-Basic	20.01	16.77	10.19	15.90
Dividend Paid (%)	1.25	3.00	-	-

Note:

These Consolidated financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013.

* Consequent to the demerger of Product Business Undertaking effective from April 1, 2014, the figures for the year ended March 31, 2015, March 31, 2016 and March 31, 2017 are not comparable with the corresponding figures disclosed for the year ended March 31, 2014.

Chairman's Letter to Shareholders

Dear Shareholders:

I am pleased to report on the performance of Polaris Consulting & Services Limited (the "Company" or "Polaris"), as well as the expansion of business opportunities available to the Company as a result of the integration of Polaris into Virtusa Corporation ("Virtusa"), and creating a market leading IT services partner for the global banking and financial services industry.

In the fiscal year ended March 31, 2017, the Company has seen mixed results, with several positive outcomes, but with some significant challenges. First, we successfully completed the integration of the Polaris business into Virtusa, ahead of schedule, and are beginning to see revenue synergies through large programs at leading global banks, by leveraging the combined strengths of the two entities. Our clients are responding positively to our digital banking capabilities and solutions, and we are implementing several innovative digital programs at our clients. Additionally, with the appointment of Samir Dhir as President, BFS/Polaris, we are making progress against our long term objectives. However, the last fiscal has also been one that saw unforeseen market events like Brexit, and general softening of demand in the industry. While we have implemented several measures to absorb and mitigate these impacts, we still saw lower revenue growth and heavy margin pressure.

In fiscal 2017, the Company has focused on emerging banking needs with specific focus on digital banking (Open API banking, blockchain, regtech and data sciences), payments, and compliance (PSD2, NPP etc.) initiatives. Specifically, our investments in creating a strong impetus for fintech innovation using our FinTech Lab platform has begun to pay dividends with significant client wins.

Our vision is to use domain and technology innovation to accelerate business outcomes for our clients. We deliver on our vision by supporting our clients' CXOs in digitally transforming their business, capturing new markets, and delivering great consumer experiences, while using technology innovation to run their business more efficiently. The combined capabilities and strengths of Virtusa and Polaris, has resulted in the creation of a truly differentiated banking technology services provider that is strongly positioned to be the partner of choice for global banks.

In fiscal year 2018, Polaris will continue to focus its efforts on building differentiated, market leading capabilities in Digital Banking Transformation. We are committed to becoming a partner of choice for global banking clients, helping them identify new and adjacent markets they can tap into, co-create innovative services to service new and emerging consumer demands, and capture & retain leadership position in the markets they serve.

We will focus on enabling our banking clients digitally transform their business and modernize their banking operations to cater to the emerging needs of millennial consumers. At the same time, our innovative outsourcing solutions around automation, cost compression and platforming, will help our clients significantly improve efficiencies and reduce costs of operations. With our long-standing domain expertise and successful delivery for global banking and financial service clients, we believe the combination of Polaris' and Virtusa's strengths will help us raise the bar for digital innovation for the banking and financial services industry.

On behalf of the Polaris Board of Directors, we would like to thank our clients and shareholders for their ongoing support, and our global team members who consistently provide high levels of service excellence to our clients.



Sincerely,

Kris Canekeeratne
Chairman, Polaris

Board of Directors



Kris Canekaratne
Chairman



Professor Jayaraman Ramachandran
Vice Chairman and Independent Director



Ranjan Kalia
Director



Arvind Sharma
Independent Director



Sunil Bowry
Independent Director



Hari Raju Mahadevu
Independent Director



Rama Sivaraman
Executive Director

Executive Council



Samir Dhir
President



Rama Sivaraman
Chief Operating Officer



N M Vaidyanathan
Chief Financial Officer



Sanjeev Gulati
SBU Head Citi



Vikas Misra
SBU Head Diversified



Murali Padmanabhan
*Global Talent Development and
Management*



Suresh Iyengar
SBU Head Americas



Sanjay Deshpande
SBU Head Canada & EMEA



Senthilkumar Ravindran
Head Fintech Lab

Bankers

Citibank N A
Barclays Bank
Bank of America, N.A. New Jersey
ICICI Bank Ltd
HDFC Bank Ltd
HSBC Ltd

Auditors

M/s.B S R & Co. LLP
No.10 Mahatma Gandhi Road
Nungambakkam
Chennai-600 034

DIRECTORS' REPORT

To the Members,

We are pleased to present the Twenty Fourth Annual Report on our business and operations for the year ended 31st March 2017, of Polaris Consulting & Services Limited ("Company").

1. Results of Operations

Vide notification dated February 16, 2015, the Ministry of Corporate Affairs notified the Indian Accounting Standards ("Ind AS") to be applicable to certain class of companies including listed companies, for the accounting periods beginning on or after April 1, 2016, with comparatives to be provided for the period ending on March 31, 2016. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013. The standalone and consolidated financial statements for the financial year ended March 31, 2017 as well as March 31, 2016 forming part of this Annual Report, have been prepared in accordance with Ind AS with a transition date of April 1, 2015.

Explanations capturing areas of differences and reconciliations from Indian GAAP to Ind AS have been provided in the notes to accounts to the standalone and consolidated financial statements.

Rs. in Lakhs

Description	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Income (Including Other Income)	153,071.12	160,815.39	210,060.57	207,051.47
Expenses(Including exceptional items)	135,006.52	142,810.13	184,139.40	183,959.37
Profit before Interest, Depreciation & Tax (PBITDA)	18,064.60	18,005.26	25,921.17	23,092.10
Finance Charges				
Depreciation & amortization	2,227.63	2,493.72	2,333.00	2,643.32
Net Profit Before Tax	15,836.97	15,511.54	23,588.17	20,448.78
Provision for tax including Deferred Tax	5,903.21	8,878.06	7,381.23	10,235.70
Net Profit after tax	9,933.76	6,633.48	16,206.94	10,213.08
Add / (Less): Share of Profit / (Loss) on Joint venture			(62.60)	(8.19)
Add / (Less): Minority Interest - Share of Loss / (Profit)				5.32
Net Profit	9,933.76	6,633.48	16,144.34	10,210.21
EPS				
Basic Rs.	9.78	6.62	15.90	10.19
Diluted Rs.	9.71	6.54	15.79	10.07

2. Business Performances

The consolidated revenue of the Company from Software Development Services for the year ended March 31, 2017 stood at Rs.207,974.23 lakhs as against the previous year's revenue of Rs.205,135.16 lakhs. The consolidated Net Profit for the fiscal year ended March 31, 2017 stood at Rs.16,144.34 lakhs as against the previous year's Net Profit of Rs.10,204.89 lakhs.

The stand alone revenue of the Company for the year ended March 31, 2017 stood at Rs.151,097.91 lakhs as against the previous year's revenue of Rs.157,638.50 lakhs. The Stand alone Net Profit for the fiscal year ended March 31, 2017 stood at Rs.9,933.76 lakhs as against the previous year's Net Profit of Rs.6,633.48 lakhs.

The reserves and surplus as of 31st March 2017 stood at Rs. 70,882.88 lakhs as against Rs.58,572.68 lakhs of the period as of March 31, 2016.

3. Subsidiaries

Details of Subsidiary Companies, Joint Ventures and and their financial position.

Your Company has 14 subsidiary company(ies) for the financial year ended on March 31, 2017 and a Joint Venture company

The information as required under the first provision to sub-section (3) of Section 129 is given in Form AOC-1 in Annexure [1].

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, ("Act") financial statements of the Company, Consolidated Financial Statements along with the relevant documents and separate audited accounts in respect of the subsidiaries of the Company are available in the website of the Company and the weblink is provided below: www.polarisft.com/investor/investor.asp.

4. Cash & Cash Equivalents

Your Company's liquidity remains healthy with a cash reserve of Rs.537.04 crores. The DSO is at an impressive 81 days.

5. Share Capital

During the year, under ASOP 2003 Scheme the company has allotted 46,500 equity shares of Rs.5/- each to 17 Associates / Directors and under ASOP 2011 Scheme company has allotted 704,630 equity shares of Rs.5/- each to 74 Associates/Directors pursuant to exercise of options granted and under ASOP 2015 Scheme company has allotted 2,750 equity shares of Rs.5/- each to 4 Associates pursuant to exercise of options granted.

As the result of the above allotments paid-up equity share capital of the company was increased from Rs.506,834,370/- comprising of 101,366,874 number of equity shares of Rs.5/- each as on March 31, 2016 to Rs.510,603,770/- comprising of 102,120,754 number of equity shares of Rs.5/- each as on March 31, 2017. The allotted equity shares are listed and traded in the Stock Exchanges.

The information as required under the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, and also the information required under the Guidance note of ICAI, in relation to ESOPs are set out in the Annexure 2 to the Directors' Report.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

6. Research and Development Expenses

The details of Research and Development Expenses are as under:

Expenditure on R&D	Standalone		Consolidated	
	FY 2017	FY 2016	FY 2017	FY 2016
Capital	277.41	-	277.41	-
Recurring	-	125.00	583.94	291.00
Total	277.41	125.00	861.34	291.00

Capital:

Fintech Lab is an investment made in developing reusable assets in the new and emerging technology areas in Banking Technology, like Blockchain, Machine Learning & Cognitive Science, API Exchange, Process automation etc. that will be used by the company to demonstrate its capabilities around these niche areas in Banking space.

Recurring:

Cost of employees worked in customer projects in UK as part of Fintech lab solely for the purpose of process improvement and to bring in efficiency in the process.

7. Dividend

Pursuant to regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board approved a dividend distribution policy at its meeting held on 8th February 2017. The Policy details various consideration based on which the Board may recommend or declare dividend, utilization of retained earnings etc., The policy is available on the company's website at www.polarisft.com/investor/policies and is provided under Annexure 9

The Company has not declared any dividend during the financial year 2016-17.

As required under the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 and Section 124(5) and 125(2)(c) of Companies Act, 2013, 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"). Once the amounts that are due for refund are transferred to the IEPF, no claim shall lie in respect of those amounts against the Company. The Company had transferred unpaid dividend amounts within the stipulated time to the IEPF. During the financial year 2016-17, unpaid or unclaimed dividend for the Final Dividend for the year ended 31st March 2009 declared on 16/07/2009 amounting to Rs.606,078 and Interim dividend for the year ended 31st March 2010 declared on 20/01/2010 amounting to Rs.653,336 were transferred to Investors Education and Protection Fund on 17/08/2016 and 23/02/2017 respectively.

As required under Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 the equity shares in respect of which dividend has not been claimed for the financial years mentioned above will be transferred to the IEPF authority in accordance with the aforesaid rules.

The Board draws your attention that the unclaimed/unpaid dividend for the Final Dividend declared for the financial year ended 31st March 2010 are due for transfer to IEPF on 16th August 2017. Members, who have not yet encashed their dividend warrant or those, are yet to claim their dividend amounts which were declared on 17/07/2010 for the financial year ended 31st March 2010 may write to the Company/Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited.

8. Closure of Register of Members and Share Transfer Books :

The Register of Members and Share Transfer books of the company will be closed with effect from 14th September 2017 to 25th September 2017 (both days inclusive).

9. Transfer to Reserves

The company did not transfer any amounts to General Reserve during the year.

10. Business Responsibility Reporting

As per SEBI circular vide reference SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017, SEBI has mandated the requirement of submission of Business Responsibility Report ('BRR') for top 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). Therefore the statutory section on Business Responsibility Report has been adopted by the Company and is provided elsewhere in this Annual Report

11. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in Regulations 24, 27 and other relevant provisions of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

12. Policy on Director's Appointment and Remuneration

The Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013. The policy covering these requirements is provided elsewhere in the Annual Report and is also hosted in the Company's website at www.polarisft.com. We affirm that the remuneration paid to Directors is as per the remuneration policy of the Company.

13. Internal Financial Control and their adequacy

The Board has adopted policies and procedures 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 fraud, error reporting mechanism, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

14. 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.

15. Particulars of employees

Information required pursuant to Section 197(12) of Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure 4A to this report.

A statement containing inter alia the names of the top 10 employees in terms of remuneration drawn and every employee employed throughout the financial year and in receipt of remuneration of Rs.102 lakhs or more and employees employed for part of the year and in receipt of Rs. 8.50 lakhs or more per month pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure 4B to this report.

In accordance with Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the particulars of employees drawing salary outside India is not forming part of this report. The details of the same are available at the registered office of the Company. Any member interested in obtaining a copy of the same may write to the Company secretary.

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

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Directors of your company confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 profit or loss of the company for that period;
- c) 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.

- d) The Directors have prepared the Annual Accounts on a “going concern basis”.
- e) The Board of 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.
- f) The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors

(a) Board Meetings:

The Board of Directors of the Company met 6 times during 2016-17. The details of various Board Meetings are provided in the Corporate Governance Report. The gap intervening between two meetings of the board is within the limits as prescribed in the Companies Act 2013.

(b) Changes in Directors & Key Managerial Personnel

(b-1) Directors :

Mr.Jitin Goyal has resigned from the Board of Directors of the Company effective 9th November 2016.

(c) Re-Appointment

As per Article 10.22 of the Articles of Association of the Company, one third of the Directors are liable to retire by rotation at the Annual General Meeting of the Company. Mrs.Rama Sivaraman (DIN:07425519) retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

(d) Independent Directors

The Company has received necessary declaration 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 as part of MGT 9.

(f) Board Committees

The Company has the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration committee
3. Stakeholder’s Relationship committee
4. Corporate Social Responsibility committee
5. Risk Management Committee

Sub-committees:

1. Share transfer Committee
2. M&A Committee

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

The extract of the policy framed by the Nomination and Remuneration committee under the provisions of Section 178 of the Act, is as below:

Remuneration policy

The Company’s Remuneration Policy is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to employees and Directors, based inter alia on individual roles and responsibilities, experience, the performance of the Company and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and Group practice.

The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for directors, Key Managerial Personnel and Senior Management Personnel. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time.

(g) Board Evaluation

In line with the requirements of the Companies Act, 2013 the Annual Performance Evaluation was conducted for all Board Members as well as the working of the Board and its Committees on the 8th of February 2017.

This evaluation was led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in consonance with Guidance Note on Board Evaluation issued by SEBI recently. The Board evaluation was conducted through questionnaire having qualitative parameters and feedback based on ratings

(h) 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.

(i) Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company during the year 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) read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure 5.

18) Statutory Auditors and Report

The Company's statutory auditors M/s B S R & Co., LLP, Chartered Accountants (firm registration no. 101248W/W-100022) issued their report on the standalone and consolidated financial statements of the company. The Auditor's Report on the Standalone and Consolidated Financial Statements does not contain any qualification, reservation or adverse remarks.

In terms of Section 139 of the Companies Act, 2013, the term of appointment of M/s B S R & Co., LLP appointed at the 23rd Annual General Meeting of the Company held on the 7th of July 2016 is till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2021.

The Board at its meeting held on the 15th of May 2017 have approved the ratification of the appointment of auditors in the ensuing Annual General Meeting.

The Company has received a certificate from B S R & Co., LLP Chartered Accountants to the effect that that their appointment, if made would be in accordance with the provisions of the Companies Act, 2013, and that they are not disqualified in terms of provisions of the Companies Act, 2013 from being appointed as Statutory Auditors of the Company. B S R & Co., LLP, Chartered accountants are subjected to the peer review process of the Institute of Chartered accountants of India (ICAI) and hold a valid certificate issued by the peer review Board of the ICAI.

Pursuant to provisions of section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

19) Secretarial Auditors Report

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.Bhaskar, BP & Associates, Practising Company Secretary, and his report is annexed as Annexure 6. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

20) 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, 2017.

21) Details of CSR activity through its implementation Agencies

Your company has contributed towards CSR activities through Ullas Trust, Computer Shiksha and Oxfam for the financial year 2016-17. A brief note about these organisations are as given under.

a) 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. 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 52,000 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 is 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 6200 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 design thinking. Under the rural re-connect program “Touch The Soil”, over 2 lakh young minds were ignited with the power of “CAN DO” and “Planning” with the active engagement and support of over 1600 volunteers across 82 districts in 5 states.

Ullas – Chennai

Ullas Trust celebrated its 19th Annual workshop on Sep 3rd, 2016 at The Music Academy Auditorium in Chennai. The workshop was all about Igniting Young Minds and celebrated over 1230 grade IX 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 Scholarships. The workshop saw real life role models Mr. Sunil Paliwal, IAS (MD-Aavin, Co-operative Milk Federation, Tamil Nadu), and Dr. Sankar (Pediatric Orthopedic Surgeon) – 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 3,752 young achievers from grade 9-12. As part of the Touch The Soil program, over 400 volunteers visited 403 schools in the 32 districts of TN, igniting over 1.51 lakh grade 9-12 students, conducting the Diary of Dreams and Planning workshop. A total of 3579 scholarships were given to toppers in grade 9 and 10 in the district schools. During this academic year Ullas inducted 68 Higher Education Scholars (26 professional stream, and 42 arts and science students) while continuing to support an overall of 198 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 give back! Ullas continues to sponsor Easy Learning English (ELE) program of Vidyarambam Trust (VT) for grade 6 to 8 students in over 25 schools in 5 districts of TN. Vidyarambam Akkas also deliver our SUMMIT interventions to over 2,500 grade 9 and 10 students in these 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 (TQI) a student volunteer body movement has taken the SUMMIT Level 1, 2 and 3 interventions to over 7,200 students (grade 9,10 and 11) in 19 schools, across 15 districts of TN, through their army of over 250 college student volunteers from 32 different colleges. The second edition of Ullas Confluence was held in Feb 2017, to celebrate and recognize these young TQI volunteers 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 26th November at Damodar Hall, Parel, celebrating over 530 young achievers from 23 schools (13 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 1029 students between grade 9 and 10. As part of the Touch The Soil program, 98 volunteers visited 85 schools in 32 talukas of 10 districts covering 13,404 grade 9 and 10 students with 650 scholarships for the toppers in 9th and 10th, and conducting the Diary of Dreams and Planning workshop for the young minds.

Ullas – Hyderabad

In Hyderabad, 280 students enthusiastically participated in the Annual “CAN DO” Workshop on January 7th, 2017 which was held at Sardar Patel Auditorium, in Kesava Memorial Institute of Science and Technology. The Young Achievers enthralled everyone with their rendering of Saraswathi Vandana 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 280 grade 9 students and 254 grade 10 students at 9 school chapters. As part of the Touch the Soil initiative, over 80 associate volunteers, their family and friends went in teams to 167 schools from 56 talukas, in 21 districts conducting the “CAN DO” and Planning workshop for 22,125 students, along with 1428 merit scholarships for deserving grade 9 and 10 students.

Ullas – Delhi

Ullas NCR chapter conducted the Annual CAN DO workshop on 19th November 2016, at ISKCON Auditorium, New Delhi. 262 grade 9 young achievers from 20 government and government-aided schools were inducted into the portals of Ullas Trust. The workshop also saw over 40 school teachers and 50 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 874 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, over 40 volunteers travelled to 19 mandals, in 12 districts of NCR, reaching 9,506 students of grade 9-12 from 32 schools, inspiring and igniting young minds delivering the Diary the Diary of Dreams workshop and Planning workshop, and also with a merit scholarship to 295 toppers in 9th and 10th.

Ullas – Pune

Ullas Pune Chapter continued its engagement with 4 schools this year. The Annual Diary of Dreams workshop was conducted on Nov 26th, 2016 for incoming young achievers, covering over 200 eager students across three locations. A total of 81 scholarships were awarded in the urban schools as part of the SUMMIT program. 25 volunteers along with family and friends conducted the subsequent weekend enrichment programs in the schools over 8 weekends, covering over 860 grade 9 and 10 students. As part of the Touch The Soil initiative, 27 volunteers went to 21 talukas in 7 districts covering 53 district schools, reaching 10,072 students from grade 9 and 10 with the diary of dreams and planning workshop. 470 scholarships were given to 5 toppers each from grade 9 and 10 in these 53 schools.

The Ullas movement continues to be strengthened not just by our associates but also their family and friends, and strong long minded partners driven by the common purpose of “igniting young minds” and seeding the “CAN DO” spirit.

b) Computer Shiksha:

Computer Shiksha is an 80G and 12A certified non-profit organization working towards computer literacy among the underprivileged.

It's vision is to see everyone in the world computer literate and mission is to provide Computer Knowledge and Training with passion and commitment, to deliver value in the form of Computer trained people, who use this skill for the betterment of their lives in every possible way.

Date of Inception	5th May 2012
Founders	- Dr. Rakesh Suri , PhD in Management, BE (BITS Pilani), ex CEO DCM Technologies. Entrepreneur - Ms Swapnalekha Basak, B.Tech., PGDBM, ex Head – HR SAS India, Entrepreneur www.hcswellnessworld.com
Brief History	- Started with taking 15 laptops to school and 60 children (Model I) - Had reached 1000 students by April 2013 (Model I) - Model II launched in April 2016 - Currently we are providing computer education to 5000+ students and would have 12000+ students by 31st March 2018
Working Patrons	- Arjun Verma - Retired businessman. Philanthropist - ManMohan Thandi – Serial Entrepreneur - Sumit Malhotra – Technocrat - Rajiv Popli - Entrepreneur
Nature of the organisation	- Computer Shiksha is a charitable trust. It does not charge any fee for its services from anyone. - The 'trustees' and 'patrons' are senior people from the industry and work pro bono.
Curriculum	All learning is practical in nature. Components of course: Learning Uses and Parts of a computer; Using Paint to draw – File Management – Text processing & formatting – Using spreadsheets as database and calculator – Presentation Skills – Internet applications for browsing & searching – E-mailing - Uploading & Downloading.
Length of Course	Basic Course - 31 weeks (assuming 2 classes per week) Advanced Course – 24 weeks (assuming 2 classes per week)
Operational Model(s)	
Model 1	All equipment (laptops, LCD projector, screen etc.) carried to school and class set up. Lessons delivered two days in a week to one school. 2 sets of the equipment cater to 6 schools working 6 days in a week.
Model 2	Model II (which is the only option available now) enables partner schools to conduct classes by - enabling teachers / resources to facilitate the class - Sharing the self learning videos and bilingual manuals which have been created. - Providing the required hardware and maintaining it - Monitoring the class live, wherever possible, through CCTV on internet - Evaluating students to certify them - Having flexibility to design their own time table.
Cost of Operations	Rs. 140/- per student per month (Model 1) Less than Rs 100/- per student per month (Model 2)

Current number of Students	589 + (Model 1) ; 5627 + (Model 2)
Partner Schools	3 Municipal/NGO schools in Gurgaon (Model 1) 63+ learning centers (as on 15-June-17) and expanding (Model 2)
Students certified	1181 till date (Model 1)(Year 2013-14 - 77; Year 2014-15 - 268; Year 2015-16 – 383, Year 2016-2017 -453)
No. of employees	11 employees
Supporting organisations	MPS, C.K.Birla Group, Polaris, Virtusa, Ethical Realty, Excel Warehousing, Human Development Foundation.
Financial Statements	Uploaded on the website http://www.computershiksha.org/ All IT returns are also uploaded

Current presence : Currently lessons happen in Gurgaon , Delhi, Aligarh, Amroha, Rajasthan, Faridabad

Immediate Goal: To reach a million children i.e. 10 lakh children by 2020

c) Oxfam

Oxfam India - Oxfam is marking its 65th year in India this year. In 1951, Oxfam Great Britain launched its first full scale humanitarian response in a developing country when it came to India during the Bihar famine. Over the past six decades Oxfam has supported civil society organizations across the length and breadth of the country. In 2008, all Oxfams present in the country came together to form Oxfam India which was registered as an independent organization.

Oxfam India works to address root causes of poverty and inequality and it sees poverty as a problem where people are deprived of opportunities, choices, resources, knowledge and protection.

Oxfam seeks to address this through a Rights Based Approach where people are seen as the bearers of civil, political and social and economic rights. At the same time, institutions, both state and non-state, are seen as duty bearers to guarantee and provide those rights to the people. It is also important to underline that without augmenting people's ability to exercise them, the rights would be meaningless.

Oxfam works to bring change in people's lives by aiming for wider structural changes. These include:

- Greater state and institutional accountability
- Effective participation of people in decisions affecting their lives, through articulation of their demands and rights
- Increased power and influence of poor people over distribution and use of public resources and assets
- Increased social inclusion of the poor
- Changes in ideas and beliefs to inform equitable development strategies

Oxfam's work is framed by our commitment to five Rights-based aims:

- Right to a sustainable livelihood.
- Right to basic social services.
- Right to life and security.
- Right to be heard.
- Right to an identity.

Corporate Social Responsibility: Details of the policy and implementation of the CSR activities during the year are as provided under Annexure 8.

d) 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.

e) 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].

f) Significant & Material Orders passed by the Regulators or Courts

The company has not obtained any significant and material orders passed by any regulators or court.

g) Particulars of Loans, Guarantees and Investments u/s 186

Pursuant to section 186 of Companies Act, 2013 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 disclosure on particulars relating to Loans, Advances, Guarantees and Investments are provided as part of the financial statements.

h) Risk Management Policy:

The Board of Directors of the Company have approved Risk Management Policy in the meeting held on 29th March 2016 in accordance with Regulation 21(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Policy provides an integrated approach for managing the risks in various aspects of the business. The various risks identified by the Company and its mitigation is provided for in the MD&A.

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 2016-17:

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

23) Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2016-17 as well as 2017-18 to both National Stock Exchange of India Limited and BSE Limited.

24) Acknowledgement

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 performances at all levels.

By Order of the Board
For **Polaris Consulting & Services Limited**

Jayaraman Ramachandran
Director

Place: Chennai

Date : May 15, 2017

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)
PART A : Statement containing salient features of the financial statement of Subsidiaries

S No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Amount (Rs. in Lakhs)	
														Proposed Dividend	Share holding %
1.	Polaris Consulting & Services Pte Ltd, Singapore	April-March	SGD	46.37	119.85	9,158.32	10,882.40	1,805.38	201.15	7,495.74	459.95	4.74	455.22	NIL	100
2	Polaris Consulting & Services Limited, United Kingdom	April-March	GBP	80.92	4.92	8,672.89	26,638.95	17,979.81	18.67	29,128.73	2,423.02	317.28	2,105.75	NIL	100
3	Polaris Consulting & Services kft., Hungary*	January – December	HUF	0.22	7.67	59.31	133.62	66.63	-	239.85	19.16	8.65	10.51	NIL	100
4	Polaris Consulting & Services GmbH, Germany	April-March	EUR	69.22	261.99	706.13	1,313.26	345.15	-	130.11	7.26	2.28	4.98	NIL	100
5	Polaris Consulting & Services Pty Ltd., Australia	April-March	AUD	49.54	8.11	4,056.89	8,927.02	4,862.02	-	9,135.98	787.83	202.40	585.43	NIL	100
6	Polaris Consulting & Services Ireland Ltd., Ireland	April-March	EUR	69.22	88.96	1,891.53	2,020.42	39.93	-	317.26	19.29	2.28	17.00	NIL	100
7	Polaris Consulting and Services Japan K.K. Japan	April-March	JPY	0.58	79.04	2,050.22	3,231.59	1,102.33	-	2,732.75	234.19	75.38	158.81	NIL	100
8	Polaris Consulting & Services Inc., Canada**	April-March	CAD	48.62	189.51	5,056.84	8,719.03	3,472.67	-	15,005.21	2,719.02	756.39	1,962.63	NIL	100
9	Polaris Consulting & Services B.V. Netherlands*	April-March	EUR	69.22	10.99	180.26	690.41	499.16	-	782.20	66.15	12.70	53.45	NIL	100
10	Polaris Software (Shanghai) Company Limited, China #	January – December	CNY	9.40	46.02	35.78	172.75	90.95	-	13.36	4.89	1.23	3.66	NIL	100
11	Optimus Global Services Limited	April-March	INR	1.00	46.85	(133.54)	70.28	156.97	-	-	(6.31)	-	(6.31)	NIL	100
12	Polaris Software Consulting and Services SDN.BHD., Malaysia #	April-March	MYR	14.64	75	504.89	693.27	113.39	-	1,353.09	352.73	64.56	288.17	NIL	100
13	Polaris Consulting and Services FZ-LLC	April-March	AED	17.64	261	803.71	2,269.78	1,205.07	-	5,793.73	478.13	0.95	477.17	NIL	100
14	Polaris Consulting & Services SA	April-March	CHF	64.75	685.30	113.87	890.91	91.74	-	1,954.94	185.88	29.20	156.68	NIL	100

Notes : -

- * Subsidiaries of Polaris Consulting & Services, UK
- # Subsidiaries of Polaris Consulting & Services Ltd, Singapore
- ** 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore
- Investment includes investments made in step down subsidiaries
- Information provided above is based on the Indian Accounting Standard financials of the Subsidiaries for the financial year ended 31st March 2017
- Reporting period for all subsidiaries is financial year except for Polaris Consulting & Services Kft and Polaris Software (Shanghai) Company Limited where the reporting period is calendar year.

Part “B”: Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture****(Rs. in lakhs)**

S. No.	Name of the Joint Venture	Intellect Polaris Design LLC
1.	Latest audited Balance Sheet Date	March 31, 2017
2	Shares of Joint Ventures held by the company on the year end	
	No.	50
	Amount of Investment in Associates/Joint Venture	1,533.50
	Extent of Holding %	50%
	Description of how there is significant influence	NA
3.	Reason why the joint venture is not consolidated	NA
4.	Networth attributable to Shareholding as per latest audited Balance Sheet	1,470.69
5.	Profit/ Loss for the year	(125.20)
i.	Considered in Consolidation	(62.60)
ii.	Not Considered in Consolidation	(62.60)

By order of the Board
For **Polaris Consulting & Services Limited**

Hari Raju Mahadevu
Director

Rama Sivaraman
Director

Vaidyanathan N M
Chief Financial Officer

Christina Pauline Beulah
Company Secretary

Place: Chennai
Date: 15th May 2017

Annexure 2

a) Details of unclaimed shares as per Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Outstanding at the beginning of the year 01.04.2016		Claims during the Year		Outstanding at the end of the year 31.03.2017	
Share Holders	Shares	Share Holders	Shares	Share Holders	Shares
529	83,500	13	3,400	516	80,100

b) Employee Stock Options Plans

Your Company currently administers four stock option programs, viz., ASOP 2003, ASOP 2004, ASOP 2011 and ASOP 2015. Summary information of these various stock options programs of the Company is provided under Notes to Accounts under Standalone Financial Statements of this Annual Report.

Disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 are set out below:

S. No.	Description				
	Name of the Scheme	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
1	Date of Shareholder's Approval	March 12, 2004	July 22, 2005	October 28, 2011	March 19, 2015
2	Total No of options approved under the Plan	38,95,500	1,084,745	49,60,000	50,00,000
3	Vesting Requirements	Equally over a period of 5 years from date of grant	Equally over a period of 5 years from date of grant	Swarnam 11 – pro rata basis over a period of 5 years Swarnam 21 – pro rata basis from the 3rd to 5th years from date of grant Swarnam 31 – pro rata basis from the 3rd to 5th years from date of grant Swarnam 41 – equally over a period of 5 years	Swarnam 101 – pro rata basis over a period of 5 years Swarnam 201 – pro rata basis from the 3rd to 5th years from date of grant Swarnam 301 – pro rata basis from the 3rd to 5th years from date of grant Swarnam 401 – pro rata basis from the 3rd to 5th years from date of grant Swarnam 501 – pro rata basis from the 3rd to 5th years from date of grant
4	Exercise Price or Pricing Formula	Provided below			
5	Maximum Term of options granted	5 years	5 years	5 years	5 years
6	Source Of Shares	Primary - allotted directly by the Company	Primary - allotted directly by the Company	Primary - allotted directly by the Company	Primary - allotted directly by the Company
7	Variation in terms of Options	As no option has been granted during the year 2016-17 any disclosure to this effect is not relevant. However, terms of the Scheme can be varied by the Nomination and Remuneration Committee after getting approval of such modification from the shareholders of the Company in a General Meeting.			

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

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued as ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Particulars	Amount in Rs. except per share	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Net Profit as reported	1,614,434,000	1,020,489,000
Add: Stock – based employee compensation expense (intrinsic value method)	1,407,433	6,228,166
Less: Stock- based employee compensation expense (fair value method)	40,010,484	(8,571,817)
Pro forma net profit	1,575,830,949	1,018,145,349
Basic earnings per share as reported	15.90	10.19
Pro forma basic earnings per share	15.43	10.04
Diluted earnings per share as reported	15.79	10.07
Pro forma diluted earnings per share	15.14	9.67

Information as required under Rule 12(9) (a) to (i) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Particulars	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
Outstanding options at the beginning of the year	292,300	82,100	2,517,700	1,062,900
Options Granted	-	-	-	-
Options Vested	188,300	48,500	554,900	58,950
Options Exercised	46,500	9,800	704,630	2,750
Total No. of shares arising as a result of exercise of option	46,500	9,800	704,630	2,750
Options Lapsed	40,500	11,800	274,510	782,350
Options Lapsed forfeited	17,000	12,000	68,730	13,350
Exercise Price (weighted)	NIL	NIL	NIL	NIL
Variation of terms of Options	NIL	NIL	NIL	NIL
Money realized by exercise of options	5,748,946	1,281,266	70,917,077	358,105
Total no. of Options in force	188,300	48,500	1,469,830	264,450

ASOP 2003* :

The Exercise Price per share is the average of the two weeks high and low price of the share preceding the date of grant of option 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.

ASOP 2004* :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, 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.

ASOP 2011* :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, 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.

If the Market Price is below Rs.175/-, options will be granted at Market Price. If the Market Price is Rs.175 or above, options will be granted at a discount of 10% on market price. However, the grant price (after discount) shall not be lower than the floor price.

***Note:**

Pursuant to the scheme of demerger approved by the Honorable High court of Judicature at Madras vide its order dated 15th September 2014, the pre- demerger grant price has been brought down to 72% of the original grant price in respect of ASOP 2003,ASOP 2004 and ASOP 2011 schemes

ASOP 2015

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, 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.

If the Market Price is below Rs. 126/-, options will be granted at Market Price. If the Market Price is Rs. 126 or above, options will be granted at the discounted price as mentioned in clause 6.4 of ASOP 2015 scheme. However, the grant price (after discount) shall not be lower than the floor price.

Information as required under Rule 12(9) (j) (i) to (iii) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Name of the Senior Managerial Personnel	Designation	ESOPs Granted
NIL		
Total		NIL
Name of the Director	Designation	ESOPs Granted
NIL		
Total		NIL

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]

A) Conservation of energy:

When compared to 2015-16, in FY16-17, there was a reduction of 11% achieved in the usage of Electricity.

It has been our continuous endeavor to Conserve Energy through optimizing the Energy Consumption across Navalur facility at Chennai, "Prestige"-Bengaluru, "Capital"-Hyderabad, SEEPZ at Mumbai, G Corp at Thane & EON at Pune. In the quest for achieving the same, we were able to save 781,034 units across locations in FY16-17. We also have nearly 80% of our energy needs serviced through Wind Power at Navalur.

We were able to achieve this through some of the following measures:

- Retrofitting of existing lighting with LED across Locations in India.
- Installation of Motion Based sensors in select Meeting Rooms / Conference Rooms / Cabins & most importantly in Washrooms which assisted us in our ordeal to control energy utilization in these areas.
- Switching off unwanted lights / Air conditioning during non-peak hours by Patrolling Team as per a set frequency.
- Procurement of energy efficient equipment

We also have Initiated a Tri-partite Solar Power Purchase Agreement (PPA) with Solar Power Plant & Telangana Government towards Green Energy.

(B) (i) Technology Innovation :

Data Center Migration & Split

The following are the major scope of the Data Center migration project

- a. Commissioning of Intellect DC
- b. DC Migration
 - i. Intellect Servers Migration > From Polaris DC to Intellect DC
 - ii. Servers consolidation & segregation
 - iii. Services segregation
 - iv. Applications migration

During the actual transition, it was ensured that Polaris Data Center was fully operational with continuity of all the services during the entire exercise

Data center Migration activity Started on August 1st 2015 and completed on Mar 19th 2016.

(ii) Technology adoption

Host Integrity Check

Symantec Endpoint solution was explored and extended to ensure Host integrity check on the work stations of an ODC segment. Through Policy definition and Central implementation, the process of - isolating the Non-compliant workstations from this ODC segment & connecting back on making them compliant - was deployed.

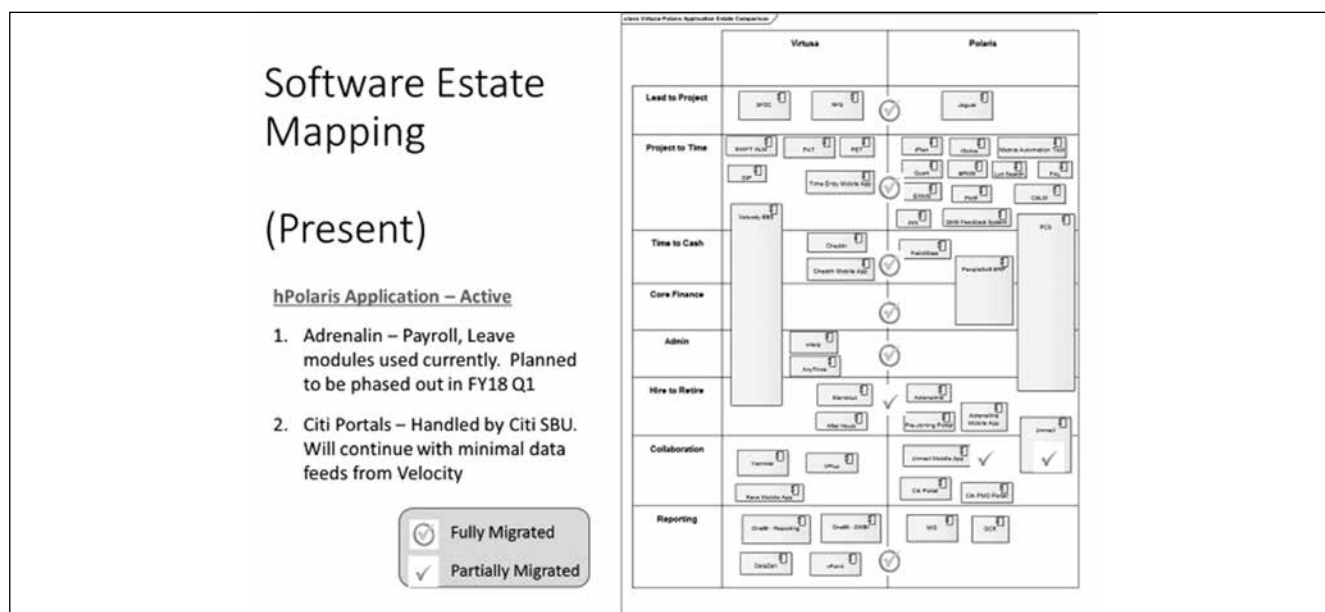
New IT infrastructure

The following are the new IT infrastructure implementation details.

- 1 Bangalore (120 seats)
- 2 2 new Customer ODCs at Hyderabad
- 3 Expansion of existing customer ODC at Navalur, Chennai

(iii) Technology Absorption

The technical integration with Virtusa has been a major activity during the year. As a part of this activity we have moved to the virtusa.com domain and now have an integrated Active Directory with Virtusa. The other major changes are illustrated in the diagram below:



Additionally, the network integration between Polaris and Virtusa was also undertaken. This meant end to end data, voice and video integration. WiFi and VPN have also been upgraded.

The replacement of end of support network devices is currently underway and is expected to complete by 31st July 2017.

(iv) the expenditure incurred on Research and Development

Expenditure on R&D	Rs. in Lakhs			
	Standalone		Consolidated	
	FY 2017	FY 2016	FY 2017	FY 2016
Capital	277.41	-	277.41	-
Recurring	-	125.00	583.94	291.00
Total	277.41	125.00	861.34	291.00

Total R & D expenditure as a % of total turnover: 0.18%

(C) Foreign exchange earnings and Outgo :

Rs. In Lakhs		
For the year ended	March 31, 2017	March 31, 2016
Foreign Exchange earnings	163,299.72	157,174.93
Foreign Exchange outgo (including capital goods)	110,954.75	119,669.47

ANNEXURE 4A

Details of Ratio of Remuneration of Director

[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;	Name of the Director	Ratio to the Median
	Jitin Goyal	7.96
	Rama Sivaraman	17.13
(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;	Name of the Director	% increase
	Jitin Goyal	0%
	Rama Sivaraman	0%
	N M Vaidyanathan	0%
	Christina Pauline Beulah	0%
(iii) the percentage increase in the median remuneration of employees in the financial year;	2.67%	
(iv) the number of permanent employees on the rolls of company;	6,989	
(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;	Not applicable since there was no salary increase in managerial remuneration	
(vi) the key parameters for any variable component of remuneration availed by the directors;	The variable pay is in accordance with the performance of the Company as well as the individual	
(vii) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, our remuneration is as per the remuneration policy of the company	

Annexure 4B Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

S No	Name of the Associate	Designation	Date of Joining	Total CTC p.a. (in local Currency)	Currency	Total CTC p.a. (in INR)	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company
1	Jitin Goyal*	CEO	01/Oct/12	2,201,731	GBP	222,925,265	Permanent	MBA in Finance & Strategy from the Indian Institute of Management (Calcutta) and a BE in Electronics from Thapar Institute of Engineering & Technology	25 years	46	Infosys	0.35	No
2	Supriyo Sircar	Executive Vice President (Level II)	02/May/06	311,837	GBP	31,573,513	Permanent	MBA (Sales & Marketing) from IIM - Bangalore & B.Tech Electronics from IIM - Khargpur	28 years	49	Scandent Solutions	-	No
3	Sanjay Deshpande	Executive Vice President (Level II)	03/Sep/06	300,457	GBP	30,421,288	Permanent	MBA from CSM IGS and Certification in Financial Markets	20 years	43	Head of Business Development - Middle East & Africa - CT Soft LLC (Future Technology)	-	No
4	Sanjeev Gulati	Executive Vice President (Level II)	06/Sep/01	424,200	USD	28,633,500	Permanent	PGDM - IIM - Bangalore & B.Tec from IIT - Delhi	27 years	51	British High Commission, Delhi	-	No
5	R Senthilkumar	Senior Vice President (Level I)	31/Jan/00	260,627	GBP	26,388,501	Permanent	B.E (Electrical and Electronics), Bharathidasan University, Trichy	20 years	41	TCS	-	No
6	Suresh K Iyengar	Executive Vice President (Level II)	02/Feb/10	382,200	USD	25,798,500	Permanent	B.E from Mumbai University & MBA from Jamnalal Bajaj Institute of Management	19 years	46	TCS	-	No
7	Charanjit Kaur Attwal	Senior Director	01/Dec/14	231,870	GBP	23,476,828	Permanent	Secondary school education	23 years	47	Senior Vice President Bank of America	-	No
8	Madhuri Bhuvan	Senior Vice President (Level I)	15/May/02	313,400	USD	21,154,500	Permanent	MBA Finance from IIM - Calcutta	20 years	43	Ways India Ltd	-	No
9	Samir Ghuge	Senior Vice President (Level II)	21/Dec/06	304,200	USD	20,533,500	Permanent	MBA - IIM - Bangalore	19 years	42	Venture Infotek Global Pvt Ltd	-	No
10	Prasad Vinayak Taiwade	Vice President	19/Oct/16	300,000	USD	20,250,000	Permanent	BE Computer Science	28 years	46	HP Sales BFS	-	No

Notes:

- Remuneration comprises salary, allowances, commission, performance based payments, perquisites, company's contribution to PF, super-annuation etc.,
- None of the employees holds 2% or more of the paid up equity share capital of the Company as per clause (iii) of subrule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Figures mentioned in Rs are equivalent to amounts paid in US\$

* he held the position as Director till the 9th of November 2016, post which he was an employee of the Company till the 31st of March 2017. This includes severance payment made to him as well

B) Employees drawing salary of Rs. 102 lakhs or above per annum and posted in India

S No	Name of the Associate	Designation	Date of Joining	Gross Remuneration (in Rs)	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company
1	Rama Sivaraman*	Executive Director	23/Aug/99	14,200,000	Permanent	BE, MBA	27	50	DSQ Software Limited	0.04	No
2	Vaidyanathan Nurani Mahadevan	Chief Financial Officer	04/Mar/15	13,000,000	Permanent	ACA, Grad. CWA	23	48	Vivimed Labs Ltd	-	No

Employed for Part of the Year with an average salary of Rs.8.50 lakhs or above per month and posted in India

S No	Name of the Associate	Designation	Date of Joining	Gross Remuneration (in Rs)	Nature of Employment	Educational Qualification	Experience	Age	Last employment held	% of Equity shares held by the Employee in the Company	Whether any relationship exists with the Director/ Manager of the Company
NIL											

Notes:

1. Remuneration comprises salary, allowances, commission, performance based payments, perquisite and company's contribution to PF, super-annuation as per the definition contained in Section 2(78) of the Companies Act, 2013 paid during the year.
2. None of the employees holds 2% or more of the paid up equity share capital of the Company as per clause (iii) of subrule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

3. In terms of the proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing salary more than the prescribed limits have not been included in the above statement.

* Mrs. Rama Sivaraman was appointed as Director of the Company w.e.f 4th March 2016. Prior to that the last position she held in the Company was that of Executive Vice President of the Company

ANNEXURE 5**Form No. AOC-2****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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017 which were not at arm's length basis.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no 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.

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

Name of the related party	Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa Software Services Private Limited, Virtusa Technologies India Private Limited	Polaris Consulting & Services Pty Ltd, Polaris Consulting and Services Japan KK, Polaris Consulting & Services GmbH, Polaris Consulting & Services Ireland Ltd, Polaris Consulting & Services Ltd, UK, Polaris Consulting and Services FZ-LLC, Polaris Consulting and Services Pte Ltd, Singapore, Polaris Consulting & Services SA, Virtusa Corporation, Virtusa Consulting Pvt Ltd, Virtusa UK Ltd, Virtusa AB Sweden, Virtusa Technologies India Private Limited, Polaris Consulting & Services Inc., Canada	Polaris Consulting & Services Pty Ltd, Polaris Consulting and Services Japan KK, Polaris Consulting & Services Pte Ltd, UK, Polaris Consulting and Services FZ-LLC, Polaris Corporation, Virtusa Consulting Services Private Limited, Virtusa International BV Netherlands, Virtusa Pvt Ltd., Virtusa UK Ltd, Virtusa AB Sweden, Virtusa Technologies India Private Limited, Virtusa Software Services Private Limited, Virtusa Consulting & Services Inc., Canada	Polaris Consulting & Services Pty Ltd, Polaris Consulting and Services Japan KK, Polaris Consulting & Services Pte Ltd, UK, Polaris Consulting and Services FZ-LLC, Polaris Corporation, Virtusa Consulting Services Private Limited, Virtusa International BV Netherlands, Virtusa Pvt Ltd., Virtusa UK Ltd, Polaris Consulting and Services SA, Polaris Consulting & Services Inc., Optimus Global Services Limited	Virtusa Corporation, Virtusa Consulting Services Private Limited, Virtusa International BV Netherlands, Virtusa Private Limited, Virtusa UK Ltd, Virtusa AB Sweden, Polaris Consulting & Services Pty Ltd, Polaris Consulting & Services Japan KK, Polaris Consulting & Services Inc., Canada, Polaris Software (Shanghai) Company Limited, Polaris Software Consulting and Services SDN.BHD. Malaysia, Polaris Consulting & Services Ireland Ltd, Polaris Consulting & Services kft, Hungary, Polaris Consulting & Services B.V. Netherlands, Polaris Consulting & Services SA, Optimus Global Services Limited, Polaris Consulting & Services GmbH, Virtusa Austria GmbH
Nature of relationship	Refer Legend given below				
Nature of contracts/arrangements/transactions	Reimbursement of expenses to Polaris Consulting & Services Limited, India.	Payment of Software development expenses to Polaris subsidiary companies and its parent companies.	Software Development Service income received from Polaris Subsidiary and its parent companies.	Trade payables to subsidiary company and holding company.	Trade Receivables from the Subsidiary companies and holding / ultimate holding company.
Duration of the contracts/arrangements/transactions	Ongoing. The contract will continue till any party terminates the contract				

Salient terms of the contracts or arrangements including the value, if any	Based on actuals	As per transfer pricing guidelines	As per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines	Based on actuals and as per transfer pricing guidelines
Justification for entering into such contracts or arrangements or transactions	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another
Date of approval by the Board	May 15, 2017	May 15, 2017	May 15, 2017	May 15, 2017	May 15, 2017
Amount Rs. in lakhs	Rs.2102.24	Rs.43,378.84	Rs.45,724.29	Rs.9,530.18	Rs.6,173.43

Legend	
Ultimate Holding Company	Virtusa Corporation, United States
Holding Company	Virtusa Consulting Services Private Limited, India
Subsidiaries of Ultimate Holding Company	Virtusa Austria GMBH
	Subsidiaries of Polaris Consulting & Services Limited, India
	Stepdown subsidiary
	Virtusa Software Services Private Limited
	Virtusa Private Limited
	Virtusa UK Limited
	Virtusa Technologies India Pvt Ltd
	Virtusa International B.V (Netherlands)
Subsidiaries of Polaris Consulting & Services Limited, India	Polaris Consulting & Services Inc, Canada
	Polaris Software Lab Pty Ltd, Australia
	Polaris Consulting and Services Japan K.K, Japan
	Polaris Consulting & Services Pte Ltd, Singapore
	Polaris Consulting and Services FZ LLC, Dubai
	Polaris Consulting & Services GmbH, Germany
	Polaris Consulting & Services Ireland Limited , Ireland
	Polaris Consulting & Services Limited , United Kingdom
	Polaris Consulting & Services SA, Switzerland
	Optimus Global Services Limited, India
Stepdown subsidiary	Polaris Software (shanghai) company Limited, China (Parent – Polaris, Singapore)
	Polaris Software Consulting & Services Sdn Bhd, Malaysia (Parent – Polaris, Singapore)
	Polaris Consulting & Services kft., Hungary (Parent – Polaris, UK)
	Polaris Consulting & Services B.V, Netherlands (Parent – Polaris, UK)

Note:

* The Board provides omnibus approval for the related party transactions at the beginning of the year. The details of related party transactions undertaken during the quarter are placed in the meeting where the corresponding quarterly accounts are adopted.

* In accordance Regulation 23(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of computation of related party limits for obtaining Omnibus approval transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are not taken.

ANNEXURE 6**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Polaris Consulting & Services Limited
No.34, IT Highway,
Navallur,
Chennai - 600130

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Polaris Consulting & Services 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 Polaris Consulting & Services Limited'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 and as per the explanations given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 generally 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 made available to us and maintained by Polaris Consulting & Services Limited for the financial year ended on 31st March, 2017 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (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 and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (g) the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (vi) Special Economic Zones Act, 2005 and the rules made thereunder;
- (vii) Information Technology Act, 2000 and the rules made thereunder;
- (viii) Software Technology Parks of India rules and regulations;
- (ix) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- (x) The Trade Marks Act, 1999.
- (xi) Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax, Value Added Tax, Central Excise Act and Service Tax Rules, we have reviewed the systems and mechanisms established by the Company for ensuring compliances under various Acts and based on the information and explanation provided to us by the management and officers of the Company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been generally complied with.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

During the period under review there were no events which required specific compliance of the provisions of

- i. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

i. Reclassified its Promoters

By Virtue of Share Purchase Agreement executed between Virtusa Consulting Services Private Limited and Promoter Sellers, Investor Sellers and Other Sellers for acquiring 52.94% of Equity Shares of the Company, the Promoter and Promoter group has been reclassified with Shareholder approval.

ii. Restructured its Board of Directors:

After acquisition of Equity Shares from outgoing Promoter and Promoter group of the Company, the Board of Directors of the Company was restructured by inducting following Directors:

- a. Mr. Krishan Aruna Canekaratne
- b. Prof. Jayaraman Ramachandran
- c. Mr. Hari Raju Mahadevu
- d. Mr. Sunil Bowry
- e. Mr. Anuranjan Krishan Kalia
- f. Mr. Arvind Sharma
- g. Mrs. Rama Sivaraman

iii. Shifting of Registered Office:

The Company has shifted its registered office from No. 244/713, Anna Salai, Chennai – 600006 to No. 34, IT Highway, Navallur, Chennai – 603103 within the same jurisdiction and Registrar of Companies with the approval of the Shareholder.

For **BP & Associates**
Company Secretaries

Date: 15th May 2017
Place: Chennai

S.Bhaskar
Partner

M No: 10798
CP No: 8315

ANNEXURE A

To
The Members,
Polaris Consulting & Services Limited,
No. 34, IT Highway, Navallur,
Chennai 603103

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

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

For **BP & Associates**
Company Secretaries

S.Bhaskar
Partner

M No: 10798
CP No: 8315

Date: 15/05/2017
Place: Chennai

ANNEXURE 7

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L65993TN1993PLC024142
2.	Registration Date	05.01.1993
3.	Name of the Company	POLARIS CONSULTING & SERVICES LIMITED
4.	Category/Sub-category of the Company	Company Limited by shares/ Non Government
5.	Address of the Registered office & contact details	34 IT Highway, Navallur, Chennai-600 130 Tel: +91 44 3987 3000 Fax: +91 44 2743 5128 Email Id: companysecretary@virtusapolaris.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd Plot 31-32, Karvy Selenium, Tower B, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 40 67161529 Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Computer Programming, Consultancy and related activities	62013	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name And Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
1	Optimus Global Services Limited No. 34 IT Highway, Navallur, Chennai – 600 130	U72300TN2002PLC049649	Subsidiary	100%	2(87)(ii)
2	Polaris Consulting & Services Inc Suite 1800, The Exchange Tower,130, King Street, W Toronto, Ontario, M5X 1E3. CANADA	624954-0	Subsidiary	100%	2(87)(ii)
3	Polaris Consulting & Services Pty Ltd Level 12, 31, Market Street,Sydney NSW 2000, AUSTRALIA	095 031 897	Subsidiary	100%	2(87)(ii)
4	Polaris Consulting and Services Japan KK 32, Shiba Koen building, 8th Floor, Shiba Koen, Minato-ku, Tokyo 105-0011, Japan	0104-01-045576	Subsidiary	100%	2(87)(ii)
5	Polaris Consulting & Services Pte Ltd 3 Changi Business Park Vista, # 4-02 Akzonobel House, Singapore - 486 051	201418417N	Subsidiary	100%	2(87)(ii)
6	Polaris Consulting and Services FZ-LLC Room 113, Level 1, Building 12, Dubai Internet City, PO Box 501801 Dubai, United Arab Emirates	93137	Subsidiary	100%	2(87)(ii)

S.No.	Name And Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
7	Polaris Consulting & Services GmbH, 2 Etage, Herriotstraße 1 Frankfurt - 60528, GERMANY	4724128853	Subsidiary	100%	2(87)(ii)
8	Polaris Consulting & Services Ireland Ltd, Ireland Atlas Court, Bray Business Park, Southern Cross, Bray, Co Wicklow Republic of Ireland	316423	Subsidiary	100%	2(87)(ii)
9	Polaris Consulting & Services Ltd, 26 Finsbury Square, London EC2A 1DS	9108870	Subsidiary	100%	2(87)(ii)
10	Polaris Consulting & Services SA, Avenue de la Gare 49, Case Postale 2067, CH 2001, Neuchatel, SWITZERLAND.	CHE-438.772.604	Subsidiary	100%	2(87)(ii)
11	Virtusa Consulting Services Private Limited Survey No. 115/Part, Plot No. 10, Nanakramguda Village, Serilingampally, Hyderabad – 500008, Telangana, India	U93000TG2008FTC057988	Holding	74.50%	2(46)

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

Category-wise Share Holding

(A) SHARE HOLDING PATTERN BETWEEN 01/04/2016 AND 31/03/2017

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% 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	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	53,133,127	0	53,133,127	52.42	76,081,069	0	76,081,069	74.50	22.08
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	53,133,127	0	53,133,127	52.42	76,081,069	0	76,081,069	74.50	22.08
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	53,133,127	0	53,133,127	52.42	76,081,069	0	76,081,069	74.50	22.08
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	869,080	0	869,080	0.86	2,594,572	0	2,594,572	2.54	1.68
(b)	Financial Institutions /Banks	424,411	0	424,411	0.42	448,570	0	448,570	0.44	0.02
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	8,074,46	150	8,074,396	7.97	7,758,437	150	7,758,587	7.60	-0.37
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% 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)
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	9,367,737	150	9,367,887	9.24	10,801,579	150	10,801,729	10.58	1.34
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	675,537	1,750	677,287	0.67	2,336,674	550	2,337,224	2.29	1.62
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	7,685,250	182,015	7,867,265	7.76	9,323,772	164,013	9,487,785	9.29	1.53
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,681,138	0	1,681,138	1.66	2,580,539	0	2,580,539	2.53	0.87
(c)	Others									
	CLEARING MEMBERS	27,888,333	0	27,888,333	27.51	32,103	0	32,103	0.03	-27.48
	NBFC	400	0	400	0.00	941	0	941	0.00	0.00
	NON RESIDENT INDIANS	578,909	6,250	585,159	0.58	522,630	1,450	524,080	0.51	-0.07
	NRI NON-REPATRIATION	0	0	0	0.00	141,413	0	141,413	0.14	0.14
	OVERSEAS CORPORATE BODIES	250	50	300	0.00	250	50	300	0.00	0.00
	TRUSTS	113,788	0	113,788	0.11	98,988	0	98,988	0.10	-0.01
	TRUSTS	32,090	20,100	52,190	0.05	34,583	0	34,583	0.03	-0.02
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	38,655,695	210,165	38,865,860	38.34	15,071,893	166,063	15,237,956	14.92	-23.42
	Total B=B(1)+B(2) :	48,023,432	210,315	48,233,747	47.58	25,873,472	166,213	26,039,685	25.50	-22.08
	Total (A+B) :	101,156,559	210,315	101,366,874	100.00	101,954,541	166,213	102,120,754	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	101,156,559	210,315	101,366,874	100.00	101,954,541	166,213	102,120,754	100.00	0.00

B) Shareholding of Promoter

S.No.	Name of the Share Holder	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 share	
1	Virtusa Consulting Services Private Limited	53,133,127	52.42	--	76,081,069	74.50	--	22.08

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

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year*	53,133,127	52.42	76,081,069	74.50
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	08/04/2016: 26,719,942 shares purchased (Open Offer) 09/12/2016 : 37,72,000 shares were sold to Public as part of compliance of SEBI (SAST) Regulations 2011.			
3	At the end of the year	0	0	76,081,069	74.50

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S No	Name of the Share Holder	No. of shares at the beginning the beginning (01-04-16) / end of the year (31-03-17)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
1	Citibank N.A.	7,279,096	7.18	1/4/2016		Opening balance		
				8/4/2016	(7,279,096)	Sale	-	-
				10/6/2016	128	Purchase	128	-
				17/06/2016	(36)	Sale	92	-
				24/06/2016	(92)	Sale	-	-
				8/7/2016	346	Purchase	346	-
				15/07/2016	(346)	Sale	-	-
				5/8/2016	211	Purchase	211	-
				12/8/2016	(174)	Sale	37	-
				19/08/2016	(37)	Sale	-	-
				6/1/2017	112	Purchase	112	-
				13/01/2017	(112)	Sale	-	-
				17/02/2017	12,903	Purchase	12,903	0.01
				24/02/2017	(6,783)	Sale	6,120	0.01
				3/3/2017	(6,120)	Sale	-	-
		0	0	31/03/2017		Closing balance		

2	INTEGRATED MASTER SECURITIES PVT LTD	3,718,996	3.67	1/4/2016		Opening Balance		
				8/4/2016	(3,717,896)	Sale	1,100	-
				9/12/2016	67,044	Purchase	68,144	0.07
				16/12/2016	(67,044)	Sale	1,100	-
		1,100	-	31/03/2017		Closing balance		
3	EDELWEISS SECURITIES LIMITED	2,406,141	2.37	1/4/2016		Opening balance		
				8/4/2016	91,140	Purchase	2,406,141	2.46
				8/4/2016	(2,386,398)	Sale	2,497,281	0.11
				15/04/2016	4,065	Purchase	110,883	0.11
				22/04/2016	1,908	Purchase	114,948	0.12
				29/04/2016	923	Purchase	116,856	0.12
				6/5/2016	(14,200)	Sale	117,779	0.10
				13/05/2016	(26,656)	Sale	103,579	0.08
				20/05/2016	(49,010)	Sale	76,923	0.03
				27/05/2016	1,027	Purchase	27,913	0.03
				3/6/2016	(2,003)	Sale	28,940	0.03
				10/6/2016	(1,931)	Sale	26,937	0.02
				17/06/2016	(7,883)	Sale	25,006	0.02
				24/06/2016	(963)	Sale	17,123	0.02
				30/06/2016	(345)	Sale	16,160	0.02
				8/7/2016	2,398	Purchase	15,815	0.02
				15/07/2016	(12,663)	Sale	18,213	0.01
				29/07/2016	606	Purchase	5,550	0.01
				5/8/2016	(97)	Sale	6,156	0.01
				12/8/2016	113	Purchase	6,059	0.01
				19/08/2016	(1)	Sale	6,172	0.01
				26/08/2016	471	Purchase	6,171	0.01
				9/9/2016	15,505	Purchase	6,642	0.02
				16/09/2016	(17,276)	Sale	22,147	-
				23/09/2016	982	Purchase	4,871	0.01
				30/09/2016	348	Purchase	5,853	0.01
				7/10/2016	764	Purchase	6,201	0.01
				21/10/2016	(362)	Sale	6,965	0.01
				28/10/2016	(140)	Sale	6,603	0.01
				4/11/2016	(451)	Sale	6,463	0.01
				11/11/2016	6,294	Purchase	6,012	0.01
				18/11/2016	(6,564)	Sale	12,306	0.01
				25/11/2016	(260)	Sale	5,742	0.01
				2/12/2016	(350)	Sale	5,482	0.01
				16/12/2016	4,283	Purchase	5,132	0.01
				23/12/2016	7,161	Purchase	9,415	0.02
				6/1/2017	(12,553)	Sale	16,576	-
				13/01/2017	(4,023)	Sale	4,023	-
		-	-	31/03/2017		Closing balance	-	

4	UTI - WEALTH BUILDER FUND	869,080	0.86	1/4/2016		Opening balance		
				15/04/2016	41,073	Purchase	910,153	0.90
				22/04/2016	81,735	Purchase	991,888	0.98
				29/04/2016	9,560	Purchase	1,001,448	0.99
				24/06/2016	46,368	Purchase	1,047,816	1.03
				30/06/2016	73,768	Purchase	1,121,584	1.10
				15/07/2016	53,977	Purchase	1,175,561	1.16
				22/07/2016	18,736	Purchase	1,194,297	1.18
				5/8/2016	16,444	Purchase	1,210,741	1.19
				12/8/2016	21,899	Purchase	1,232,640	1.21
				11/11/2016	25,000	Purchase	1,257,640	1.24
				18/11/2016	106,343	Purchase	1,363,983	1.34
				25/11/2016	50,000	Purchase	1,413,983	1.39
				9/12/2016	73,976	Purchase	1,487,959	1.46
				16/12/2016	225,000	Purchase	1,712,959	1.69
				30/12/2016	9,752	Purchase	1,722,711	1.70
				17/02/2017	180,079	Purchase	1,902,790	1.87
				24/02/2017	103,252	Purchase	2,006,042	1.97
				10/3/2017	36,966	Purchase	2,043,008	2.01
				31/03/2017	118,651	Purchase	2,161,659	2.12
		2,161,659	2.12	31/03/2017		Closing balance		
5	LSV EMERGING MARKETS EQUITY FUND LP	2,141,000	2.11	1/4/2016		Opening balance		
				10/3/2017	(15,275)	Sale	2,125,725	2.09
				17/03/2017	(34,278)	Sale	2,091,447	2.06
				24/03/2017	(18,687)	Sale	2,072,760	2.03
				31/03/2017	(3,871)	Sale	2,068,889	2.03
		2,068,889	2.03	31/03/2017		Closing balance		
6	DEUTSCHE BANK A.G	2,006,204	1.98	1/4/2016		Opening balance		
				8/4/2016	2,188	Purchase	2,008,392	1.98
				8/4/2016	(2,006,204)	Sale	2,188	-
				15/04/2016	(2,188)	Sale	-	-
				22/04/2016	1,033	Purchase	1,033	-
				29/04/2016	312	Purchase	1,345	-
				6/5/2016	(367)	Sale	978	-
				13/05/2016	752	Purchase	1,730	-
				20/05/2016	(1,730)	Sale	-	-
				17/06/2016	2,668	Purchase	2,668	-
				24/06/2016	(2,668)	Sale	-	-
				30/06/2016	68	Purchase	68	-
				1/7/2016	(68)	Sale	-	-
				8/7/2016	4,840	Purchase	4,840	-
				15/07/2016	(4,840)	Sale	-	-
				5/8/2016	1,500	Purchase	1,500	-
				12/8/2016	(1,500)	Sale	-	-
				19/08/2016	2,437	Purchase	2,437	-
				26/08/2016	(2,054)	Sale	383	-
				2/9/2016	(383)	Sale	-	-
				9/9/2016	355	Purchase	355	-

6	DEUTSCHE BANK A.G			16/09/2016	127	Purchase	482	-
				23/09/2016	14,822	Purchase	15,304	0.02
				30/09/2016	(5,215)	Sale	10,089	0.01
				7/10/2016	3,323	Purchase	13,412	0.01
				14/10/2016	(12,622)	Sale	790	-
				21/10/2016	(188)	Sale	602	-
				28/10/2016	2,398	Purchase	3,000	-
				4/11/2016	(2,733)	Sale	267	-
				11/11/2016	(267)	Sale	-	-
				18/11/2016	719	Purchase	719	-
				25/11/2016	(601)	Sale	118	-
				2/12/2016	9,369	Purchase	9,487	0.01
				9/12/2016	(9,487)	Sale	-	-
				16/12/2016	2,391	Purchase	2,391	-
				23/12/2016	(991)	Sale	1,400	-
				30/12/2016	(1,400)	Sale	-	-
				6/1/2017	800	Purchase	800	-
				13/01/2017	(100)	Sale	700	-
				20/01/2017	2,504	Purchase	3,204	-
				27/01/2017	407	Purchase	3,611	-
				3/2/2017	1,195	Purchase	4,806	-
				10/2/2017	3,918	Purchase	8,724	0.01
				17/02/2017	3,276	Purchase	12,000	0.01
				24/02/2017	(7,695)	Sale	4,305	-
				3/3/2017	599	Purchase	4,904	-
				10/3/2017	1,764	Purchase	6,668	0.01
				17/03/2017	13,760	Purchase	20,428	0.02
				24/03/2017	(17,435)	Sale	2,993	-
				31/03/2017	(2,665)	Sale	328	-
		328	0	31/03/2017		Closing Balance		
7	STANDARD CHARTERED BANK	1,476,762	1.46	1/4/2016		Opening Balance		
				8/4/2016	(1,476,662)	Sale	100	-
				22/04/2016	197	Purchase	297	-
				29/04/2016	(197)	Sale	100	-
				20/05/2016	11,244	Purchase	11,344	0.01
				27/05/2016	(11,244)	Sale	100	-
				8/7/2016	4,624	Purchase	4,724	-
				15/07/2016	4,979	Purchase	9,703	0.01
				22/07/2016	(9,603)	Sale	100	-
				9/9/2016	8,551	Purchase	8,651	0.01
				16/09/2016	(8,551)	Sale	100	-
				30/09/2016	729	Purchase	829	-
				7/10/2016	(729)	Sale	100	-
				21/10/2016	4,245	Purchase	4,345	-
				28/10/2016	717	Purchase	5,062	-
				28/10/2016	(2,842)	Sale	2,220	-
				4/11/2016	1,258	Purchase	3,478	-
				11/11/2016	(3,378)	Sale	100	-
				23/12/2016	6,236	Purchase	6,336	0.01
				30/12/2016	(6,236)	Sale	100	-

7	STANDARD CHARTERED BANK			13/01/2017	6,488	Purchase	6,588	0.01
				20/01/2017	2,004	Purchase	8,592	0.01
				27/01/2017	5,711	Purchase	14,303	0.01
				3/2/2017	(14,203)	Sale	100	-
				31/03/2017	1,135	Purchase	1,235	-
		1,235	-	31/03/2017		Closing balance		
8	BAJAJ SHARE AND ST BR PL	1,286,254	1.27	1/4/2016		Opening balance		
				8/4/2016	(1,286,254)	Sale	-	-
		-	-	31/03/2017		Closing balance	-	-
9	KOTAK MAHINDRA BANK LTD.	1,262,525	1.25	1/4/2016		Opening Balance		
				8/4/2016	(1,261,925)	Sale		
		600	-	31/03/2017		Closing balance		
10	AUSTRALIANSUPER	1,155,676	1.14	1/4/2016		Opening Balance		
				23/12/2016	(25,716)	Sale	1,129,960	1.11
				30/12/2016	(14,621)	Sale	1,115,339	1.10
				6/1/2017	(14,927)	Sale	1,100,412	1.08
				13/01/2017	(38,219)	Sale	1,062,193	1.05
				20/01/2017	(11,600)	Sale	1,050,593	1.03
				27/01/2017	(6,500)	Sale	1,044,093	1.03
				3/2/2017	(9,000)	Sale	1,035,093	1.02
				10/2/2017	(3,000)	Sale	1,032,093	1.02
				17/02/2017	(102,265)	Sale	929,828	0.92
				24/02/2017	(91,569)	Sale	838,259	0.82
				3/3/2017	(66,359)	Sale	771,900	0.76
				10/3/2017	(10,000)	Sale	761,900	0.75
				17/03/2017	(22,900)	Sale	739,000	0.73
				24/03/2017	(51,663)	Sale	687,337	0.67
				31/03/2017	(1,000)	Sale	686,337	0.67
		686,337	0.67	31/03/2017		Closing balance		
11	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	-	-	1/4/2016		Opening Balance		
				8/4/2016	75,620	Purchase	75,620	0.07
				15/04/2016	(35,955)	Sale	39,665	0.04
				24/06/2016	(39,665)	Sale	-	-
				29/07/2016	39,665	Purchase	39,665	0.04
				26/08/2016	(21,244)	Sale	18,421	0.02
				2/9/2016	(18,421)	Sale	-	-
				23/09/2016	5,000	Purchase	5,000	-
				30/09/2016	4,211	Purchase	9,211	0.01
				14/10/2016	10,000	Purchase	19,211	0.02
				25/11/2016	(19,211)	Sale	-	-
				16/12/2016	953,705	Purchase	953,705	0.94
				30/12/2016	50,414	Purchase	1,004,119	0.99
				6/1/2017	47,500	Purchase	1,051,619	1.04
				13/01/2017	8,633	Purchase	1,060,252	1.04
				20/01/2017	(700,000)	Sale	360,252	0.35
				3/2/2017	700,000	Purchase	1,060,252	1.04
				24/02/2017	590,000	Purchase	1,650,252	1.62
				24/02/2017	(590,000)	Sale	1,060,252	1.04

11	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED			3/3/2017	20,000	Purchase	1,080,252	1.06
				3/3/2017	(20,000)	Sale	1,060,252	1.04
				10/3/2017	450,000	Purchase	1,510,252	1.49
				10/3/2017	(450,000)	Sale	1,060,252	1.04
		1,060,252	1.04	31/03/2017		Closing balance		
12	KOTAK SECURITIES LIMITED	989,363	0.98	1/4/2016		Opening balance		
				1/4/2016	1,100	Purchase	990,463	0.98
				8/4/2016	(988,320)	Sale	2,143	-
				15/04/2016	2,452	Purchase	4,595	-
				22/04/2016	(291)	Sale	4,304	-
				29/04/2016	330	Purchase	4,634	-
				6/5/2016	25	Purchase	4,659	-
				6/5/2016	(2,484)	Sale	2,175	-
				13/05/2016	650	Purchase	2,825	-
				13/05/2016	(25)	Sale	2,800	-
				20/05/2016	14,026	Purchase	16,826	0.02
				27/05/2016	(13,888)	Sale	2,938	-
				3/6/2016	(805)	Sale	2,133	-
				10/6/2016	(83)	Sale	2,050	-
				17/06/2016	300	Purchase	2,350	-
				24/06/2016	1,499	Purchase	3,849	-
				30/06/2016	3,314	Purchase	7,163	0.01
				1/7/2016	(2,485)	Sale	4,678	-
				8/7/2016	(1,242)	Sale	3,436	-
				15/07/2016	(395)	Sale	3,041	-
				22/07/2016	5,849	Purchase	8,890	0.01
				29/07/2016	(3,091)	Sale	5,799	0.01
				5/8/2016	(3,607)	Sale	2,192	-
				12/8/2016	368	Purchase	2,560	-
				19/08/2016	740	Purchase	3,300	-
				26/08/2016	4,685	Purchase	7,985	0.01
				2/9/2016	(4,935)	Sale	3,050	-
				9/9/2016	(197)	Sale	2,853	-
				16/09/2016	1,452	Purchase	4,305	-
				23/09/2016	(1,570)	Sale	2,735	-
				30/09/2016	9	Purchase	2,744	-
				30/09/2016	(535)	Sale	2,209	-
				7/10/2016	666	Purchase	2,875	-
				14/10/2016	505	Purchase	3,380	-
				14/10/2016	(50)	Sale	3,330	-
				21/10/2016	715	Purchase	4,045	-
				28/10/2016	(1,947)	Sale	2,098	-
				4/11/2016	2,921	Purchase	5,019	-
				11/11/2016	1,300	Purchase	6,319	0.01
				11/11/2016	(1,552)	Sale	4,767	-
				18/11/2016	(1,508)	Sale	3,259	-
				25/11/2016	(1,019)	Sale	2,240	-
				2/12/2016	1,935	Purchase	4,175	-
				9/12/2016	25	Purchase	4,200	-

12	KOTAK SECURITIES LIMITED			16/12/2016	(2,050)	Sale	2,150	-
				23/12/2016	325	Purchase	2,475	-
				30/12/2016	(425)	Sale	2,050	-
				6/1/2017	4,778	Purchase	6,828	0.01
				13/01/2017	(2,418)	Sale	4,410	-
				20/01/2017	10	Purchase	4,420	-
				20/01/2017	(2,170)	Sale	2,250	-
				27/01/2017	60	Purchase	2,310	-
				27/01/2017	(10)	Sale	2,300	-
				3/2/2017	6,293	Purchase	8,593	0.01
				10/2/2017	275	Purchase	8,868	0.01
				17/02/2017	102	Purchase	8,970	0.01
				17/02/2017	(3,738)	Sale	5,232	0.01
				24/02/2017	(608)	Sale	4,624	-
				3/3/2017	(2,013)	Sale	2,611	-
				10/3/2017	5,714	Purchase	8,325	0.01
				17/03/2017	(5,527)	Sale	2,798	-
				24/03/2017	535	Purchase	3,333	-
				31/03/2017	33	Purchase	3,366	-
				31/03/2017	(1,077)	Sale	2,289	-
		2,289	-	31/03/2017		Closing balance		
13	OLESEN VALUE FUND LP	-	-	1/4/2016		Opening balance		
				7/10/2016	20,400	Purchase	20,400	0.02
				14/10/2016	60,600	Purchase	81,000	0.08
				21/10/2016	191,200	Purchase	272,200	0.27
				28/10/2016	67,800	Purchase	340,000	0.33
				4/11/2016	11,000	Purchase	351,000	0.35
				11/11/2016	15,000	Purchase	366,000	0.36
				16/12/2016	350,000	Purchase	716,000	0.70
		716,000	0.70	31/03/2017		Closing balance		
14	LAKSHMI CAPITAL INVESTMENTS LIMITED	-	-	1/4/2016		Opening balance		
				13/01/2017	386,000	Purchase	386,000	0.38
				20/01/2017	27,399	Purchase	413,399	0.41
				27/01/2017	22,500	Purchase	435,899	0.43
				3/2/2017	21,150	Purchase	457,049	0.45
				24/02/2017	98,000	Purchase	555,049	0.55
				3/3/2017	62,000	Purchase	617,049	0.61
				24/03/2017	43,000	Purchase	660,049	0.65
				31/03/2017	20,000	Purchase	680,049	0.67
		680,049	0.67	31/03/2017		Closing balance		
15	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE	194,255	0.19	1/4/2016		Opening balance		
				8/4/2016	17,160	Purchase	211,415	0.21
				29/04/2016	2,260	Purchase	213,675	0.21
				6/5/2016	21,119	Purchase	234,794	0.23
				27/05/2016	48,987	Purchase	283,781	0.28
				3/6/2016	38,889	Purchase	322,670	0.32
				15/07/2016	37,560	Purchase	360,230	0.35
				22/07/2016	14,534	Purchase	374,764	0.37

15	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE			29/07/2016	5,758	Purchase	380,522	0.37
				5/8/2016	10,715	Purchase	391,237	0.39
				12/8/2016	11,314	Purchase	402,551	0.40
				19/08/2016	5,306	Purchase	407,857	0.40
				26/08/2016	12,692	Purchase	420,549	0.41
				2/9/2016	21,913	Purchase	442,462	0.44
		442,462	0.43	31/03/2017		Closing balance		
16	VISHNU R DUSAD	402,399	0.40	1/4/2016		Opening balance		
		402,399	0.39	31/03/2017		Closing balance		
17	LIFE INSURANCE CORPO- RATION OF INDIA	394,023	0.39	1/4/2016		Opening balance		
		394,023	0.39	31/03/2017		Closing balance		
18	JYSKE INVEST INDISKE AKTIER	222,917	0.22	1/4/2016		Opening balance		
				29/04/2016	7,494	Purchase	230,411	0.23
				6/5/2016	23,887	Purchase	254,298	0.25
				13/05/2016	47,502	Purchase	301,800	0.30
				20/05/2016	77,633	Purchase	379,433	0.37
				31/03/2017	(38,249)	Sale	341,184	0.33
		341,184	0.33	31/03/2017		Closing balance		

E) Shareholding of Directors and Key Managerial Personnel:

S.No.	Name of the Share Holder	Sharehold- ing at the beginning of the year	Sold	Bought	Cumulative Holding	Share hold- ing at the end of the year	Date
1	Krishan Aruna Canekeratne,- Director	0	0	0	0	0	31/03/2017
2	Anuranjan Krishan Kalia, Director	0	0	0	0	0	31/03/2017
3	Jayaraman Ramachandran, Director	0	0	0	0	0	31/03/2017
4	Arvind Sharma, Director	0	0	0	0	0	31/03/2017
5	Hari Raju Mahadevu, Director	0	0	0	0	0	31/03/2017
6	Sunil Bowry, Director	0	0	0	0	0	31/03/2017
7	Rama Sivaraman, Director	1		39,819	39,820	39,820*	31/03/2017
8	N M Vaidyanathan, Chief Financial Officer	0		379**	379	379	31/03/2017
9	Christina Pauline Beulah, Com- pany Secretary	0	0	0	0	0	31/03/2017

* The balance represent exercise of 38,000 stock options and the remaining being unaccepted portion of open offer

** unaccepted portion of open offer

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

					Amount in Rs.
S No.	Particulars of Remuneration	MD	WTD	WTD	Total amount
			Rama Sivaraman	Jitin Goyal*	
1	Gross salary	-	13,137,858	16,957,660	30,095,518
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	13,109,058	-	13,109,058
	(b) Value of perquisites u/s 17(2) In-come-tax Act, 1961	-	28,800	-	28,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	17,156,234	-	17,156,234
3	Sweat Equity				
4	Commission - as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	30,294,092	16,957,660	47,251,752
Ceiling as per the act		It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013.			

* The remuneration provided above is for Mr.Jitin Goyal, Executive Director who is a Non-Resident, during the period 1/04/2016 to 09/11/2016. The salary was paid to him in foreign currency by the foreign subsidiary. The amount mentioned above is the INR equivalent of the same.

B. Remuneration to other directors

Amount (Rs.)

S No.	Particulars of Remuneration					
	Independent Directors	Jayaraman Ramachandran	Sunil Bowry	Hari Raju Mahadevu	Arvind Sharma	Total
1	Fee for attending board committee meetings	85,000	240,000	250,000	135,000	710,000
	Fixed fees	3,000,000	1,200,000	1,200,000	1,200,000	66,00,000
	Others, please specify	-	-	-	-	-
	Total (1)	3,085,000	1,440,000	1,450,000	1,335,000	7,310,000
2	Other Non-Executive Directors/Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Fixed fees	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
Total (B)=(1+2)		3,085,000	1,440,000	1,450,000	1,335,000	7,310,000
Total Managerial Remuneration						54,561,752*

* inclusive of perquisites to Whole Time Directors.

Overall ceiling as per the act :

It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013.

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

Amount (Rs.)

S.No.	Particulars of Remuneration	CEO	CS	CFO	Total
1	Gross salary	-	1,112,843	12,763,106	13,875,949
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	9,971,546	9,971,546
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	121,906	121,906
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	2,669,654	2,669,654
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	-	-	-	-
5	Others, please specify	-	4,381	-	4,381
Total		0	1,117,224	12,763,106	13,880,330

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE 8

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE

BOARD'S REPORT

Particulars	Remarks
A brief outline on CSR activity of the Company	The Company has undertaken its CSR activity for the financial year 2016-17 through Ullas Trust, Computer Shiksha and Oxfam India which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013. Objective of Ullas Trust and Computer Shiksha is to recognize and promote academic excellence for the lesser privileged and objective of Oxfam India is to promote academic excellence and empowerment of women. The Company has framed a CSR policy as required under the applicable laws and the details of the same is available on the website at www.polarisft.com
Date of Formation of CSR Committee	18th March 2014
Composition of Committee*	Ms. Rama Sivaraman, Chairman Mr. Sunil Bowry, Member Mr. Arvind Sharma, Member

* The committee was reconstituted on 4th March 2016 and again on 8th February 2017.

Total amount to be spent for the financial year 2016-17

Particulars	Amount (Rs in lakhs)
Avg.net profit of three years	14,424.11
2% of Avg. net profits -Sec 135	288.48

Details of CSR spent during the financial year 2016-17

Date of Payment	Avenue of CSR spend	Amount (Rs.)
27/09/16	Computer Shiksha	1,500,000
19/10/16	Ullas Trust	7,500,000
11/01/17	Oxfam India	50,000
23/01/17	Ullas Trust	7,500,000
03/03/17	Ullas Trust	7,500,000
31/03/17	Ullas Trust	4,778,216
04/04/17	Computer Shiksha	20,000
Total		28,848,216

Amount unspent – Nil

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

Amount Rs. in Lakhs								
S. 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 Sub-heads:(1) Direct expenditure on projects or programs.(2) Overheads:	Cumulative expenditure upto the previous reporting period*	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	Chennai, Delhi, Hyderabad, Mumbai and Pune	272.78	272.78	635.59	908.37	272.78
2	Computer Shiksha	Promotion of Education	Gurgaon , Delhi, Aligarh, Amroha, Rajasthan, Faridabad	15.20	15.20	-	15.20	15.20
3	Oxfam India	Promotion of Education	Across India	0.50	0.50	-	0.50	0.50
Total								288.48

* In the column 'Cumulative expenditure till reporting period', we have chosen to take 2014-15 as the base year. It is however not to be interpreted that this is the First year of our CSR programs. Ullas Trust programs go back to 20 years. Given the practical challenges in reporting the cumulative expenditure from inception, we have chosen to start with the year 2014-15 as the base year.

** The details of the implementing agency are provided in Directors Report.

CSR committee Responsibility statement:

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

(Director)

(Chairman CSR Committee)

By Order of the Board
For **Polaris Consulting & Services Limited**

Place: Chennai
Date : May 15, 2017

Jayaraman Ramachandran
Director

Annexure 9**Dividend Distribution Policy (“Policy”)**

As required under clause 43A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time (SEBI Listing Regulations), this Policy is made by Polaris Consulting & Services Limited (“the Company”) to determine the manner and the parameters under which the dividend is paid to its shareholders. The Policy is displayed on the website of the Company only for the benefit of the investors or stakeholders.

The Board of Directors (“Board”) of the Company has approved this policy in its meeting held on 8th of February 2017.

Factors to be considered before declaration of Dividends:

The Board will consider the following factors before making any recommendations for the dividend including, but not limited to:

- (i) future capital expenditure plans including but not limited to anticipated investments for organic and inorganic business growth opportunities
- (ii) profits earned during the financial year;
- (iii) cost of raising funds from alternate sources,
- (iv) the company’s liquidity position and future cash flow needs
- (v) prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- (vi) Current and projected cash balance
- (vii) The macro economic factors and the general business environment
- (viii) Corporate actions resulting in significant cash outflow for the Company
- (ix) Track record of dividends distributed by the Company
- (x) Current and projected debt – raising capacity

Utilization of retained earnings

The Company’s retained earnings shall be utilized in the following manner in compliance with the applicable rules and regulations:

- Funding organic and inorganic business growth needs
- Payment of dividend in future years
- Issue of bonus shares
- Buyback of shares subject to applicable limits
- Any other permissible purpose

Applicability:

This policy applies to the equity shareholders of the Company in accordance with applicable various Acts, rules and regulations.

The Board may declare interim dividend (s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

The payment of dividend is subject to the provisions of Companies Act, 2013 and rules framed thereunder (Act) and the dividend distribution shall be in accordance with the applicable provisions of the Act, , SEBI Listing Regulations and other legislations governing dividends and the Articles of Association of the Company as in force and as amended from time to time.

The Board will review the policy at regular intervals and reserves the right to amend the Policy from the time to time to meet the requirements of the regulatory framework.

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company:

Sl. No	General Information	Details
1	Corporate Identity Number (CIN) of the Company	L65993TN1993PLC024142
2	Name of the Company	Polaris Consulting & Services Limited
3	Registered address	No. 34, IT Highway, Navallur, Chennai – 600 130
4	Website	www.polarisft.com
5	E-mail id	companysecretary@virtusapolaris.com
6	Financial Year Reported	April 1, 2016 to March 31, 2017
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	62013 - Computer Programming, Consultancy and related activities
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Software Development and Support Services 2. Product Licenses and related services 3. Business Process Outsourcing
9	Total number of locations where business activity is undertaken by the Company	There are 28 Locations
a	Number of International Locations (Provide details of major 5)	Number of International Location is 19 North America 20, Corporate Place South, Piscataway, NJ 08854, USA Canada Suite 1800, The Exchange Tower, 130, King Street, W Toronto, Ontario, M5X 1E3. CANADA Europe 26 Finsbury Square, London EC2A1DS, 2 Etage, Herriotstrasse 1, Frankfurt - 60528, Germany Australia Level 12, 31, Market Street, Sydney, NSW 2000, Australia Asia Pacific 3 Changi Business Park Vista, # 4-02 Akzonobel House, Singapore - 486 051
b.	Number of National Locations	9
10	Markets served by the Company: Local/State/ National/International	North America, Canada, Japan, China, United Kingdom & Ireland, Europe, Asia Pacific, Middle East, Australia, New Zealand and India.

Section B: Financial Details of the Company: (As on 31st of March 2017)

Amount (Rs in lakhs)

Sl. No	Particulars	Amount
1	Paid up Capital	5,106.04
2	Total Turnover	151,097,.91
3	Total profit after taxes	9,933.76
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average net profits of the Company made during the 3 immediately preceeding financial years. Refer Annexure 8 of the Annual Report
5	List of activities in which expenditure in 4 above has been incurred – the details of expenditure can be accessed in the CSR report which is annexed to the Board's report.	

Section C: Other Details

Sl. No	Other Details	Details
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	10 Subsidiaries and 4 Step down subsidiaries participate in BR activities.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company encourages its suppliers/distributors to adopt BR practices and follow the concept of being a responsible business.

Section D: BR Information

1. Details of Director/Directors Responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN	07425519
Name	Rama Sivaraman
Designation	Executive Director

b. Details of the BR head

DIN (if applicable)	01346527
Name	Krishan Aruna Canekaratne
Designation	Chairman and Non-Executive Director
Telephone Number	044-3987 3000
e-mail id	kris@virtusapolaris.com

List of Principles:

Principle - 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle - 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle - 3	Businesses should promote the wellbeing of all employees
Principle - 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle - 5	Businesses should respect and promote human rights.
Principle - 6	Business should respect, protect, and make efforts to restore the environment
Principle - 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle - 8	Businesses should support inclusive growth and equitable development.
Principle - 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2. Principle - Wise (As per National Voluntary Guidelines) Business Responsibility Policy/ Policies (Reply in Y/N)

Sl. No	Question	Principle (Yes/No)								
		1	2	3	4	5	6	7	8	9
1	Do you have policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (The policies conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, SA 8000, UNGC guidelines and ILO principles and meet the regulatory requirements such as Clause 49 of listing agreement, Sarbanes Oxley Act etc. The policies reflect IMIL commitment to improve the quality of life of the communities it serves and practice of returning to society what it earns)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are framed as per applicable law and as per Industry standard as well as ISO standards wherever applicable								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO /appropriate Board Director?	Y	NA 1*	NA 1*	Y	NA 1*	NA 1*	Y	Y	NA 1*
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to all its internal stakeholders and external stakeholders based on their relevance								
7	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company has internal persons and third party audits to evaluate the workings of this Policy								
10	Indicate the link for the policy to be viewed online?	2*								

1* The policy is approved by the respective departmental heads of the Company

2* It has been Company's practice to upload policies approved by the Board on Company's website for the information of all the stakeholders. The policies approved by the departmental heads are available in intra company website and access is available to all the employees of the Company.

2A. If answer to Sl. No 1 against any principle, is 'No', Please explain why:

(Tick Up to 2 Options)

Sl. No	Question	Principle (Yes/No)								
		1	2	3	4	5	6	7	8	9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR:

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Your Company is one of the top 500 listed entities (by Market Capitalization as on March 31, 2016) Thus, Business Responsibility Report is forming part of the Annual Report for the Financial year ended March 31, 2017 as required under Regulation 34(2)(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Your Company has hosted Business Responsibility Report on the Company's website along with its Annual report at www.polarisft.com.

Section E: Principle wise Performance

Principle - 1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

Polaris Consulting & Services Limited has adopted Whistle Blower Policy in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior in consonance with Code of Conduct.

The Company in order to attain the highest legal and ethical standard has adopted FCPA Policy. The policy covers instances pertaining to bribery, kickbacks, or corruption of any kind directly or through third parties, whether or not explicitly prohibited by this policy or law.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof

Stakeholders Complaint Received – 30

Stakeholders Complaint Resolved – 30

Stakeholders Complaint Pending – Nil

Percentage of Stakeholders Complaint Resolved – 100%

The Company has setup Investor Grievance Mechanism to respond to investor grievance in a timely basis

Principle – 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and /or opportunities

Not Applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Not Applicable

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Not Applicable

a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
– Not Applicable.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Not Applicable

a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
– Not Applicable.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so Your Company does not have a mechanism to recycle its products

STP treated water is recycled and reused and it is used for gardening and laterines.

Further the Company also ensures that e-waste is destroyed in environmentally safe method through the hired specialized vendors.

Principle – 3 Businesses should promote the well being of all employees

1. Please indicate the Total number of employees.

The total number of employees was 6,989 as on 31st March, 2017 in the Company.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

The total contractual/temporary manpower employed was 355 as on 31st March, 2017 in the Company.

3. Please indicate the Number of permanent women employees

There were 1668 permanent female employees as on 31st March, 2017 in the Company.

4. Please indicate the Number of permanent employees with disabilities

There were 119 with disabilities as on 31st March, 2017

5. Do you have an employee association that is recognized by management

No

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

Sl. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / Forced Labour / Involuntary Labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given skill up-gradation training in the last year?

Safety training is provided to all employees.

5,196 employees were provided skill up-gradation training comprising of 46,323 hours during the year 2016-17.

Principle – 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?
Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so
Yes, your Company has implemented its CSR initiatives through Ullas Trust, Computer Shiksha and Oxfam India. Refer Directors Report for details on Corporate Social Responsibility of the Company.

Principle – 5 Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGO's / others?
Yes the policy applies to the Company and its subsidiaries, suppliers, contractors in all countries of its operations
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
The Company did not receive any stakeholder complaint regarding Human Rights in the year 2016-17

Principle – 6 Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others
Yes, the company has adopted Environment Policy and it extends to the suppliers, contractors and the subsidiaries of the Company.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.
The Company has taken several initiatives to reduce the consumption of power. Refer Directors Report for details in Conservation of Energy, Technology and Absorption.
3. Does the company identify and assess potential environmental risks?
Yes, potential environmental risks are identified as part of the Company's risk management activity. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
Not Applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc
The Company has taken several initiatives to reduce the consumption of power which is covered under Conservation of Energy, Technology and Absorption heading in Directors report.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Polaris facilities have been certified for Environment Management System under ISO 14001:2004.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year
There were no show cause notices received from CPCB/SPCB

Principle – 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the company is a member of Madras Chamber of Commerce & Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

Principle – 8 Businesses should support inclusive growth and equitable development

1. Does the company have specified program/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has carried out its CSR activities through organizations such as Ullas Trust, Computer Shiksha and Oxfam India.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The CSR programs of the company are run through organizations which has undertaken CSR activity and has experience in their respective fields.

3. Have you done any impact assessment of your initiative?

The CSR programs and their impacts/ outcomes are monitored and reviewed by the CSR Committee periodically.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

- a. Ullas Trust – Rs. 272.78 lakhs
- b. Computer Shiksha – Rs. 15.20 lakhs
- c. Oxfam India – Rs. 0.50 lakhs

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Yes, Initiatives conducted under CSR are undertaken in such ways which ensure self-sustenance.

Principle – 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year

The Company has carried out customer delight index based on the Account type, Business, Group, ATC & practice and the overall rating observed were above average and satisfactory. There were no customer complaints/cases pending as on the end of the financial year

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

There were no cases filed by any stakeholder against the company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The company does not carry out any consumer survey in the financial year 2016-17, however it intends to bring such trends in the coming years.

Report on Corporate Governance

1. Company's Philosophy

Polaris focuses 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. Polaris 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 possess 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 31, 2017

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 seven members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management.

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 seven members; comprising of one Chairman (Non-Executive Director), one Non-Executive Director, Four Independent Directors and one Executive Director. To maintain the independence of the Board and to separate its functions of governance and management, there is an appropriate mix of executive and Non-Executive independent Directors.

Name of the Director	Age	India Listed Companies (1)	All Companies around the world (2)	Committee Memberships (3)	Chairperson of Committees (3)
Chairman and Non Executive Director					
Krishan Aruna Canekeratne	51	0	6	1	0
Executive Director					
Rama Sivaraman	50	0	8	1	1
Non-Executive Director					
Anuranjan Krishan Kalia	56	0	3	2	0
Independent Directors					
Jayaraman Ramachandran	60	4	10	7	7
Hari Raju Mahadevu	55	0	6	2	3
Arvind Sharma	57	1	5	4	1
Sunil Bowry	60	0	1	2	0

(1) Excluding directorship in Polaris Consulting & Services Limited and its subsidiaries.

(2) Directorship in Companies around the world (listed, unlisted and private limited companies), including Polaris Consulting & Services Limited and its subsidiaries.

(3) In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the disclosure includes Membership /Chairmanship of the audit committee, Stakeholders' Relationship Committee, CSR Committee and Nomination and Remuneration Committee in Indian public companies (listed and unlisted)

(4) There is no inter se relationship amongst the Directors of the Company

During the financial year 2016-17, Board of Directors met 6 times on the following dates

April 26, 2016
May 12, 2016
August, 8, 2016
October 25, 2016
November 9, 2016
February 8, 2017

The maximum gap between two Board meetings was 90 days. (between November 9, 2016 and February 8, 2017)

Board of Directors' attendance at the 23rd Annual General Meeting held on July 7, 2016

Sl. No.	Name	Director Identification Number (DIN)	Designation / Category	Attended
1.	Krishan Aruna Canekaratne	01346527	Chairman	YES
2.	Jayaraman Ramachandran	00004593	Independent Director	YES
3.	Sunil Bowry	07425522	Independent Director	YES
4.	Arvind Sharma	00012177	Independent Director	YES
5.	Hari Raju Mahadevu	03262516	Independent Director	YES
6.	Anuranjan Krishan Kalia	07451682	Non-Executive Director	YES
7.	Rama Sivaraman	07425519	Executive Director	YES

Board of Directors' attendance for the Board & Committee Meetings held during the year 2016-17

Sl. No.	Name of the Directors	Meetings held on																											
		26/04/16						12/05/16		20/05/16	22/07/16	08/08/16				25/10/16					09/11/16		03/02/17		08/02/17				
		B M	A C	N R C	S R C	R M	C S R	B M	A C	C S R	A C	B M	A C	S R C	N R C	B M	A C	S R C	N R C	R M	B M	A C	R M	A C	B M	A C	S R C	N R C	I D C
1	Krishan Aruna Canekeratne	Y		Y				N				N			N	N			N		N				Y			Y	
2	Jayaraman Ramachandran	Y		Y				N				Y			Y	Y			Y		N				Y			Y	Y
3	Sunil Bowry	Y	Y			Y	Y	Y	Y	Y*	Y	Y	Y			Y	Y			Y	Y	Y	Y	Y	Y	Y	Y		Y
4	Arvind Sharma	Y		Y	Y			Y				Y		Y	Y	Y		Y	Y		Y				Y		Y	Y	Y
5	Hari Raju Mahadevu	Y	Y		Y	Y		Y	Y		Y	Y	Y	Y		Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y		Y
6	Anuranjan Krishan Kalia	Y	Y	Y		Y		N	N		Y	N	N		N	Y	Y		Y	Y	N	N	Y	Y	N	N		N	
7	Rama Sivaraman	Y			Y		Y	Y		Y*		Y		Y		Y		Y			Y				Y		Y		
8	Jitin Goyal	Y*					Y*	Y*		Y*		N				N					N								

Y= Attended, N= Not attended, (*) attended through Video Conference, BM : Board Meeting , NRC = Nomination and Remuneration Committee Meeting, AC : Audit Committee Meeting, SRC : Stakeholders' Relationship Committee Meeting, CSR: Corporate Social Responsibility Committee Meeting, RM : Risk Management Committee meeting, IDC: Independent Directors Committee meeting

Familiarisation programme for the Independent Directors:

The details of the familiarization program imparted to the Directors during the year 2016-17 is available at <http://www.polarisft.com/investor/notice/letterdated16517.pdf>.

Profile of the Directors of the Company are given below :**Mr. Krishan Aruna Canekaratne, Chairman**

Kris Canekaratne is the co-founder, Chairman & CEO of Virtusa Corp (NASDAQ: VRTU), a rapidly growing global provider of business consulting and information technology services. In March 2016, Virtusa made a strategic decision to further strengthen its position in Banking, Financial Services and Insurance by acquiring a majority interest in Polaris Consulting & Services Limited. Kris was elected to Chair the Board of Polaris when the Board was reconstituted following the acquisition of a majority interest by Virtusa Corp.

Kris co-founded Virtusa 20 years ago to address what he thought was a significant opportunity: applying the intellectual power of global teams and the efficiencies of software platforms to accelerate software development innovation. Today, Virtusa employs over 18,000 team members worldwide and has enjoyed a CAGR of over 23% during the past 10-years. Virtusa works with some of the world's most influential brands such as AIG, J.P Morgan Chase and British Telecom, helping them accelerate their transformation to digital businesses, while also supporting their efforts to improve business efficiencies, reduce costs and risk.

Kris is an accomplished entrepreneur and a transformational leader. Having been part of the global services and outsourcing market for nearly twenty years, Kris brings a unique global perspective to clients, colleagues and partners. Recognizing his unique talents and the critical leadership thinking he brings to the table, Kris was recently showcased as one of the featured CEOs in award-winning author John Mattone's latest book - Cultural Transformations: Lessons of Leadership and Corporate Reinvention.

In addition to Virtusa, Kris also co-founded eDocs, Inc, a leading provider of electronic bill presentment and payment technology. eDocs was backed by some of the leading venture firms in the Boston area, enjoyed pole-position in the bill presentment and customer self-service market, and was eventually acquired by Oracle in 2004.

In November 2005, Kris was awarded the Sri Lanka Sikhamani Honor, one of the most prestigious national honors the Sri Lankan government bestows upon individuals making a significant contribution to the nation. The esteemed Sri Lanka Sikhamani Honor is only permitted to be held by 200 living individuals at a time.

Other notable personal accomplishments include:

- Worcester Business Journal's Business leader of the Year (large business category), 2013
- The Most Outstanding CEO award in the IT/BPO industry, presented by Information and Communication Technology Association of Sri Lanka (ICTA), 2007
- Ernst & Young Entrepreneur Of The Year® finalist for New England, 2006

Under Kris' stellar leadership, Virtusa Corporation has been recognized numerously for its outstanding corporate achievements and industry leading growth, including:

- IAOP Global Outsourcing 100 Leaders Category Listing (2014-16)
- Visionary Player in Gartner's Magic Quadrant for IT Services Providers to CSPs (2016)
- FinTech 100 leader in Global Financial Technology Services (2011-15)
- Stevie American Business Awards for HR (2012-15)
- Stevie International Business Awards for HR (2012-15), Investor Relations (2014-15), Marketing Communications (2015), Technology (2015)
- Britain's Top Employer Award (2011-16)
- Asia's Best Employer Brand (2013)
- Golden Peacock Award for HR Innovation (2013)
- TiE Boston IPO Award in recognition of the company's successful IPO, 2007

Mr. Anuranjan Krishan Kalia

Ranjan Kalia was elected to the Board of Polaris Consulting & Services, Ltd., in March 2016, following the acquisition of a majority stake in Polaris by Virtusa Corporation, and reconstitution of the Polaris Board of Directors.

Mr. Kalia has served as Executive Vice President, Chief Financial Officer, Treasurer and Secretary of Virtusa since October 2008 and prior to his promotion, served as the Company's Senior Vice President, finance when he joined Virtusa in April 2008. Prior to joining Virtusa, from 2000 to December 2007, Mr. Kalia served as Vice President, Finance Emerging Markets and International Development and Chief Financial Officer-Asia Pacific for EMC Corporation. Mr. Kalia has 20 years of experience in the areas of finance and operations and has held management positions in Pepsi-Cola International and Price Waterhouse. Mr. Kalia received a Masters in Business Administration from Nichols College and an undergraduate degree from Delhi University, India.

Mr.Jayaraman Ramachandran, Independent Director

J. Ramachandran is Professor of Strategy and IIMB Chair of Excellence at the Indian Institute of Management Bangalore. His research focuses on the growth and governance challenges of business groups and multinational subsidiaries. His work has been published in the Harvard Business Review, Strategic Management Journal, Journal of International Business Studies, Global Strategy Journal, Journal of Product Innovation Management, Advances in International Management, IIMB Management Review, Vikalpa and Economic and Political Weekly.

Professor Ramachandran is the first Bain Fellow in India. Other recognition for his work includes: the IMD FDC Award for Best Paper in Strategy / IB Theory from the Academy of Management USA; the Tata Steel-IIMB award for best case on corporate social responsibility; best case awards from the European Foundation for Management Development [EFMD], Association of Management Development Institutions in South Asia [AMDISA], The Central and East European Management Development Association [CEEMAN], and Association of Indian Management Schools [AIMS] as well as best teacher awards at IIM Bangalore.

A qualified Chartered and Cost Accountant, and a Fellow of the Indian Institute of Management Ahmedabad, Professor Ramachandran has been a Visiting Professor at INSEAD, Fontainebleau, France, the Wharton School of the University of Pennsylvania, USA; and the Carlson School of Management, University of Minnesota, USA.

A member of the Board of Governors of IIM Bangalore, Professor Ramachandran is actively engaged with the practice of management. He is presently Chairman of Redington (India) Limited and Aditya Auto Products, Vice Chairman of Polaris Consulting & Services Limited and a member of the Board of Reliance Communications, Sasken Technologies, Allcargo Logistics, ECU-line NV Belgium, and MVP International, USA.

Mr.Sunil Bowry, Independent Director

Professor Sunil Bowry – Head of Computational Finance, IIIMIT, Shiv Nadar University - has over 25 years of experience of the financial markets mostly in the UK. He has worked at top tier investment banks in UK, Germany and the Netherlands, investigating quantitative financial risk management methodologies in both Market and Credit risk. He was involved in discussions with regulators from the UK's FSA on the capturing of high dimensional non-linear risks in large portfolios of interest rate derivatives held by the bank.

In addition Professor Bowry has worked in the modelling of financial derivatives, with emphasis on credit derivatives and structured credit products. The work involved in producing models and calculation techniques for tranches of Credit Derivative Obligations (CDOs) and more exotic variants of structured products including evaluating the jump risk in Credit Proportion Portfolio Insurance (CPPI) and credit risk of Credit Proportion Debt Obligations (CPDOs).

Prior to his work in the Investment Banking arena, Professor Bowry worked for many years in the Software industry, principally working on bank trading room systems.

Current areas of research include financial risk management and models for high frequency price data.

Mr.Arvind Sharma, Independent Director

Arvind did his B.E. (Electrical and Electronics) from Birla Institute of Technology and Science (BITS) Pilani. He has over 30 years experience in the Electronics Manufacturing Industry.

He started his career in the Hardware R&D division of DCM Data Products, designing computer motherboards. Subsequently he moved to manufacturing and helped set up the computer business of Methodex Systems Ltd.

Presently he is the Managing Director of Vintron Informatics Ltd, a public listed company engaged in the field of Security and Surveillance Products, and providing EMS services to the Energy Meter industry.

Arvind lives in Delhi with his dental surgeon wife and two children, and is a keen golfer.

Mr.Hari Raju Mahadevu, Independent Director

Mr.Hari Raju Mahadevu is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). He is currently the Financial Controller of Google India Private Limited, Hyderabad

Mrs.Rama Sivaraman, Executive Director

Ms.Rama Sivaraman, B.E.,(Elec.), MBA serves as Global Head of Operations at Polaris Consulting & Services Limited. Ms. Sivaraman served as Global Head of Operations - FT Services at Polaris Financial Technology Limited and served as its Chief Delivery Assurance Officer - FT Services. Ms. Sivaraman served as Global Head of Performance Excellence at Polaris Financial Technology Limited (Alternate Name: Polaris Software Lab Ltd). Ms. Sivaraman served as Head of Corporate Quality, and Global Head of Quality at Polaris Financial Technology Limited and also served as its Partner and Senior Vice President. Ms. Sivaraman served as SEPG Manager of DSQ Software.

3. Audit Committee

The Company has a qualified and independent Audit Committee comprising of Non-executive /Independent Directors. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

Members of the Committee are as follows :

Name	Designation	No.of meetings *	
		Held	Attended
Hari Raju Mahadevu	Chairman	8	8
Sunil Bowry	Member	8	8
Anuranjan Krishan Kalia	Member	8	4

The Audit Committee had met 8 times during the year 2016-17, on 26/04/16, 12/05/16, 22/07/16, 08/08/16, 25/10/16, 09/11/16, 03/02/17 and 08/02/17.

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. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly 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.
21. 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

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 2 Non-executive Independent Directors and 2 Non-Executive Directors, who evaluates and finalise among other things, compensation and benefits of Executive Directors and Key Managerial Personnel, the procedures and modalities for giving effect to the Employee Stock Option Scheme which inter alia includes determination of eligibility criteria, maximum number of options / shares offered to each employee and the aggregate number of options / shares offered during the period covered under the Scheme, identification of classes of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

The members of the Nomination and Remuneration Committee are as follows:

Name	Designation	No. of meetings *	
		Held	Attended
Jayaraman Ramachandran	Chairman	4	4
Arvind Sharma	Member	4	4
Krishan Aruna Canekaratne	Member	4	2
Anuranjan Krishan Kalia	Member	4	2

The Nomination and Remuneration Committee had met 4 times during the year 2016-17 on 26/04/2016, 08/08/2016, 25/10/2016 and 08/02/2017

Performance evaluation of the independent director

It was duly carried out as per the guidelines issued by SEBI and is in line with the applicable regulations of Companies Act, 2013.

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 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 payable to Directors is in accordance with the policy adopted by the Board.

Amount in Rs (excluding stock options/shares)

Name of the directors	Basic Salary	Perquisites/ Allowances	Retiral Benefits	Total fixed salary/ Remuneration	Bonus/ Incentives	Fixed Fees Paid	Sitting fees paid	No. of equity shares held	Stock options granted	Stock options exercised
Chairman										
Krishan Aruna Canekaratne	-	-	-	-	-	-	-	-	-	-
Non- Executive Director										
Anuranjan Krishan Kalia	-	-	-	-	-	-	-	-	-	-
Executive Director										
Jitin Goyal				16,957,660				360,000		360,000
Rama Sivaraman	3,148,200	23,932,892*	562,327	13,109,058	3,213,000	-	-	39,820	-	38,000
Non- Executive and Independent Directors										
Jayaraman Ramachandran	-	-	-	-	-	3,000,000	85,000	-	-	-
Sunil Bowry	-	-	-	-	-	1,200,000	240,000	-	-	-
Arvind Sharma	-	-	-	-	-	1,200,000	135,000	-	-	-
Hari Raju Mahadevu	-	-	-	-	-	1,200,000	250,000	-	-	-

* It includes stock option perquisites which is not taken for the computation of fixed salary

Criteria for the remuneration and sitting fees :

The criteria for the remuneration and sitting fees is a per the remuneration policy approved by the Board of Directors of the Company.

Clause on Notice Period to be given by the Company and the Executive Directors is covered in the service agreement executed by the Company with the Executive Directors.

Stock Options

Details of stock options granted during the financial year 2016-17 under ASOP 2003, 2004, 2011 and ASOP 2015 Schemes are detailed as below:-

S No.	Date of Grant	Option Price (Rs)	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
			No. of as- sociates	No. of Options	No. of as- sociates	No. of Options	No. of as- sociates	No. of Options	No. of as- sociates	No. of Options
NIL										

The Company has obtained a 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 (Share Based Employee Benefits) Regulations 2014 and in accordance with the resolutions passed by the Members in the General Meeting.

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee consists of 2 Non-executive Independent Directors and 1 Executive Director and the chairman being Non-Executive Independent Director. 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 2016-17 on 26/04/2016, 08/08/2016, 25/10/2016 and 08/02/2017.

Members of the Stakeholders' Relationship Committee are as follows:

Name	Designation	No. of meetings *	
		Held	Attended
Arvind Sharma	Chairman	4	4
Hari Raju Mahadevu	Member	4	4
Rama Sivaraman	Member	4	4

During the year, under ASOP 2003 Scheme the company had allotted 46,500 equity shares of Rs.5/- each to 17 Associates / Directors and under ASOP 2011 Scheme company had allotted 704,630 equity shares of Rs.5/- each to 74 Associates / Directors and under ASOP 2015 Scheme company had allotted 2,750 equity shares of Rs.5/- each to 4 Associates pursuant to exercise of options granted as detailed hereunder:

Sl. No.	Date of Allotment	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
		No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted
1	26-April-2016	4	20,600	1	1,800	8	45,700		
2	23-May-2016	1	600			16	53,030	1	750
3	21-Jun-2016	2	8,000	2	2,400	8	33,830	2	750
4	21-July-2016	2	8,000	2	2,600	7	11,580		
5	23-Aug-2016	3	3,300			10	16,600		
6	20-Sep-2016	4	4,500			4	6,550		
7	25-Oct-2016			1	3,000			1	1250
8	17-Nov-2016					1	900		
9	26-Dec-2016					3	9,550		
10	24-Jan-2017					1	1,350		
11	16-Feb-2017	1	1,500			8	15,390		
12	16-Mar-2017					8	510,150		

As the result of the above allotments paid-up equity share capital of the company has increased from Rs.506,834,370 comprising of 101,366,874 number of equity shares of Rs.5/- each as on March 31, 2016 to Rs.510,603,770 comprising of 102,120,754 number of equity shares of Rs.5/- each as on March 31, 2017. The allotted equity shares are listed and traded in the Stock Exchanges.

5.1 Associate Stock Option Scheme (ASOP) Consolidated Scheme wise ASOP status for the year ended March 31, 2017

Sl. No.	Description	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
1	Outstanding at the beginning of the year	292,300	82,100	2,517,700	1,062,900
2	Granted during the year	-	-	-	-
3.	Exercised during the year	46,500	9,800	704,630	2,750
4.	Forfeited during the year	40,500	11,800	274,510	782,350
5.	Cancelled during the year	17,000	12,000	68,730	13,350
6	Outstanding at the end of the year	188,300	48,500	1,469,830	264,450
7.	Price formula	Market Price	Market Price	* Discounted Market Price	**Discounted Market Price
8.	Total Shares arised due to exercise of options	46,500	9,800	704,630	2,750
9.	Money realized by exercise of options (Rs.)	5,748,946	1,281,266	70,917,077	3,58,105

* Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.175/- per equity share as per scheme

* * Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.126/- per equity share as per scheme

Note: Pursuant to the Scheme of Demerger approved by the Honourable High Court of Judicature at Madras vide its order dated 15th September 2014, the pre-demerger grant price has been brought down to 72% of the original grant price in respect of ASOP 2003, ASOP 2004 and ASOP 2011 schemes.

Particulars / information of options granted under the ASOP schemes		March 31, 2017
Weighted average exercise price	2003	NA
	2004	NA
	2011	NA
	2015	NA
Weighted average fair value	2003	NA
	2004	NA
	2011	NA
	2015	NA
(i) Details of number of options granted to Senior Management Personnel: (ii) Employee receiving 5% or more of the total number of Options granted during the year (iii) Employees granted Option equal to or exceeding 1% of the issued capital Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options for the financial year 2016-17	ASOP 2003	NIL
	ASOP 2004	NIL
	ASOP 2011	NIL
	ASOPT 2011	NIL
	ASOPT 2015	NIL
(i) Employee compensation cost using Intrinsic method of accounting.		Rs.1,407,433
(ii) Employee compensation cost using Fair Value method of accounting.		Rs.40,010,484
(iii) Difference between (i) & (ii)		Rs.(38,603,051)
(iv) Impact for the accounting period had the fair value method been used on the following:		
Net results decreased by		Rs.38,603,051
Basic EPS will reduce by		0.38

Method and significant assumptions used to estimate the fair value of options granted during the year under Black & Scholes methods

		2003	2004	2011	2015
a)	Risk free rate of interest	-	-	-	-
b)	Expected life (in years)	-	-	-	-
c)	Expected volatility	-	-	-	-
d)	Expected dividend yield	-	-	-	-
e)	Price of the underlying share in market at the time of option grant (Rs.)	-	-	-	-

Details of options granted during the year

		(in Rupees)	
Date of grant		Market price	Exercise price
NIL			

Shareholders' complaints and requests

During the financial year 2016-17, 406 numbers of requests / Complaints had been received all such requests/ complaints were resolved by the Company:

STATUS OF REQUEST/ COMPLAINTS DURING THE PERIOD 01/04/2016 TO 31/03/2017

S.No.	Subject	Received	Replied/ Resolved
	A. REQUESTS		
1	CHANGE/CORRECTION OF ADDRESS	8	8
2	RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION	45	45
3	SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION	20	20
4	CHANGE/CORRECTION OF BANK MANDATE	1	1
5	CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW	0	0
6	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	22	22
7	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	23	23
8	RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK	15	15
9	REQUEST FOR ECS FACILITY (ELECTRONIC CLEARANCE SERVICES)	27	27
10	LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS	0	0
11	POSTAL RETURN DOCUMENTS	17	17
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	10	10
15	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	6	6
16	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	18	18
17	DELETION OF JOINT NAME DUE TO DEATH	5	5
18	REQUEST FOR TRANSFER OF SECURITIES	47	47
19	REQUEST FOR TRANSMISSION OF SECURITIES	7	7
20	REQUEST FOR DEMAT NSDL & CDSL /REMAT	52	52
21	DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS	0	0
22	CHANGE / CORRECTION OF NAME ON SECURITIES	8	8
23	CLARIFICATION REGARDING SHARES	10	10
24	REQUEST FOR EXCHANGE OF CERTIFICATES	1	1
25	QUERY REGARDING UNDELIVERED DOCUMENTS	7	7
26	OTHERS(ACKNOWLEDGEMENT/NSDL OPERATION/ELECTRONIC DP REQ/PAN NO, REQ FOR COMMUNIC , EMAILS/Lodgement of conversion form		
	TOTAL (A)	376	376
	B. COMPLAINTS		
1	NON-RECEIPT OF ANNUAL REPORT	4	4
2	NON-RECEIPT OF DIVIDEND WARRANT	19	19
3	NON-RECEIPT OF SECURITIES	3	3
4	NON RECEIPT OF DUP/TRANSMISSION/DELITION OF SCS	0	0
5	NON-RECEIPT OF REFUND ORDER	0	0
6	SEBI/BSE/NSE Complaints	4	4
	TOTAL(B)	30	30
	TOTAL (A) + (B)	406	406

There were no complaints pending for resolution for more than 30 days during the year under review.

Mrs.Christina Pauline Beulah, Company Secretary is designated as Compliance Officer of the Company.

6. Corporate Social Responsibility Committee :

As per Section 135 of the Companies Act, 2013 every Company having net worth of Rupees 500 crore or more, or turnover of Rupees 1,000 crore or more or Net Profit of Rupees 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.

Corporate Social Responsibility Committee was reconstituted by the Board in its meeting held on 8th February 2017 with the following members :

Name	Designation
Rama Sivaraman	Chairman
Arvind Sharma	Member
Sunil Bowry	Member

The CSR committee had met 2 times during the year 2016-17 on 26/04/2016 and 20/05/2016

The Terms of Reference of the Committee is as under :

- 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.

7. Details of the Sub-Committees constituted by the Board**(a) Share Transfer Committee**

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 12 times during the year 2016-17 on 6th April 2016, 2nd May 2016, 9th May 2016, 23rd May 2016, 20th June 2016, 8th July 2016, 9th August, 2016, 14th October 2016, 19th October 2016, 5th December 2016, 9th February 2017 and 2nd March 2017.

The brief details on the business transacted are as follows.

Details for the period for 01/04/2016 to 31/03/2017

S.No	Details	No. of Cases	No. of Shares
1	Transfer of Shares	33	21,841
2	Consolidation of Unclaimed Shares	0	0
3	Deletion of names	1	50
4	Issue of Duplicate Shares	3	20,200
5	Rematerialisation requests	1	100
6	Transmission of names	1	50
7	Dematerialisation requests	32	46,202
8	Issue of Split Shares	4	600

The members of the Share Transfer Committee are :

Name	Designation
N M Vaidyanathan	Chief Financial Officer
Rama Sivaraman	Director
Christina Pauline Beulah	Company Secretary

8. 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
March 31, 2014	July 23, 2014 at 11:45 a.m.	The Music Academy, New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014	To approve the payment of remuneration to non- executive directors
March 31, 2015	June 23, 2015 at 3:00 PM	“Rani Seethai Hall”, No.603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006	-
March 31, 2016	July 7, 2016 at 3:00 PM	“Rani Seethai Hall”, No.603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006	-

9. Postal Ballot :

During the fiscal 2017, the Company passed the following special resolutions by postal ballot :

Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results	Scrutinizer Name
	No. of Votes	%	No. of Votes	%		
Appointment of Mr.Krishnan Aruna Canekaratne as Chairman and Non Executive Director (Ordinary)	60,143,603	100	1079	0	20th May 2016	Mr. S Bhaskar, BP & Associates, Company Secretaries
Appointment of Prof.Jayaraman Ramachandran as an Independent Director (Ordinary)	60,143,903	100	1579	0		
Appointment of Mr.Sunil Bowry as an Independent Director (Ordinary)	60,143,063	100	1579	0		
Appointment of Mr.Arvind Sharma as an Independent Director (Ordinary)	60,143,713	100	1,729	0		
Appointment of Mr.Hari Raju Mahadevu as an Independent Director (Ordinary)	60,143,863	100	1,579	0		
Appointment of Mr.Anuranjan Krishan Kalia as Non-Executive Director (Ordinary)	60,143,863	100	1,579	0		
Appointment of Mrs. Rama Sivaraman as Whole time Director (Ordinary)	60,143,753	100	1,729	0		
Reclassification of promoters of the company (Special)	7,008,855	99.98	1,325	0.02	10th November 2016	Mr. Jayanth Viswanathan, RBJV & Associates
Change of Registered Office of the Company from 244/713, Anna Salai, Chennai- 600 006 to No.34, IT Highway, Navallur, Chennai- 600 130 (Special)	87,869,419	99.99	4,896	0.01		
Approval of increase in limits of Related Party Transaction (Ordinary)	9,794,651	93.17	718,021	6.83	24th March 2017	Mr. Jayanth Viswanathan, RBJV & Associates

The procedure for conduct of Postal ballot being followed by the Company is in accordance with the provisions of Companies Act, 2013, Companies (Management and Administration) Rules, 2014 and secretarial standards.

Disclosures**(a) Related Party Transactions**

Related Party Transactions are defined as transactions of the Company of material nature, with Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Details on related party transactions are shown in the Note No.33 and 34 under Significant Policies and Notes to accounts to the 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:- Nil.

c. Compliance with mandatory requirements and adoption of non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

The Company has complied with the mandatory requirements of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including CEO/CFO certification. As required under the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, 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 relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, was adhered/adopted has also been provided elsewhere in this report.

The relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 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:-

(a) Nomination and Remuneration Committee

The Company has constituted Nomination and Remuneration Committee consisting of Non-executive Directors and Independent Directors. A detailed note on Nomination and Remuneration Committee is provided elsewhere in the report.

(b) 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 of the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2016-17; no employee has been denied to access the Audit Committee.

(c) Ombudsman

Ombudsman is a Polaris initiative, to resolve workplace conflicts. Incidentally the first office of the Ombudsman in the IT industry in India was set up at Polaris. 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.

(d) Risk Management framework

Risk Management Committee was constituted by the Board of Directors on 29th March 2016 and the members of the committee is given below:

Name	Designation
Mr.Hariraju Mahadevu	Chairman
Mr.Sunil Bowry	Member
Mr.Anuranjan Krishan Kalia	Member

Risk Management Policy was adopted by the Board of Directors in its meeting held on 29th March 2016 to chalk out the plan for risk mitigation.

(e) Insider Trading Policy

As per the SEBI (Prohibition of 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 closure during the year 2016-17 is as under:

Sl. No.	Closed on	Opened on
1	2nd May 2016	16th May 2016
2	29th July 2016	11th August 2016
3	14th October 2016	15th February 2017
4	15th March 2017	

(f) 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.

The Company has formulated and implemented a code of conduct for the Board of Directors and Senior Management of the Company. The code of conduct has also been posted in the Company's website www.polarisft.com. The necessary declaration as required under SEBI (LODR) Regulations, 2015 with respect to annual affirmation given by the executive director of the Company regarding compliance of the code of conduct for the financial year 2016-17 is given below.

To The Members Polaris Consulting & Services Limited Chennai Sub: Declaration by the Executive Director under Regulation 26(3) of Listing Regulations I, Rama Sivaraman, Executive Director of Polaris Consulting & Services 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, 2017. Rama Sivaraman <i>Executive Director</i> Place: Chennai Date: May 15, 2017

g) Weblink for the Policy for determination of material subsidiary, Policy on materiality of Related Party Transaction and, remuneration Policy are provided here >> : <http://www.polarisft.com/investor/corporate-governance.asp>

Weblink for the investor presentation :

The Company's presentation for the investors on the performance of the Company for the financial ended 31/03/2017 was uploaded on the 15th May 2017 subsequent to the approval of financial results of the Company for the said year ending. The weblink is given here : http://www.polarisft.com/investor/presentations/Investor_Q416-17.PDF

10. Discretionary Requirements :

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below :

10.1 Non-Executive Chairman's Office : Chairman's office is separate from that of the Managing Director & CEO. However, the same is now maintained by the Chairman himself.

10.2 Shareholders' Rights : As the Quarterly and Half Yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the Shareholders.

10.3 Modified opinion in auditors report : The Company's financial statement for the year 2016-17 does not contain any modified audit opinion.

10.4 Separate posts of Chairman and CEO : The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.

10.5 Reporting of Internal Auditor : The Internal Auditor reports to the Audit Committee.

11. 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.polarisFT.com.

Quarterly results: Our quarterly results are published in widely circulated national newspapers such as Business Line, the local daily The Hindu tamil edition.

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 share holders is 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.polarisFT.com.

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

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

General Shareholder information	
Date of incorporation	January 5, 1993
Company Registration Number	L65993TN1993PLC024142
Registered Office	34 IT Highway, Navallur, Chennai-600 130
Date and Time of Annual General Meeting	25th September 2017 10:00 A.M
Venue of Annual General Meeting	No.34 IT Highway, Navallur, Chennai-600 130
Financial Reporting: (tentative and subject to change) 01.04.2017 – 31.03.2018	
First quarter ending June 30, 2017	Between 16th and 31st July 2017
Second quarter ending September 30, 2017	Between 16th and 31st October 2017
Third quarter ending December 31, 2017	Between 16th and 31st January 2018
For the year ending March 31, 2018	Between 16th and 30th April 2018
Book Closure	14/09/17 to 25/09/17
Dividend for 2016-17	No dividend has been declared for the year 2016-17
Listing of shares with Stock Exchanges / Polaris shares traded in	
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 w.e.f November 24, 1999.	BSE Ltd. 1st Floor, New Trade Wing, Rotunda Building, P J Towers, Dalal Towers, Mumbai-400 023 w.e.f. September 29, 1999
NSE – Scrip Code-POLARIS	BSE – Scrip Code- 532254
ISIN Code	INE763A01023

The Company hereby confirms that the Listing fee, payable to each of the stock exchanges for the year 2016-17 as well as 2017-18 in which the Company's shares are Listed have been paid.

- The Company's shares are traded in "Group A" category in the Bombay Stock Exchange, Mumbai since March 26, 2001.
- BSE Ltd has decided to include Polaris share in the "BSE mid-cap index" with effect from January 2011.

Reconciliation of Share Capital Audit :

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carried out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges, NSDL and CDSL is also placed before the Board of Directors. No discrepancies were noticed during these audits other than listing of 50 shares which was held in abeyance and subsequently released. The Company has applied for listing those 50 shares to NSE. BSE has listed those 50 shares and NSE is process the same for listing. The Company has been coordinating with NSE in this regard.

Registrar and Share Transfer Agent	Karvy Computershare Private Ltd. Unit: Polaris Consulting & Services Limited Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 008 E-mail: einward.ris@karvy.com URL: www.karvycomputershare.com
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Publication of Quarterly Results

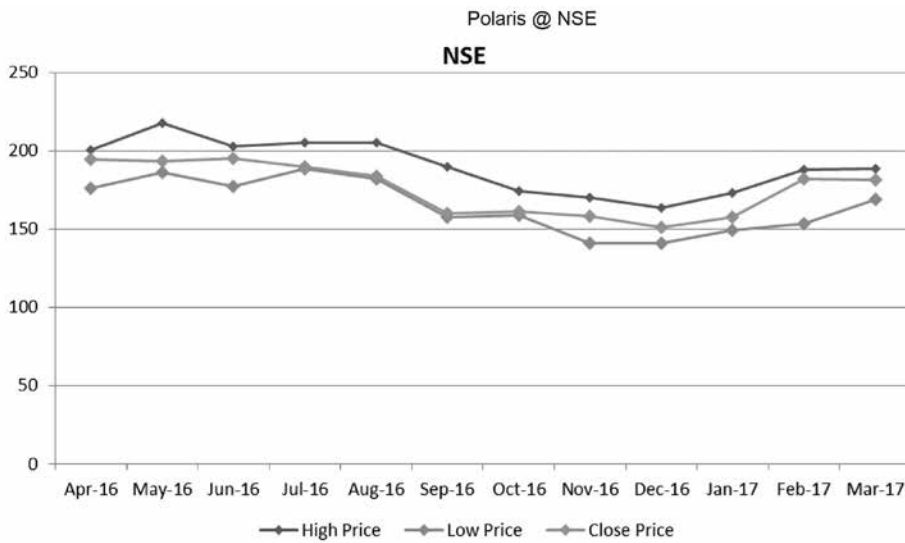
Details of Quarterly financial results published during financial year 2016-17

ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	May 13, 2016
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	August 10, 2016
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	November 11, 2016
ENGLISH TAMIL	BUSINESS LINE The Hindu Tamil Edition	February 9, 2017
Website address of the Company in which reports/financial results have been posted		www.polarisft.com
Website address of stock exchange(s) in which reports / financial results are posted The National Stock Exchange of India Ltd The Bombay Stock Exchange Ltd- www.nseindia.com and www.bseindia.com		

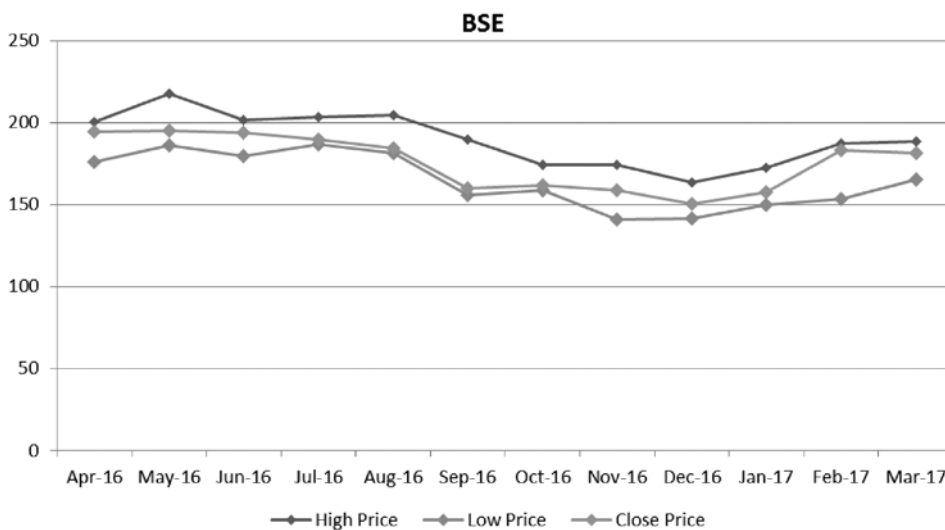
12. Stock market data about the shares of the Company for the period April 2016 to March 2017 at National Stock Exchange Limited (NSE) and BSE Limited (BSE).

Stock market data and the graphical representation of closing market prices movement of the Company's shares quoted in the Bombay Stock Exchange (BSE) Mumbai and National Stock Exchange Ltd. (NSE) from April 2016 to March 2017

Month 2016-17	NSE Price			
	High Price	Low Price	Close Price	Volume
April 2016	200.20	176.00	194.45	64,524
May 2016	217.50	186.05	193.40	135,969
June 2016	202.50	177.25	195.00	42,885
July 2016	204.95	188.50	189.90	21,154
August 2016	204.95	182.00	183.80	26,692
September 2016	189.90	157.55	159.70	56,897
October 2016	173.90	158.65	161.30	14,896
November 2016	169.80	141.10	158.05	292,263
December 2016	163.70	140.95	151.25	137,846
January 2017	172.80	149.05	157.50	208,710
February 2017	187.90	153.60	182.00	112,877
March 2017	188.30	169.00	181.10	114,868

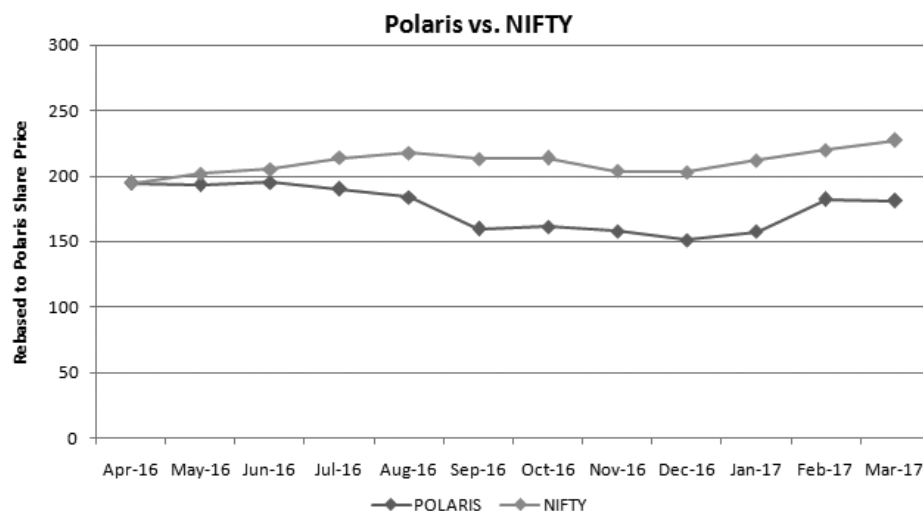


Month 2016-17	BSE Price			
	High Price	Low Price	Close Price	Volume
April 2016	200.30	175.70	194.35	10,833
May 2016	217.50	186.00	195.20	14,341
June 2016	201.60	179.75	193.75	9,242
July 2016	203.40	186.50	189.60	7,540
August 2016	204.50	181.55	184.05	10,477
September 2016	189.70	156.00	160.05	9,530
October 2016	174.00	158.75	161.50	676
November 2016	174.00	141.10	158.70	14,076
December 2016	163.70	141.55	150.55	21,985
January 2017	172.50	150.00	157.35	23,602
February 2017	187.00	153.60	183.10	18,928
March 2017	188.40	165.05	181.05	4,346



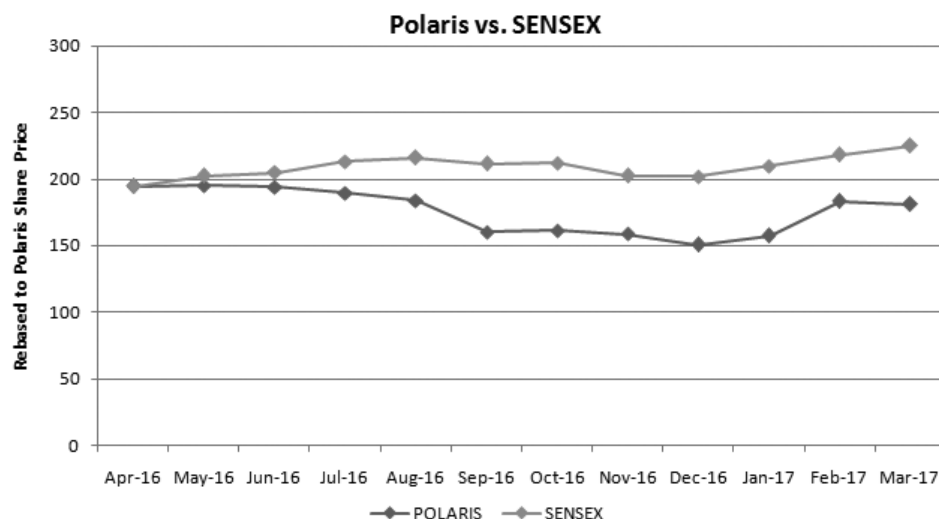
Polaris Consulting & Services Limited Share Price (High/Low) during the financial year 2016-17

Stock Exchange	Yearly High Price	Date	Yearly Low Price	Date
NSE	217.50	18/05/2016	140.95	26/12/2016
BSE	217.50	18/05/2016	141.10	9/11/2016



NIFTY Vs POLARIS @ NSE

	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sept'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17
POLARIS	194.45	193.40	195.00	189.90	183.80	159.70	161.30	158.05	151.25	157.50	182.00	181.10
NIFTY	7,849.8	8,160.1	8,287.75	8,638.5	8,786.2	8,611.15	8,625.7	8,224.5	8,185.8	8,561.3	8,879.6	9,173.75



SENSEX Vs POLARIS @ BSE

	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sept'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17
POLARIS	194.35	195.2	193.75	189.6	184.05	160.05	161.5	158.7	150.55	157.35	183.1	181.05
SENSEX	25,606.62	26,667.96	26,999.72	28,051.86	28,452.17	27,865.96	27,930.21	26,652.81	26,626.46	27,655.96	28,743.32	29,620.5

13. Shareholding pattern of the Company as on March 31, 2017

CATEGORY CODE	CATEGORY OF SHARE-HOLDER	NO. OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO. OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A) PROMOTER AND PROMOTER GROUP								
(1)	INDIAN							
(a)	Individual /HUF	0	0	0	0	0	0	0
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	76,081,069	76,081,069	74.50	74.50	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	1	76,081,069	76,081,069	74.50	74.50	0	0.00
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	0	0	0	0.00	0.00	0	0.00
	Total A=A(1)+A(2)	1	76,081,069	76,081,069	74.50	74.50	0	0.00
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	24	2,594,572	2,594,572	2.54	2.54	0	0.00
(b)	Financial Institutions / Banks	6	448,570	448,570	0.44	0.44	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	59	7,758,587	7,758,437	7.60	7.60	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total B(1) :	89	10,801,729	10,801,579	10.58	10.58	0	0.00
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	620	2,337,224	2,336,674	2.29	2.29	0	0.00
(b)	Individuals						0	0.00
	(i) Individuals holding nominal share capital upto Rs.1 lakh	40,462	9,487,785	9,323,772	9.29	9.29	0	0.00
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	42	2,580,539	2,580,539	2.53	2.53	0	0.00

CATEGORY CODE	CATEGORY OF SHARE-HOLDER	NO. OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO. OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PER-CENTAGE of (A+B)	As a PER-CENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PER-CENTAGE (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(c)	Others							
	TRUSTS	1	98,988	98,988	0.10	0.10	0	0.00
	NBFC	3	941	941	0.00	0.00	0	0.00
	NRI NON-REPATRIATION	207	141,413	141,413	0.14	0.14	0	0.00
	CLEARING MEMBERS	85	32,103	32,103	0.03	0.03	0	0.00
	NON RESIDENT INDIANS	467	524,080	522,630	0.51	0.51	0	0.00
	OVERSEAS CORPORATE BODIES	2	300	250	0.00	0.00	0	0.00
	TRUSTS	7	34,583	34,583	0.03	0.03	0	0.00
	Sub-Total B(2) :	41,896	15,237,956	15,071,893	14.92	14.92	0	0.00
	Total B=B(1)+B(2) :	41,985	26,039,685	25,873,472	25.50	25.50	0	0.00
	Total (A+B) :	41,986	102,120,754	101,954,541	100.00	100.00	0	0.00
(C)	Shares held by custodians, against which					0	0	
	Depository Receipts have been issued					0	0	
(1)	Promoter and Promoter Group						0	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A+B+C) :	41,986	102,120,754	101,954,541	100.00	0.00	0	0.00

*No shares were pledged by the promoters as on March 31, 2017

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

S No	Name	Shares	% Equity
1	VIRTUSA CONSULTING SERVICES PRIVATE LIMITED	76,081,069	74.50
2	LSV EMERGING MARKETS EQUITY FUND LP	20,68,889	2.03
3	UTI- BALANCED FUND	10,79,025	1.06
4	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	10,60,000	1.04
	TOTAL	80,288,983	78.62

Shareholding of Directors / office bearers as on March 31, 2017.

S No.	Name of the Director / Office Bearer	No. of. Shares	% Share Capital
1	Krishan Aruna Canekaratne, Director	0	0
2	Anuranjan Krishan Kalia, Director	0	0
3	Jayaraman Ramachandran, Director	0	0
4	Arvind Sharma, Director	0	0
5	Hari Raju Mahadevu, Director	0	0
6	Sunil Bowry, Director	0	0
7	Rama Sivaraman, Director	39,820	0.038
8	N M Vaidyanathan, Chief Financial Officer	379	0.0004
9	Christina Pauline Beulah, Company Secretary	0	0

Distribution Schedule of Shareholding as on March 31, 2017

Category (Shares)	Total		Electronic		Physical	
	No. of Share holders	No. of Shares	No. of Share holders	No. of Shares	No. of Share holders	No. of Shares
1 - 5000	41,636	8,403,361	40,604	82,37,148	1,032	166,213
5001 - 10000	167	1,200,911	167	1,200,911	0	0
10001 - 20000	77	1,110,378	77	1,110,378	0	0
20001 - 30000	36	943,661	36	943,661	0	0
30001 - 40000	14	478,959	14	478,959	0	0
40001 - 50000	10	451,163	10	451,163	0	0
50001 - 100000	16	1,163,152	16	1,163,152	0	0
100001 and above	30	88,369,169	30	88,369,169	0	0
TOTAL:	41,986	102,120,754	40,954	101,954,541	1,032	166,213

Comparative distribution schedule as on March 31, 2017

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
31/03/2017	166,213	0.16	101,954,541	99.83	102,120,754	100
31/03/2016	210,315	0.21	101,156,559	99.79	101,366,874	100
Shareholders						
31/03/2017	1,032	2.46	40,954	97.54	41,986	100
31/03/2016	1,052	2.51	40,855	97.49	41,907	100

14. 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 Messrs 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.

• **Dividend Information**

Members who have not claimed the dividend for the below mentioned periods are requested to lodge their claim with the Company. No claim shall lie for the unclaimed dividends from IEPF by the members. The due dates for transfer of unclaimed dividends to IEPF, pertaining to different financial years are given below:

Financial Year ended	Dividend			Date of declaration of Dividend	Amount Lying Unpaid (in Rs.)	Last date for claiming unpaid Dividend
	Type	%	Per Share (in Rs.)			
31.03.2010	Final	35%	1.75	17.07.2010	582,027	16.08.2017
31.03.2011	Final	90%	4.50	20.07.2011	1,181,327	19.08.2018
31.03.2012	Interim	40%	2.00	16.02.2012	587,880	15.03.2019
	Final	60%	3.00	19.11.2012	1,069,380	18.12.2019
31.03.2013	Final	100%	5.00	08.08.2013	1,660,235	07.09.2020
31.03.2014	Final	100%	5.00	23.07.2014	1,484,248	22.08.2021
31.03.2015	Interim	100%	5.00	19.03.2015	1,707,090	18.04.2022
	Final	200%	10.00	23.06.2015	2,912,390	22.07.2022
Total					11,184,577	

During the year under review, the company has revalidated 196 dividend warrants amounting to Rs.280,985 and the same was issued to the shareholders.

Dividend remitted to IEPF during the previous three years

Sl. No.	Pertaining to Financial year	Date of payment	Amount (in Rs.)
1	2009-10-Interim	23/02/2017	653,336
2	2008-09 Final	17/08/2016	606,078
3	2008-09-Interim	22/02/2016	876,710
4	2007-08-Final	16/08/2015	821,165
5	2006-07-Final	09/05/2014	592,968

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

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

A Policy on Insider Trading has been implemented and continues to be in force since December 1999, as amended 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 associates including Directors as defined in the Insider Trading policy. This code forms part and parcel of the service conditions of the employees of the Company.

- **Disclosures with respect to demat suspense account / unclaimed suspense account**

In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI vide its circular CIR/CFD/DIL/10/2010 dated December 16, 2010; the company has opened a Demat account in the name of "Polaris Financial Technology Limited Unclaimed Suspense Account" with ICICI Bank Limited, DP IN302679, Client ID No.38718320 Chennai for the purpose of transferring the unclaimed shares lying with RTA, Karvy Computershare (P) Ltd. The name of the aforesaid account has been changed into Polaris Consulting & Services Limited Unclaimed Suspense Account pursuant to the change of name of the Company, during the year.

The RTA has not received any response for the three reminders sent to the shareholders [at the address given in the application form as well as captured from depository's database] asking for correct particulars to dispatch the shares lying unclaimed with RTA. Hence as per the directions of the above said circular; the shares held by those shareholders were dematerialized and transferred to the above said demat account As of 31st March 2017 the Company has transferred 3,400 equity shares from the said account to the respective shareholders upon their request

As and when any shareholder approaches the Company or RTA to claim the above said shares, 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 on the unclaimed outstanding shares 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 from suspense account during the year	Number of shareholders to whom shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
Shareholders	Shares			Shareholders	Shares
529	83,500	13	13	516	80,100

- **Locations**

Headquartered in Chennai; the other branch offices addresses / locations are furnished elsewhere in the Annual Report. Polaris also has one subsidiary in India namely Optimus Global Services Limited,

- **Addresses for correspondence**

The Company Secretary & Compliance Officer

POLARIS CONSULTING & SERVICES LTD

Registered Office: 34 IT Highway, Navallur, Chennai-600 130

Phone: 044-39873000, Fax: 044-2743 5128

E-mail: shareholderquery@virtusapolaris.com

companysecretary@virtusapolaris.com

christinapaulineb@virtusapolaris.com

Commodity price risk or foreign exchange risk and hedging activities:

The Company has adopted a foreign exchange hedging policy which was duly approved by the Board of Directors on the 26th of April 2016 which lays down guidelines for minimizing the foreign exchange risk.

By order of the Board
For **Polaris Consulting & Services Limited**

Jayaraman Ramachandran
Director

Place: Chennai

Date: May 15, 2017

CEO & CFO CERTIFICATION

To: The Board of Directors of Polaris Consulting & Services Limited, Chennai

We, Rama Sivaraman, Executive Director and N M Vaidyanathan, Chief Financial Officer of Polaris Consulting & Services Limited., hereby confirm that:-

- (a) We have reviewed financial statements and the Cash Flow Statement of the company for the financial year ended March 31, 2017 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.

Rama Sivaraman
Executive Director

N M Vaidyanathan
Chief Financial Officer

Place: Chennai

Date: May 15, 2017

**Auditors' Certificate on compliance with the conditions of Corporate Governance
under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)
Regulations 2015**

AUDITORS' CERTIFICATE

To

The Members of Polaris Consulting & Services Limited

We have examined the compliance of conditions of Corporate Governance by Polaris Consulting & Services Limited, for the year ended 31 March 2017, as per regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditors' Responsibility

Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restriction on Use

This Certificate has been solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For B S R & Co., LLP

Firm registration No.101248W/W-100022

Chartered Accountants

per S.Sethuraman

Partner

Membership No.203491

Place: Chennai

Date: May 15, 2017

Independent Auditors' Report

To The Members of Polaris Consulting & Services Limited

Report on the Standalone Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Polaris Consulting & Services Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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

Auditors' Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 12 May 2016 and 30 April 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules made thereunder.
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 B"; and
- g) with respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 32 to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts as at the year-end;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. the Company did not have any holdings or dealings in Specified Bank notes during the period from 8 November 2016 to 30 December 2016. Refer note 11C of the standalone Ind AS financial statements.

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

Chartered Accountants

ICAI Firm Registration No: 101248W / W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: 15 May 2017

Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements of Polaris Consulting & Services Limited for the year ended 31 March 2017. We report that:

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

b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a service company, primarily rendering software services. Accordingly, as at 31 March 2017, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) In our opinion and according to the information and explanation 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 Act. Accordingly, paragraph 3(iii) of the said Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act with respect to the investments made. The Company has not granted any loans or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act. Accordingly, to that extent paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, value added tax, service tax, duty of customs, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, service tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they become payable.

b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax and duty of customs which have not been deposited with the appropriate authorities on account of any disputes other than the following dues:

Name of the statute	Nature of dues	Amount disputed (INR in Lakhs)*	Period to which the amount relates (Assessment year)	Forum where dispute is pending
Income tax Act, 1961	Income tax	5,806.86	2001-10	High court
Income tax Act, 1961	Income tax	5,714.33	2005-12	Appellate Tribunal
Income tax Act, 1961	Income tax	4,918.81	2010-14	Commissioner of Income Tax
Tamil Nadu General Sales Act, 1959	Sales tax	207.97	2004-05	Madras High Court
Central Sales Tax Act, 1956	Central Sales tax**	42.40	2006-08	Andhra High Court
The Finance Act, 1994	Service tax**	79.95	2006-13	CESTAT
The Finance Act, 1994	Service tax**	100.55	2004-06	Madras High Court

*Does not include interest and penalty.

** The Company has also deposited a sum of INR 46.54 lakhs under protest.

Annexure - A to the Independent Auditors' Report (Continued)

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals as per provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly paragraph 3 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

S Sethuraman

Partner

Membership Number: 203491

Place: Chennai

Date: 15 May 2017

Annexure 'B' to the Independent Auditors' Report

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 **Polaris Consulting & Services Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 Auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 standalone Ind AS 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 standalone Ind AS 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 (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 standalone Ind AS 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 31 March 2017, 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 issued by the ICAI.

for B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248W / W-100022

S Sethuraman

Partner
Membership No: 203491
Place: Chennai
Date: 15 May 2017

Balance Sheet as at March 31, 2017

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

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	14,157.42	15,530.55	15,981.19
Investment property	6	5,309.09	5,309.09	3,989.09
Other intangible assets	5	203.85	275.66	420.22
Intangible assets under development	5	277.41	-	-
Financial assets				
Investments	7	4,381.09	8,543.40	17,759.70
Other bank balances	11B	19.83	19.83	374.09
Derivative financial instruments	12	-	554.62	244.26
Loans	13	103.08	228.24	235.18
Other financial assets	14	811.21	838.28	945.97
Income tax assets, net		7,425.72	5,897.62	7,270.72
Deferred tax assets, net	8	8.89	1,642.00	289.30
Other non-current assets	15	113.27	168.86	149.71
Total non-current assets		32,810.86	39,008.15	47,659.43
Current assets				
Financial assets				
Investments	7	12,871.98	11,932.55	809.16
Trade receivables	9	22,891.98	19,434.30	25,046.49
Unbilled revenue	10	13,875.30	15,069.76	18,540.77
Cash and cash equivalents	11A	16,178.87	3,883.20	2,809.30
Other bank balances	11B	486.85	482.64	5,169.01
Derivative financial instruments	12	3,923.01	513.99	5,528.56
Loans	13	405.65	819.61	1,094.01
Other financial assets	14	122.83	5,530.39	2,429.89
Other current assets	16	1,516.81	2,334.37	1,123.79
		72,273.28	60,000.81	62,550.98
Disposal group - assets held for sale	36	-	574.16	-
Total current assets		72,273.28	60,574.97	62,550.98
Total assets		105,084.14	99,583.12	110,210.41
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	5,106.04	5,068.34	4,995.73
Other equity		70,882.88	58,572.68	63,721.38
Total equity		75,988.92	63,641.02	68,717.11
Liabilities				
Non-current liabilities				
Deferred tax liabilities, net	8	134.98	138.02	-
Total non-current liabilities		134.98	138.02	-
Current liabilities				
Financial Liabilities				
Trade payables	21	-	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		15,548.93	18,480.23	18,152.93
Other financial liabilities	22	5,250.08	7,281.46	12,676.18
Current tax liabilities		568.36	288.73	614.96
Provision for employee benefits	20	3,041.50	3,020.60	1,697.53
Other current liabilities	23	4,551.37	6,358.90	8,351.70
		28,960.24	35,429.92	41,493.30
Disposal group – liabilities directly associated with assets held for sale	36	-	374.16	-
Total current liabilities		28,960.24	35,804.08	41,493.30
Total equity and liabilities		105,084.14	99,583.12	110,210.41

The notes from 1 to 37 are an integral part of these financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Statement of Profit and Loss for the year ended March 31, 2017

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations		151,097.91	157,638.50
Other income	24	1,973.21	3,176.89
Total income		153,071.12	160,815.39
Expenses			
Employee benefits expense	25	109,791.41	113,560.41
Depreciation and amortisation expense	26	2,227.63	2,493.72
Other expenses	27	25,215.11	27,066.14
Total expenses		137,234.15	143,120.27
Profit before exceptional items and income tax expense		15,836.97	17,695.12
Exceptional items	28	-	(2,183.58)
Profit before income tax expense		15,836.97	15,511.54
Current tax		5,239.43	6,460.56
Provision for taxes relating to earlier years		-	1,832.45
Deferred tax		663.78	585.05
Income tax expense	8	5,903.21	8,878.06
Profit after tax		9,933.76	6,633.48
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability / (asset)	20	5.97	33.13
Equity investments through other comprehensive income - net change in fair value		(121.31)	(794.49)
Gain on disposal of equity shares		3.12	19.84
Income tax relating to items that will not be reclassified to profit or loss	8	(2.06)	(11.47)
Net other comprehensive income that will not be reclassified subsequently to profit or loss		(114.28)	(752.99)
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations		(230.88)	341.10
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		2,854.41	(4,704.21)
Gains / (Losses) on securities classified as fair value through other comprehensive income		-	(160.94)
Reclassification of gains / (losses) on securities classified as fair value through other comprehensive income		37.88	(691.53)
Income-tax relating to items that will be reclassified to profit or loss	8	(996.59)	1,827.88
Net other comprehensive income that will be reclassified subsequently to profit or loss		1,664.82	(3,387.70)
Other comprehensive income for the year, net of income tax expense		1,550.54	(4,140.69)
Total comprehensive income		11,484.30	2,492.79
Earnings per share	29		
Basic earnings per share (INR)		9.78	6.62
Diluted earnings per share (INR)		9.71	6.54

The notes from 1 to 37 are an integral part of these financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Statements of Changes in Equity for the year ended March 31, 2017*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***A. Equity Share Capital**

	Note	Amount
Balance as at April 1, 2015		4,995.73
Changes in equity share capital during 2015-16	17	72.61
Balance as at March 31, 2016		5,068.34
Changes in equity share capital during 2016-17	17	37.70
Balance as at March 31, 2017		5,106.04

B. Other Equity

	Attributable to the owners of the Company						
	Securities premium	Share based payments reserve	Reserves and surplus	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Items of OCI
			Treasury stock		Investments through OCI	Other items of OCI (Refer note 188)	Total
Balance at April 1, 2015	1,555.07	981.06	(328.78)	53,367.11	2,701.06	3,810.63	1,510.72
63,721.38							
Total comprehensive income for the year ended March 31, 2016							
Profit or loss	-	-	-	6,633.48	-	-	-
Other comprehensive income (net of tax)	-	-	-	-	341.10	(3,111.85)	(1,411.44)
41.50							
Total comprehensive income	-	-	-	6,633.48	341.10	(3,111.85)	(1,411.44)
2,492.79							
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares options exercised	1,405.08	-	-	-	-	-	-
Dividends	-	-	-	(12,048.02)	-	-	-
Share based payment	-	709.54	-	-	-	-	-
Shares issued by trust	-	-	297.84	-	-	-	-
Gain on sale of shares held by trust	1,824.57	-	-	-	-	-	-
Dividend paid to trust	-	-	-	169.50	-	-	-
Total transactions with owners	3,229.65	709.54	297.84	(11,878.52)	-	-	-
Balance at March 31, 2016	4,784.72	1,690.60	(30.94)	48,122.07	3,042.16	698.78	99.28
58,572.68							

	Attributable to the owners of the Company							Total
	Reserves and surplus			Items of OCI				
	Securities premium	Share based payments reserve	Treasury stock	Retained earnings	Exchange differences on translation of foreign operations	Effective por-tion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 18B)
Balance at April 1, 2016	4,784.72	1,690.60	(30.94)	48,122.07	3,042.16	698.78	99.28	166.01
Total comprehensive income for the year ended March 31, 2017								
Profit or loss	-	-	-	9,933.76	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	-	(230.88)	1,866.56	(92.17)	7.03
Total comprehensive income	-	-	-	9,933.76	(230.88)	1,866.56	(92.17)	7.03
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares options exercised	732.54	-	-	-	-	-	-	-
Share based payment	-	80.55	-	-	-	-	-	-
Shares issued by trust	-	-	2.85	-	-	-	-	-
Gain on sale of shares held by trust	9.96	-	-	-	-	-	-	-
Total transactions with owners	742.50	80.55	2.85	-	-	-	-	-
Balance at March 31, 2017	5,527.22	1,771.15	(28.09)	58,055.83	2,811.28	2,565.34	7.11	173.04

The notes from 1 to 37 are an integral part of these financial statements

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner
Membership No.: 203491
Chennai
May 15, 2017

Vaidyanathan N M
Chief Financial Officer

Christina Pauline Beulah
Company Secretary

Hari Raju Mahadevu
Director
DIN: 03262516

Rama Sivaraman
Executive Director
DIN: 07425519

Vaidyanathan N M
Chief Financial Officer

Christina Pauline Beulah
Company Secretary

Statement of Cash Flows for the year ended March 31, 2017
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year	9,933.76	6,633.48
Adjustments for:		
Depreciation and amortisation	2,227.63	2,493.72
Equity-settled share-based payments	80.55	-
Unrealised foreign exchange (gain)/loss	232.10	(10.75)
Interest income	(198.43)	(430.98)
Gain on sale of investments (net)	(582.61)	(498.23)
Financial assets mandatorily measured at FVTPL - net change in fair value	(92.12)	(180.62)
Net gain on sale of property, plant and equipment	(683.05)	(5.17)
Dividend income	-	(1,203.21)
Transaction expenses	-	1,517.55
Loss on impairment of BPO business assets	-	666.03
Income tax expense	5,903.21	8,878.06
Operating profit before working capital changes	16,821.04	17,859.88
Working capital adjustments:		
Decrease/(increase) in trade receivables	(2,590.72)	5,997.45
Decrease/(increase) in other assets	3,513.73	(1,038.77)
Increase/(decrease) in trade payables, other liabilities and provisions	(3,456.46)	1,465.24
Cash generated from operations	14,287.59	24,283.80
Direct taxes paid (net of refunds)	(6,533.71)	(7,246.13)
Net cash flow generated from operating activities (A)	7,753.88	17,037.67
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(1,944.86)	(2,103.55)
Acquisition of investment property	-	(1,320.00)
Acquisition of investments	(60,624.15)	(10,757.01)
Proceeds from sale of investments	64,322.84	10,780.15
Investment in bank deposits	-	429.27
Proceeds from sale of property, plant and equipment	1,662.10	77.38
Proceeds from sale of BPO division	145.00	-
Interest received	292.53	602.75
Dividend received	-	1,203.21
Net cash generated from/ (used in) investing activities (B)	3,853.46	(1,087.80)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of share options	37.70	72.61
Proceeds from securities premium on exercise of share options	732.55	1,405.08
Proceeds from sale of treasury shares	12.81	2,122.41
Payment of transaction costs (refer note 28 (a))	-	(1,517.55)
Dividend paid during the year	(16.53)	(17,013.64)
Net cash flow from financing activities (C)	766.53	(14,931.09)
Net increase in cash and cash equivalents (A+B+C)	12,373.87	1,018.78
Cash and cash equivalents as at April 1	3,883.20	2,809.30
Effect of exchange rate fluctuations on cash held	(78.20)	55.12
Cash and cash equivalents at March 31	16,178.87	3,883.20
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balance with banks in current accounts	16,178.87	3,883.20
Balance as per statement of cash flows	16,178.87	3,883.20

The notes from 1 to 37 are an integral part of these financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited
S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Notes to the financial statements

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

1 Reporting entity

Polaris Consulting & Services Limited (formerly known as Polaris Financial Technology Limited) ("Polaris" or "the Company") is primarily engaged in the business of IT services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services. The Company (CIN: L65993TN1993PLC024142) is a public limited Company domiciled and incorporated in India and its equity shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company is a subsidiary of Virtusa Consulting Services Private Limited ("holding company" or "Virtusa India") and its ultimate holding company is Virtusa Corporation ("Virtusa").

2 Summary of significant accounting policies

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

a) Basis of preparation

(i) Statement of compliance

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

The financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

As these are financial statements prepared in accordance with the Ind AS, Ind AS 101, "First-time Adoption of Indian Accounting Standards", has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 37

The financial statements were authorised for issue by the Company's Board of the Directors on May 15, 2017.

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

Items

Certain financial assets and liabilities (including derivative instruments)
Net defined benefit (asset) / liability

Measurement basis

Fair value
Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgment

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

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

Judgments

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

- Note 8(E) - Unrecognised deferred tax liabilities
- Note 34 - Consolidation: whether the Group has de facto control over an investee

Notes to the financial statements

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

- Note 2(k) – revenue recognition for fixed price contracts based on ‘percentage of completion’ method;
- Note 8 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 20 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 32 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 30 – impairment of financial assets.

(v) Measurement of fair values

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

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

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

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

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

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

- Note 19 – share-based payment arrangements;
- Note 36 – disposal group – assets held for sale;
- Note 6 – investment property (for disclosures); and
- Note 30 – financial instruments

b) Foreign currency**Foreign currency transactions**

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

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

Foreign operations

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

c) Financial instruments**(i) Recognition and measurement**

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

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

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(ii) Classification and subsequent measurement****Financial assets**

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

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss. See Note 2(c)(vi) for financial liabilities designated as hedging instruments.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(iii) Derecognition***Financial assets*

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Treasury shares

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

(vi) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(vii) Cash dividend to equity holders**

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

d) Property, plant and equipment**(i) Recognition and measurement**

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

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

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

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

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 37).

(iii) Subsequent expenditure

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

(iv) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values on a straight-line method based on the useful lives specified in Schedule II of the Companies Act, 2013 and is recognised in the statement of profit and loss. Freehold land is not depreciated.

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

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

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

e) Other intangible assets**(i) Internally generated: Research and development**

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

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

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

(iii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(iv) Amortization

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

The estimated useful lives are as follows:

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

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

f) Investment property

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment property recognised as at April 1, 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

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

g) Impairment**(i) Impairment of financial instruments**

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

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

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

(ii) Impairment of non-financial assets

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

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting

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

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

h) Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, and employee benefit assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

i) Employee benefits**(i) Short-term employee benefits**

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

(ii) Share-based payment transactions*Recognition and measurement*

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to apply Ind AS 102 to equity instruments that remain unvested as at the date of transition. Also, for modifications that occurred before the date of transition to Ind ASs, the requirements of Ind AS 102 have been applied to the extent that the equity instruments remain unvested on the date of transition (Refer note 37).

(iii) Provident Fund

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

(iv) Gratuity

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

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(v) 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 has no further obligations under the Plan beyond its monthly contributions which are periodically contributed to a trust.

(vi) Compensated absences

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

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

(vii) Termination benefits

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

j) Provisions (other than for employee benefits)

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

Onerous contracts

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

k) Revenue recognition**(i) Rendering of services**

The Company derives its revenue from a variety of IT consulting, technology implementation and application outsourcing services. Contracts for these services have different terms and conditions based on the scope, deliverables, and complexity of the engagement which require management to make judgments and estimates in determining the overall cost to the customer. Fees for these contracts may be in the form of time and materials or fixed price arrangements.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last billing to the reporting date is recognised as unbilled revenues. Revenue from fixed-price arrangements, where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billing in excess of costs and earnings are classified as deferred revenue. Under the percentage of completion method, management estimates the percentage of completion based upon efforts incurred as a percentage of the total estimated efforts for the specified engagement. When total cost estimates exceed revenue, the Company accrues for the estimated losses immediately. The use of the percentage of completion method requires significant judgment relative to estimating total contract revenue and efforts, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in other engagement related costs. The Company's analysis of these contracts also contemplates whether contracts should be combined or segmented. Estimates of total contract revenue and efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified.

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

The Company offers certain services that are fixed fee or transaction based. The Company recognises revenue from these arrangements either ratably over the contractual period or as transactions occur.

l) Leases**(i) Determining whether an arrangement contains a lease**

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

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

(ii) Lease payments

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

m) Dividend income

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

n) Income tax

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

Notes to the financial statements

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

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

o) Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

p) Operating segments

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

3 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, Statement of cash flows and Ind AS 102, Share-Based Payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of cash flows and IFRS 2, Share-Based Payment, respectively. The amendments are applicable to the Company from April 1, 2017.

Amendments to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liability arising from financing activities, to meet the disclosure requirement.

The Company has evaluated the disclosure requirements of the amendment and the effect on the financial statements is not expected to be material.

Amendments to Ind AS 102

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values' but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled, share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The case payment to the tax authority is treated as if it was part of an equity settlement.

The Company has evaluated the disclosure requirements of the amendment and no effect on the financial statements is expected.

Notes to the financial statements

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

4. Property, plant and equipment**Reconciliation of carrying amount**

	Land	Buildings	Plant and equipment (including computer equipments and accessories)	Electrical fittings	Furniture and fixtures	Office Equipments	Vehicles	Leasehold improvement	Total
Gross carrying amount									
Balance as at April 1, 2015	4,222.67	6,669.85	2,396.05	409.99	929.98	668.34	561.16	123.15	15,981.19
Additions	-	-	1,196.96	17.69	206.34	187.38	254.48	-	1,862.85
Disposals	-	-	(43.62)	-	-	-	(28.59)	-	(72.21)
Exchange differences on translation of foreign operations	1.58	7.32	52.31	-	19.82	16.91	-	4.48	102.42
Other adjustments*	-	-	(25.31)	-	(4.32)	(2.45)	(5.94)	(30.20)	(68.22)
Balance as at March 31, 2016	4,224.25	6,677.17	3,576.39	427.68	1,151.82	870.18	781.11	97.43	17,806.03
Balance as at April 1, 2016	4,224.25	6,677.17	3,576.39	427.68	1,151.82	870.18	781.11	97.43	17,806.03
Additions	-	25.51	1,269.44	2.71	26.98	57.25	174.98	3.60	1,560.47
Disposals	(13.29)	(687.41)	(83.98)	(8.17)	(24.39)	(22.80)	(98.81)	-	(938.85)
Exchange differences on translation of foreign operations	(0.61)	(2.84)	(63.06)	(3.88)	(4.03)	(1.48)	-	(1.74)	(77.64)
Balance as at March 31, 2017	4,210.35	6,012.43	4,698.79	418.34	1,150.38	903.15	857.28	99.29	18,350.01
Accumulated depreciation and impairment losses									
Depreciation for the year	-	315.03	1,003.40	66.14	240.69	304.86	259.85	21.93	2,211.90
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	3.55	31.11	-	12.07	12.37	-	4.48	63.58
Balance as at March 31, 2016	-	318.58	1,034.51	66.14	252.76	317.23	259.85	26.41	2,275.48
Balance as at April 1, 2016	-	318.58	1,034.51	66.14	252.76	317.23	259.85	26.41	2,275.48
Depreciation for the year	-	293.00	977.36	55.85	174.10	220.62	222.98	75.12	2,019.03
Disposals	-	-	(8.84)	-	(2.10)	(1.45)	(12.26)	-	(24.65)
Exchange differences on translation of foreign operations	-	(1.60)	(52.79)	17.75	(19.70)	(7.23)	-	(13.70)	(77.27)
Balance as at March 31, 2017	-	609.98	1,950.24	139.74	405.06	529.17	470.57	87.83	4,192.59
Carrying amounts (net)									
At April 1, 2015	4,222.67	6,669.85	2,396.05	409.99	929.98	668.34	561.16	123.15	15,981.19
At March 31, 2016	4,224.25	6,358.59	2,541.88	361.54	899.06	552.95	521.26	71.02	15,530.55
At March 31, 2017	4,210.35	5,402.45	2,748.55	278.60	745.32	373.98	386.71	11.46	14,157.42

* Other adjustments represents adjustments with respect to impairment provision for Business Process Outsourcing division assets (refer note 36)

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***5. Other intangible assets****Reconciliation of carrying amount**

	Computer Software	Customer Contracts#	Total	Intangible assets under development
Gross carrying amount				
Balance as at April 1, 2015	361.89	58.33	420.22	-
Additions	137.25	-	137.25	-
Balance as at March 31, 2016	499.14	58.33	557.47	-
Balance as at April 1, 2016	499.14	58.33	557.47	-
Additions	136.37	-	136.37	277.41
Exchange differences on translation of foreign operations	32.30	-	32.30	-
Balance as at March 31, 2017	667.81	58.33	726.14	277.41
Accumulated amortisation and impairment losses				
Amortisation for the year	223.48	58.33	281.81	-
Balance as at March 31, 2016	223.48	58.33	281.81	-
Balance as at April 1, 2016	223.48	58.33	281.81	-
Amortisation for the year	208.60	-	208.60	-
Exchange differences on translation of foreign operations	31.88	-	31.88	-
Balance as at March 31, 2017	463.96	58.33	522.29	-
Carrying amounts (net)				
At April 1, 2015	361.89	58.33	420.22	-
At March 31, 2016	275.66	-	275.66	-
At March 31, 2017	203.85	-	203.85	277.41

Represents customer contracts acquired by the Company from Pyxis Systems Private Limited through business purchase agreement dated October 9, 2012.

6. Investment Property

A. Reconciliation of carrying amount	Total
Gross carrying amount	
Balance as at April 1, 2015	3,989.09
Acquisitions	1,320.00
Balance as at March 31, 2016	5,309.09
Balance as at April 1, 2016	5,309.09
Acquisitions	-
Balance as at March 31, 2017	5,309.09
Fair Value	
At April 1, 2015	8,125.00
At March 31, 2016	8,613.80
At March 31, 2017	7,986.00

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***6. Investment Property (Contd...)****B Measurement of fair values****i. Fair value hierarchy**

Investment property comprises of land in Gurgaon. The fair value of investment property has been determined based on the current prices in an active market for similar properties.

The fair value measurement for the investment property has been categorised as a Level 2 (see Note 2(a)(v)).

ii. Valuation technique

The Company follows a sales comparison approach. The valuation model estimates the value based on what other purchasers and sellers have agreed to as a price of land in the same locality. The model has taken in to consideration, the sales price and the estimated transaction cost to sale in arriving at the value of the land.

7. Investments**A. Non-current investments**

	March 31, 2017	March 31, 2016	April 1, 2015
Quoted debt securities			
<i>Corporate debt securities at FVOCI</i>			
Nil (March 31, 2016: Nil; April 1, 2015: 500) bonds of 6.30% Indian Railway Finance Corporation Ltd	-	-	575.00
Nil (March 31, 2016: 20,000; April 1, 2015: 20,000) bonds of 8.10% Housing and Urban Development Corporation Limited	-	213.25	214.25
Nil (March 31, 2016: Nil; April 1, 2015: 12,362) bonds of 8.25% National Highways Authority of India	-	-	135.98
Nil (March 31, 2016: Nil; April 1, 2015: 150,000) bonds of 8.01% India Infrastructure Finance Company Limited	-	-	1,834.70
Nil (March 31, 2016: Nil; April 1, 2015: 32,389) bonds of 8.18% Power Finance Corporation Limited	-	-	352.72
Nil (March 31, 2016: Nil; April 1, 2015: 9,499) bonds of 8.14% National Thermal Power Corporation Limited	-	-	104.01
Nil (March 31, 2016: Nil; April 1, 2015: 100,000) bonds of 8.14% Housing and Urban Development Corporation Limited	-	-	1,100.50
Nil (March 31, 2016: Nil; April 1, 2015: 2,166) bonds of 8.14% National Housing Bank	-	-	129.36
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of 8.23% Indian Railway Finance Corporation Ltd	-	-	500.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of 8.27% National Highways Authority of India	-	-	559.00
Nil (March 31, 2016: Nil; April 1, 2015: 100) bonds of 8.35% National Highways Authority of India	-	-	1,074.71
Nil (March 31, 2016: Nil; April 1, 2015: 50) bonds of 8.35% National Highways Authority of India	-	-	537.36
Nil (March 31, 2016: 100,000; April 1, 2015: 100,000) bonds of 8.51% Housing and Urban Development Corporation Limited	-	1,085.00	1,141.40
Nil (March 31, 2016: 50,000; April 1, 2015: 50,000) bonds of 8.30% National Highways Authority of India	-	571.42	600.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of India Infrastructure Finance Company Ltd. Tax Free Bonds	-	-	570.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of Rural Electrification Corporation Ltd Tax Free Bonds	-	-	574.00

Notes to the financial statements

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

7. Investments (Contd...)

Nil (March 31,2016: 50; April 1, 2015: 50) bonds of 8.46% National Housing Bank	-	546.76	550.89
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Quoted instruments

Preference shares at FVTPL

8,000 (March 31,2016: 8,000; April 1, 2015: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	1,120.00	1,185.20	1,090.00
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Nil (March 31,2016: 1,000,000; April 1, 2015: 1,000,000) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited	-	1,058.30	1,000.00
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Nil (March 31,2016: 50,000; April 1, 2015: 50,000) 8.33% Cumulative Redeemable Non-participating preference shares of Tata Capital Limited	-	500.00	500.00
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Equity shares at FVOCI

95,008 (March 31,2016: 102,608; April 1, 2015: 962,289) equity shares of Intellect Design Arena Limited (refer note below)	109.04	231.43	1,031.57
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Unquoted instruments

Preference shares at FVTPL

481,232 (March 31,2016: 481,232; April 1, 2015: 481,232) series B Preference shares of Tyfone Inc, less impairment of INR 250.61 lakhs (March 31,2016: INR 250.61 lakhs; April 1, 2015: INR 250.61 lakhs)	-	-	-
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Equity shares at FVTPL

175,990 (March 31,2016: 175,990 ; April 1, 2015: 175,990) equity shares of Software Sidoun GmbH Germany, less impairment of INR 4.96 lakhs (March 31,2016: INR 4.96 lakhs; April 1, 2015: INR 4.96 lakhs)	-	-	-
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Investment in subsidiaries

Equity shares at deemed cost

600,000 (March 31,2016: 600,000; April 1, 2015: 600,000) Polaris Consulting & Services GmbH (Germany)	261.99	261.99	261.99
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25,000 (March 31,2016: 25,000; April 1, 2015: 25,000) Polaris Consulting & Services Pty Ltd (Australia)	8.11	8.11	8.11
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176,186 (March 31,2016: 176,186; April 1, 2015: 176,186) Polaris Consulting & Services Ireland Ltd (Ireland)	88.96	88.96	88.96
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400 (March 31,2016: 400; April 1, 2015: 400) Polaris Consulting and Services Japan K.K (Japan)	79.04	79.04	79.04
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296,350 (March 31,2016: 296,350; April 1, 2015: 296,350) Polaris Consulting & Services Inc (Canada)	109.38	109.38	109.38
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Nil (March 31,2016: 50; April 1, 2015: 95) Intellect Polaris Design LLC, USA	-	1,533.49	2,912.00
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250,010 (March 31,2016: 250,010; April 1, 2015: 250,010) Polaris Consulting & Services Pte Ltd (Singapore)	119.85	119.85	119.85
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5,001 (March 31,2016: 5,001; April 1, 2015: 5,001) Polaris Consulting & Services Limited (UK)	4.92	4.92	4.92
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1,500 (March 31,2016: 1,500; April 1, 2015: Nil) Polaris Consulting and Services FZ- LLC (Dubai)	261.00	261.00	-
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200,000 (March 31,2016: 200,000; April 1, 2015: Nil) Polaris Consulting & Services SA (Swiss)	685.30	685.30	-
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Notes to the financial statements

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

7. Investments (Contd...)

849,997 (March 31,2016: 849,997 ; April 1, 2015: 849,997) Optimus Global Services Limited	-	-	-
<i>Preference shares at deemed cost</i>			
1,492,030 (March 31,2016: 1,492,030; April 1, 2015: 1,492,030) Optimus Global Services Limited	-	-	-
<i>Investment in joint venture</i>			
50 (March 31,2016: Nil; April 1, 2015: Nil) Intellect Polaris Design LLC, USA	1,533.50	-	-
	4,381.09	8,543.40	17,759.70
All units are in absolute numbers			
Aggregate book value of quoted investments	1,229.04	5,391.36	14,175.44
Aggregate market value of quoted investments	1,229.04	5,391.36	14,175.44
Aggregate value of unquoted investments	3,152.05	3,152.04	3,584.26
Aggregate amount of impairment in value of investments	255.57	255.57	255.57

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

B. Current investments

	March 31, 2017	March 31, 2016	April 1, 2015
<i>Investment in mutual funds</i>			
<i>Quoted</i>			
Nil (March 31, 2016: Nil; April 1, 2015: 2,994,732) units in IDFC SSI Medium-term	-	-	302.32
Nil (March 31, 2016: Nil; April 1, 2015: 39,645) units in Axis Banking Debt-G	-	-	506.84
287,974 (March 31, 2016: 808,919; April 1, 2015: Nil) units in Birla Sun Life Cash Plus Fund	750.21	2,138.64	-
Nil (March 31, 2016: 67,736; April 1, 2015: Nil) units in Reliance Liquid Fund	-	2,496.39	-
Nil (March 31, 2016: 105,293; April 1, 2015: Nil) units in HDFC Liquid Fund	-	3,142.53	-
Nil (March 31, 2016: 1249,429; April 1, 2015: Nil) units in ICICI Prudential Liquid Fund	-	2,797.07	-
Nil (March 31, 2016: 1,739,130; April 1, 2015: Nil) units in HDFC floating rate IF- Growth	-	452.94	-
Nil (March 31, 2016: 140,758; April 1, 2015: Nil) units in ICICI Flexible Income plan	-	402.98	-
2,495,467 (March 31, 2016: Nil; April 1, 2015: Nil) units in BSL Short term Fund	1,553.97	-	-
5,452,234 (March 31, 2016: Nil; April 1, 2015: Nil) units in ICICI Prudential Short Term	1,860.42	-	-
3,404,882 (March 31, 2016: Nil; April 1, 2015: Nil) units in Reliance Short Term Fund	1,049.28	-	-
5,036,024 (March 31, 2016: Nil; April 1, 2015: Nil) units in Kotak Short Term Bond	1,547.87	-	-
5,825,639 (March 31, 2016: Nil; April 1, 2015: Nil) units in Axis Short Term Fund	1,035.81	-	-
35,706 (March 31, 2016: Nil; April 1, 2015: Nil) units in SBI Ultra Short Term Debt fund	750.00	-	-

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***7. Investments (Contd...)**

5,220,660 (March 31, 2016: Nil; April 1, 2015: Nil) units in ICICI Prudential Regular Savings Fund

906.80

-

-

4,005,055 (March 31, 2016: Nil; April 1, 2015: Nil) in Reliance Regular Savings Fund - Debt Plan

907.41

-

-

33,444 (March 31, 2016: Nil; April 1, 2015: Nil) units in Reliance Money Manager Fund

750.00

-

-

41,724 (March 31, 2016: Nil; April 1, 2015: Nil) in Axis Liquid Fund

750.21

-

-

Quoted equity instruments**Preference shares at FVTPL**

1,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited

1,010.00

-

-

Investment in debt securities**Quoted**

Nil (March 31, 2016: 500; April 1, 2015: Nil) bonds of 6.30% Indian Railway Finance Corporation Ltd

-

502.00

-

12,871.98**11,932.55****809.16***All units are in absolute numbers*

Aggregate book value of quoted investments

12,871.98

11,932.55

809.16

Aggregate market value of quoted investments

12,871.98

11,932.55

809.16

Aggregate value of unquoted investments

-

-

-

Aggregate amount of impairment in value of investments

-

-

-

8. Income taxes**A. Amounts recognised in profit or loss****Year ended
March
31, 2017****Year ended
March
31, 2016****Current tax**

a) Current tax

5,239.43

6,460.56

b) Changes in estimates related to prior years

-

1,832.45

c) Deferred tax:

Attributable to:

Origination and reversal of temporary difference

663.78

585.05

Income tax expense reported in the statement of profit or loss (a+b+c)**5,903.21****8,878.06**

Notes to the financial statements

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

8. Income taxes (Contd...)

B. Income tax recognised in other comprehensive income

	March 31, 2017			March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Deferred tax related to items recognised in OCI during in the year:						
Exchange differences in translating financial statements of foreign operation	(230.88)	-	(230.88)	341.10	-	341.10
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	2,854.41	(987.85)	1,866.56	(4,704.21)	1,592.36	(3,111.85)
Fair value of equity investments through OCI	(121.31)	-	(121.31)	(794.49)	-	(794.49)
Gain on disposal of equity shares	3.12	-	3.12	19.84	-	19.84
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	-	-	(160.94)	-	(160.94)
Fair value of debt investments through OCI	37.88	(8.74)	29.14	(691.53)	235.52	(456.01)
Remeasurements of defined benefit liability (asset)	5.97	(2.06)	3.91	33.13	(11.47)	21.66
Income tax charged to OCI	2,549.19	(998.65)	1,550.54	(5,957.10)	1,816.41	(4,140.69)

C.Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2016 and March 31, 2017:

	March 31, 2017		March 31, 2016	
Profit before tax		15,836.97		15,511.54
Tax using the Company's domestic tax rate	34.61%	5,480.86	34.61%	5,368.23
Changes in estimates related to prior years	0.00%	-	11.81%	1,832.45
Tax exempt income	4.44%	703.40	3.83%	593.83
Non-deductible expenses	-2.32%	(367.55)	-4.87%	(755.74)
Employee stock compensation cost	0.18%	28.94	2.19%	339.29
Differences in tax rates in foreign jurisdictions*	-0.53%	(83.56)	3.46%	536.73
Others	0.89%	141.12	6.21%	963.27
Effective tax rate	37.27%	5,903.21	57.24%	8,878.06
Current tax		5,239.43		6,460.56
Current tax relating to previous years		-		1,832.45
Deferred tax		663.78		585.05
Tax expense reported in the statement of comprehensive income		5,903.21		8,878.06

Notes to the financial statements

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

8. Income taxes (Contd...)

D. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	350.23	342.14	-	-
Difference on account of revenue recognition	174.28	772.40	-	-
Allowance for doubtful debts	280.98	294.23	-	-
Others	644.16	662.38	-	-
A	1,449.65	2,071.15	-	-
Less: Deferred tax liability arising on account of :				
Gain on fair valuation of investments	(83.08)	(59.33)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	-	-	(134.98)	(138.02)
Derivative liability on the effective portion of cash flow hedges	(1,357.68)	(369.82)	-	-
B	(1,440.76)	(429.15)	(134.98)	(138.02)
Net deferred tax assets (liabilities) (A+B)	8.89	1,642.00	(134.98)	(138.02)

Movement in temporary differences	Balance as at April 1, 2015	Rec-ognised in OCI during 2015-16	Rec-ognised in profit or loss during 2015-16	FCTR impact on account of average and closing rates	Balance as at March 31, 2016	Rec-ognised in OCI during 2016-17	Rec-ognised in profit or loss during 2016-17	FCTR impact on account of average and closing rates	Balance as at March 31, 2017
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	236.91	-	105.23	-	342.14	-	8.09	-	350.23
Difference on account of revenue recognition	1,517.37	-	(744.97)	-	772.40	-	(598.13)	-	174.27
Allowance for doubtful debts	235.33	-	58.90	-	294.23	-	(13.25)	-	280.98
Others	762.44	(11.47)	(88.59)	-	662.38	(2.06)	(16.16)	-	644.16
Less: Deferred tax liability arising on account of :									
Gain on fair valuation of investments	(259.83)	235.52	(35.02)	-	(59.33)	(8.74)	(14.98)	-	(83.05)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(240.73)	-	119.40	(16.69)	(138.02)	-	(29.35)	32.39	(134.98)
Derivative liability on the effective portion of cash flow hedges	(1,962.18)	1,592.36	-	-	(369.82)	(987.85)	-	-	(1,357.67)
Total	289.31	1,816.41	(585.05)	(16.69)	1,503.98	(998.65)	(663.78)	32.39	(126.06)

Notes to the financial statements

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

8. Income taxes (Contd...)

E. Unrecognised deferred tax liabilities

As at April 1, 2015, March 31, 2016 and March 31, 2017, deferred tax liability on the undistributed reserves of the subsidiaries has not been recognised because the Company controls the dividend policy of its subsidiaries i.e., the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

F. Unrecognised deferred tax assets

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

	March 31, 2017		March 31, 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	4,365.73	873.15	5,317.46	1,063.49
Total	4,365.73	873.15	5,317.46	1,063.49

The tax losses expire in 2019-2025. The deductible temporary differences do not expire under current tax legislation.

G. Tax losses carried forward

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

	March 31, 2017	Expiry date	March 31, 2016	Expiry date
Expires	4,365.73	2019-2025	5,317.46	2019-2023

9. Trade receivables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
Unsecured, considered good	22,891.98	19,434.30	25,046.49
Doubtful	811.90	841.95	676.95
	23,703.88	20,276.25	25,723.44
Allowance for credit loss	(811.90)	(841.95)	(676.95)
Net trade receivables	22,891.98	19,434.30	25,046.49
Of the above, trade receivables from related parties are as below:			
	March 31, 2017	March 31, 2016	April 1, 2015
Total trade receivables from related parties	6,173.43	412.37	2,237.90
Allowance for credit loss	-	-	-
Net trade receivables	6,173.43	412.37	2,237.90

10. Unbilled revenue

	March 31, 2017	March 31, 2016	April 1, 2015
Unbilled revenue	13,875.30	15,069.76	18,540.77
	13,875.30	15,069.76	18,540.77

11. Cash and bank balances

	March 31, 2017	March 31, 2016	April 1, 2015
A. Cash and cash equivalents			
Balance with banks in current accounts	16,178.87	3,883.20	2,809.30
	16,178.87	3,883.20	2,809.30

Notes to the financial statements

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

B. Other bank balances

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Deposits with banks	375.00	19.83	354.26	19.83	75.01	374.09
Unclaimed dividend accounts	111.85	-	128.38	-	5,094.00	-
	486.85	19.83	482.64	19.83	5,169.01	374.09

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

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

12. Derivatives - Assets

	March 31, 2017	March 31, 2016	April 1, 2015
Forward exchange contracts used for hedging	3,923.01	1,068.61	5,772.82
	3,923.01	1,068.61	5,772.82
Non-current	-	554.62	244.26
Current	3,923.01	513.99	5,528.56
	3,923.01	1,068.61	5,772.82

13. Loans

(Unsecured, considered good unless otherwise stated)

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Loans to employees	394.67	103.08	532.80	228.24	456.63	233.41
Employee advance	10.98	-	286.81	-	637.38	1.77
	405.65	103.08	819.61	228.24	1,094.01	235.18

14. Other financial assets

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Security deposits	-	811.21	-	838.28	25.00	945.97
Interest receivable	6.21	-	100.31	-	272.08	-
Other advances	116.62	-	5,430.08	-	2,132.81	-
	122.83	811.21	5,530.39	838.28	2,429.89	945.97

15. Other non-current assets

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	82.31	168.86	149.71
Prepaid expenses	30.96	-	-
	113.27	168.86	149.71

16. Other current assets

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with statutory authorities	407.36	538.94	-
Prepaid expenses	749.39	1,745.40	1,123.79
Other advances	360.06	50.03	-
	1,516.81	2,334.37	1,123.79

Notes to the financial statements

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

17. Share capital

Authorised	March 31, 2017	March 31, 2016	April 1, 2015
120,000,000 (March 31, 2016: 120,000,000; April 1, 2015: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00	6,000.00
10,000,000 (March 31, 2016: 10,000,000; April 1, 2015: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00	500.00
Issued, subscribed and paid-up			
102,120,754 equity shares of INR 5 each (March 31, 2016: 101,366,874; April 1, 2015: 99,914,624) equity shares of INR 5 each fully paid up	5,106.04	5,068.34	4,995.73
	5,106.04	5,068.34	4,995.73

All issued shares are fully paid up.

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

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	101,366,874	5,068.34	99,914,624	4,995.73
Shares issued on exercise of employee stock options	753,880	37.70	1,452,250	72.61
At the end of the period	102,120,754	5,106.04	101,366,874	5,068.34

Rights, preferences and restrictions attached to equity shares

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

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

Employee stock options

Terms attached to stock options granted to employees are described in Note 19.

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

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	76,081,069	3,804.05	53,133,703	2,656.69

Number of shares are in absolute numbers

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

	March 31, 2017		March 31, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	76,081,069	74.50%	53,133,703	52.42%
Citibank N.A	-	-	7,279,096	7.18%

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***Shares reserved for issue under options:**

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 98,988 equity shares (March 31, 2016: 106,548 equity shares) of INR 5 each (see Note 19)	98,988	4.95	106,548	5.33

18A. Other equity**(i) Securities premium**

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

(ii) Share based payments reserve

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

(iii) Treasury shares

Own equity instruments that are reacquired [treasury shares] are recognised at cost and deducted from equity.

18B. Analysis of accumulated OCI, net of tax**a. Other items of OCI**

	March 31, 2017	March 31, 2016	April 1, 2015
Remeasurements of defined benefit liability	64.05	60.14	38.48
Gain on sale of equity instruments classified as FVOCI	108.99	105.87	86.03

(i) Remeasurements of defined benefit liability

	March 31, 2017	March 31, 2016
Opening balance	60.14	38.48
Remeasurements of defined benefit liability	3.91	21.66
Closing balance	64.05	60.14

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

	March 31, 2017	March 31, 2016
Opening balance	105.87	86.03
Changes in fair value	3.12	19.84
Closing balance	108.99	105.87

Notes to the financial statements

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

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

b. Disaggregation of changes in items of OCI

	Attributable to the owners of the Company					Total
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Remeasure-ments of defined benefit liability (asset)	Gain on sale of equity instruments classified as FVOCI	
As at April 1, 2015	2,701.06	3,810.63	1,510.72	38.48	86.03	8,146.92
Exchange differences on translating financial statements of foreign operations	341.10	-	-	-	-	341.10
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	(3,111.85)	-	-	-	(3,111.85)
Equity investments through OCI - net change in fair value	-	-	(794.49)	-	-	(794.49)
Gain on disposal of equity shares by trust	-	-	-	-	19.84	19.84
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	-	(160.94)	-	-	(160.94)
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income, net of tax	-	-	(456.01)	-	-	(456.01)
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	21.66	-	21.66
As at March 31, 2016	3,042.16	698.78	99.28	60.14	105.87	4,006.23
As at April 1, 2016	3,042.16	698.78	99.28	60.14	105.87	4,006.23
Exchange differences on translating financial statements of foreign operations	(230.88)	-	-	-	-	(230.88)
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	1,866.56	-	-	-	1,866.56
Equity investments through OCI - net change in fair value	-	-	(121.31)	-	-	(121.31)
Gain on disposal of equity shares by trust	-	-	-	-	3.12	3.12
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income, net of tax	-	-	29.14	-	-	29.14
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	3.91	-	3.91
As at March 31, 2017	2,811.28	2,565.34	7.11	64.05	108.99	5,556.77

Notes to the financial statements

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

18B. Analysis of accumulated OCI, net of tax (Continued)**b. Disaggregation of changes in items of OCI*****Exchange differences on translation of foreign operations***

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

Effective portion of cash flow hedges

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

Investments through OCI

This comprises changes in the fair value of investments recognised in other comprehensive income and accumulated within equity. The Company transfers amounts from such component of equity to retained earnings when the relevant investments are derecognised.

Remeasurements of defined benefit liability (asset)

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

Gain on sale of equity instruments classified as FVOCI

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

19. Share-based payments**A. Description of share-based payment arrangements**

At March 31, 2017, the Company has the following share-based payment arrangements

Associate Stock Option Plan 2003

The Shareholders of the Company at the Extra-ordinary General Meeting (EGM) held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (SEBI) Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2004

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

Notes to the financial statements

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

19. Share-based payments (Contd...)

Associate Stock Option Plan 2011

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

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

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

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

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

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

Notes to the financial statements

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

19. Share-based payments (Contd...)

Associate Stock Option Plan 2015

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

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

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

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

Associate Stock Option Plan (Trust) 2011

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

Restricted stock units

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

In May 2015, the Virtusa Corporation adopted the 2015 Stock Option and Incentive Plan ("2015 Plan") which was also approved by the Virtusa Corporation's stockholders on September 1, 2015. The 2015 Plan permits the granting of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, unrestricted stock awards, performance share awards, performance-based awards to covered employees, cash-based awards and dividend equivalent rights. During the year, the employees of the Company were allotted 151,945 units under the above 2015 Plan.

Notes to the financial statements

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

19. Share-based payments (Contd...)

B. Measurement of fair values

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

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

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

C. Reconciliation of outstanding share options

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

Associate Stock Option Plan 2003

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	124.13	292,300	133.89	946,100
Granted during the period	-	-	-	-
Forfeited during the period	114.86	(57,500)	129.40	(12,200)
Exercised during the period	123.63	(46,500)	113.67	(213,600)
Expired during the period	-	-	150.77	(428,000)
Outstanding at 31 March	127.07	188,300	124.13	292,300
Exercisable at 31 March	127.07	188,300	124.13	292,300

The options outstanding at March 31, 2017 have an exercise price in the range of INR 49.03 to INR 133.88 (March 31, 2016: INR 24.73 to INR 150.30) and a weighted average remaining contractual life of 2.06 years (March 31, 2016: 2.92 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 193.28 (2015-16: INR 187.15)

Associate Stock Option Plan 2004

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	130.35	82,100	148.53	373,700
Granted during the period	-	-	-	-
Forfeited during the period	133.75	(23,800)	131.44	(6,800)
Exercised during the period	130.74	(9,800)	128.63	(65,400)
Expired during the period	-	-	161.79	(219,400)
Outstanding at 31 March	128.64	48,500	130.35	82,100
Exercisable at 31 March	128.64	48,500	130.35	82,100

Notes to the financial statements

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

19. Share-based payments (Contd...)

The options outstanding at March 31, 2017 have an exercise price in the range of INR 124.42 to INR 140.08 (March 31, 2016: INR 92.52 to INR 133.88) and a weighted average remaining contractual life of 2.20 years (March 31, 2016: 3.09 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 185.06 (2015-16: INR 200.07)

Associate Stock Option Plan 2011

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	105.55	2,517,700	103.79	4,174,650
Granted during the period	-	-	-	-
Forfeited during the period	134.54	(274,510)	106.38	(412,450)
Exercised during the period	100.64	(704,630)	99.42	(1,226,950)
Expired during the period	115.76	(68,730)	95.39	(17,550)
Outstanding at 31 March	106.35	1,469,830	105.55	2,517,700
Exercisable at 31 March	102.19	701,120	104.16	646,660

The options outstanding at March 31, 2017 have an exercise price in the range of INR 78.48 to INR 126 (March 31, 2016: INR 78.48 to INR 175) and a weighted average remaining contractual life of 5.44 years (March 31, 2016: 6.27 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 183.39 (2015-16: INR 204.70)

Associate Stock Option Plan 2015

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	147.08	1,062,900	-	-
Granted during the period	-	-	143.52	1,303,000
Forfeited during the period	146.54	(603,750)	127.62	(228,400)
Exercised during the period	130.22	(2,750)	131.20	(11,700)
Expired during the period	146.08	(191,950)	-	-
Outstanding at 31 March	149.20	264,450	147.08	1,062,900
Exercisable at 31 March	141.44	93,950	144.23	234,150

The options outstanding at March 31, 2017 have an exercise price of INR 130.22 to INR 179.95 (March 31, 2016: INR 130.22 to INR 168.56) and a weighted average remaining contractual life of 6.59 years (March 31, 2016: 7.53 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 181.55 (2015-16: INR 212.59)

Restricted stock units

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	-	-	-	-
Granted during the period	-	151,882	-	-
Forfeited during the period	-	(7,966)	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at 31 March	-	143,916	-	-
Exercisable at 31 March	-	31,834	-	-

Notes to the financial statements

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

19. Share-based payments (Contd...)

The weighted average remaining contractual life of the restricted stock units is 1.81 years (March 31, 2016: Nil)

D. Expense recognised in Statement of Profit and Loss

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

20. Provision for employee benefits

	March 31, 2017	March 31, 2016	April 1, 2015
Net defined benefit liability - Gratuity plan	258.09	452.31	435.43
Liability for compensated absences	2,783.41	2,568.29	1,262.10
	3,041.50	3,020.60	1,697.53
Non-current	-	-	-
Current	3,041.50	3,020.60	1,697.53
	3,041.50	3,020.60	1,697.53

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

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

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

The Company provides the gratuity benefit through annual contribution to Life Insurance Corporation of India (LIC).

A. Reconciliation of the net defined benefit (asset) liability

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

Reconciliation of present value of defined benefit obligation

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	2,456.12	2,020.21
Benefits paid	(541.16)	(390.02)
Current service cost	346.89	600.70
Interest cost	167.07	137.18
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	76.43	-
- experience adjustments	(81.41)	88.05
Balance at the end of the year	2,423.94	2,456.12

Reconciliation of the present value of plan assets

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	2,003.81	1,584.61
Contributions paid into the plan	551.44	562.75
Benefits paid	(541.16)	(390.02)
Interest income	150.78	125.29
Actuarial gains (losses) recognised in other comprehensive income	0.98	121.18
Balance at the end of the year	2,165.85	2,003.81
Net defined benefit obligation	258.09	452.31

Notes to the financial statements

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

20. Provision for employee benefits (Contd...)

B. i. Expense recognised in profit or loss

	March 31, 2017	March 31, 2016
Current service cost	346.89	600.70
Interest cost	167.07	137.18
Interest income	(150.78)	(125.29)
	363.18	612.59

ii. Remeasurements recognised in other comprehensive income

	March 31, 2017	March 31, 2016
Actuarial (gain) loss on defined benefit obligation	(4.98)	88.05
Actuarial gain (loss) on plan assets	0.98	121.18
	(5.96)	(33.13)

C. Defined benefit obligation

i. Actuarial assumptions

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

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.75%	7.52%	7.74%
Return on plan assets	6.75%	7.52%	7.74%
Future salary growth	1.9 % - 8%	1.9 % - 8%	8.00%
Attrition rate	14.5% - 19.08%	14.5% - 19.08%	19.08%

ii. Sensitivity analysis

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

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(50.20)	52.43	(42.59)	44.39
Future salary growth (50 basis points)	43.53	(42.90)	36.16	(35.71)
Withdrawal rate (100 basis points)	4.70	(5.92)	4.26	(5.32)

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

The weighted average duration of the defined benefit obligation was 4 years (March 31, 2016: 4 years)

21. Trade payables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables to related parties	9,530.18	5,882.57	4,240.60
Other trade payables	6,018.75	12,597.66	13,912.33
	15,548.93	18,480.23	18,152.93

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

As at March 31, 2017, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2016: Rs Nil; April 1, 2015: Nil). The list of Micro and Small enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Notes to the financial statements

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

22. Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Employee related payables	3,056.89	6,452.98	6,904.11
Liabilities for restricted stock units	1,394.37	-	-
Interim dividend payable	-	-	4,995.73
Superannuation payable	686.97	700.11	634.14
Unclaimed dividend	111.85	128.37	98.27
Others	-	-	43.93
	5,250.08	7,281.46	12,676.18

23. Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred revenue	3,198.77	5,100.38	6,964.26
Statutory tax payable	1,109.41	920.93	1,340.53
Others	243.19	337.59	46.91
	4,551.37	6,358.90	8,351.70

24. Other income

	March 31, 2017	March 31, 2016
Interest income on		
Cash and bank balances	198.43	430.98
Gain on sale of investments, net	582.61	498.23
Financial assets at FVTPL-net change in fair value:		
Mandatorily measured at FVTPL	92.12	180.62
Dividend income	179.94	1,203.21
Net gain on sale of property, plant and equipment	683.05	5.17
Net gain on foreign currency transactions	-	593.60
Miscellaneous income	237.06	265.08
	1,973.21	3,176.89

25. Employee benefits expense

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus		102,155.27	102,081.81
Contribution to provident fund and other funds		1,704.81	1,921.87
Gratuity	20	363.18	404.28
Share based payments	19	1,415.75	320.61
Staff welfare expense		4,152.40	8,831.84
		109,791.41	113,560.41

26. Depreciation and amortisation expense

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment	4	2,019.03	2,211.90
Amortisation of intangible assets	5	208.60	281.81
		2,227.63	2,493.71

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***27. Other expenses**

	Year ended March 31, 2017	Year ended March 31, 2016
Subcontracting expenses	7,166.54	9,745.12
Power and fuel	1,055.06	1,290.44
Rent	946.27	1,619.25
Repairs and maintenance	2,802.93	1,532.16
Rates and taxes	122.31	142.24
Travelling expenses	5,905.89	5,226.22
Legal and professional charges	2,598.24	2,666.63
Payment to the auditors (see note (i) below)	98.36	272.01
Business promotion	642.17	631.94
Expenditure on corporate social responsibility (see note (ii) below)	289.48	304.36
Communication expenses	1,119.40	1,374.61
Office maintenance	552.80	652.91
Impairment loss on financial assets	220.56	164.98
Insurance	526.89	291.37
Printing and stationery	9.68	90.73
Cost of software packages, consumable and maintenance	-	85.55
Directors' sitting fees	73.10	17.72
Net loss on foreign currency transactions	385.25	-
Miscellaneous expenses	700.18	957.90
	25,215.11	27,066.14

(i) Payments to auditors

	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Statutory audit	75.50	51.00
In other capacity	1.00	216.83
Reimbursement of expenses	21.86	4.18
	98.36	272.01

(ii) Details of corporate social responsibility expenditure

	Year ended March 31, 2017	Year ended March 31, 2016
Amount required to be spent by the Company during the year	288.48	304.36
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	289.48	304.36

28. Exceptional items

	Year ended March 31, 2017	Year ended March 31, 2016
Transaction expenses (see note (a) below)	-	(1,517.55)
Loss on impairment of BPO business assets (refer note 36)	-	(666.03)
	-	(2,183.58)

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***28. Exceptional items (Contd...)****(a) Transaction expenses**

On March 3, 2016, Virtusa Consulting Services Private Limited, a subsidiary of Virtusa Corporation, completed the acquisition of 52.9% of the outstanding share capital of Polaris from certain shareholders of the Company for approximately INR 113,642.83 lakhs (USD 174 million) in cash (the "Polaris SPA Transaction"). In addition, under applicable Securities and Exchange Board of India (Substantial acquisition and take over regulations) 2015, Virtusa India made an unconditional mandatory offer to the public shareholders of the Company to purchase up to an additional 26% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris for INR 220.73 per share (USD 3.25 per share) for an aggregate purchase price of INR 58,980 lakhs (USD 86.8 million). The mandatory open offer began on March 11, 2016 and closed on March 28, 2016 and was fully subscribed. As a result, Virtusa India now holds approximately 79% of the total outstanding share capital of Polaris. In connection with this transaction, Polaris incurred a costs of INR 1,517.55 lakhs for the year ended March 31, 2016 and the same is disclosed under exceptional items-others, being significant and non-recurring.

29. Earnings per share**A. Basic earnings per share**

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

	March 31, 2017	March 31, 2016
Profit for the year, attributable to the equity holders	9,933.76	6,633.48
Weighted average number of equity shares for the year	101,567,946	100,235,574

B. Diluted earnings per share

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

i. Profit attributable to equity shareholders (diluted)

	March 31, 2017	March 31, 2016
Profit for the year attributable to equity shareholders	9,933.76	6,633.48

ii. Weighted average number of equity shares (diluted)

	March 31, 2017	March 31, 2016
Weighted average number of equity shares (basic)	101,567,946	100,235,574
Effect of dilutive equity shares - share options outstanding	684,901	1,181,896
Weighted average number of equity shares for the year	102,252,847	101,417,470
<i>Number of equity shares are in absolute terms</i>		

30. Financial instruments - Fair values and risk management**A. Accounting classifications and fair values**

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

March 31, 2017

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Other financial liabilities	Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs	Level 1			Level 2	Level 3		
Financial assets												
Investments												
- Preference shares	-	2,130.00	-	-	-	-	2,130.00	2,130.00	-	-	2,130.00	
- Mutual funds	-	11,861.98	-	-	-	-	11,861.98	11,861.98	-	-	11,861.98	
- Equity instruments	-	-	-	109.04	-	-	109.04	109.04	-	-	109.04	

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

Forward exchange contracts used for hedging	-	-	-	-	-	3,923.01	-	-	3,923.01
	3,923.01						3,923.01		
	3,923.01	13,991.98	-	109.04	-	-	18,024.03	14,101.02	3,923.01
Trade receivables	-	-	-	-	22,891.98	-	22,891.98		
Unbilled revenue	-	-	-	-	13,875.30	-	13,875.30		
Loans	-	-	-	-	508.73	-	508.73		
Cash and cash equivalents	-	-	-	-	16,178.87	-	16,178.87		
Other bank balances	-	-	-	-	506.68	-	506.68		
Other financial assets	-	-	-	-	934.04	-	934.04		
	-	-	-	-	54,895.60	-	54,895.60		
Financial liabilities									
Trade payables	-	-	-	-	-	15,548.93	15,548.93		
Other financial liabilities	-	-	-	-	-	5,250.08	5,250.08		
	-	-	-	-	-	20,799.01	20,799.01		

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

March 31, 2016

	Carrying amount						Fair value				
	Fair value-hedging instruments	Mandatorily at FVT-PL-others	FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets											
Investments											
- Preference shares	-	2,743.50	-	-	-	-	2,743.50	2,743.50	-	-	2,743.50
- Bonds	-	-	2,918.43	-	-	-	2,918.43	2,918.43	-	-	2,918.43
- Mutual funds	-	11,430.55	-	-	-	-	11,430.55	11,430.55	-	-	11,430.55
- Equity instruments	-	-	-	231.43	-	-	231.43	231.43	-	-	231.43
Forward exchange contracts used for hedging	1,068.61	-	-	-	-	-	1,068.61	-	1,068.61	-	1,068.61
	1,068.61	14,174.05	2,918.43	231.43	-	-	18,392.52	17,323.91	1,068.61	-	18,392.52
Trade receivables	-	-	-	-	19,434.30	-	19,434.30				
Unbilled revenue	-	-	-	-	15,069.76	-	15,069.76				
Loans	-	-	-	-	1,047.85	-	1,047.85				
Cash and cash equivalents	-	-	-	-	3,883.20	-	3,883.20				
Other bank balances	-	-	-	-	502.47	-	502.47				
Other financial assets	-	-	-	-	6,368.67	-	6,368.67				
	-	-	-	-	46,306.25	-	46,306.25				
Financial liabilities											
Trade payables	-	-	-	-	-	18,480.23	18,480.23				
Other financial liabilities	-	-	-	-	-	7,281.46	7,281.46				
	-	-	-	-	-	25,761.69	25,761.69				

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

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
Financial assets											
Investments											
- Preference shares	-	2,590.00	-	-	-	-	2,590.00	2,590.00	-	-	2,590.00
- Bonds	-	-	10,553.87	-	-	-	10,553.87	10,553.87	-	-	10,553.87
- Mutual funds	-	809.16	-	-	-	-	809.16	809.16	-	-	809.16
- Equity instruments	-	-	-	1,031.57	-	-	1,031.57	1,031.57	-	-	1,031.57
Forward exchange contracts used for hedging	5,772.82	-	-	-	-	-	5,772.82	-	5,772.82	-	5,772.82
	5,772.82	3,399.16	10,553.87	1,031.57	-	-	20,757.42	14,984.60	5,772.82	-	20,757.42
Trade receivables	-	-	-	-	25,046.49	-	25,046.49				
Unbilled revenue	-	-	-	-	18,540.77	-	18,540.77				
Loans	-	-	-	-	1,329.19	-	1,329.19				
Cash and cash equivalents	-	-	-	-	2,809.30	-	2,809.30				
Other bank balances	-	-	-	-	5,543.10	-	5,543.10				
Other financial assets	-	-	-	-	3,375.86	-	3,375.86				
	-	-	-	-	56,644.71	-	56,644.71				
Financial liabilities											
Trade payables	-	-	-	-	-	18,152.93	18,152.93				
Other financial liabilities	-	-	-	-	-	12,676.18	12,676.18				
	-	-	-	-	-	30,829.11	30,829.11				

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

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable

C. Financial risk management

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

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

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***30. Financial instruments - Fair values and risk management (Contd...)****i. Risk management framework**

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

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

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

ii. Credit risk

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

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

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

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

	March 31, 2017	March 31, 2016
Revenue from top customer	72,066.50	78,499.28
Revenue from top five customers	96,316.55	100,890.87

At March 31, 2017, the carrying amount of the Company's most significant customer is INR 5,465.27 lakhs (March 31, 2016: INR 9,040.91 lakhs).

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

March 31, 2017	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	1.15%	19,406.26	(222.99)
Amber (Moderate risk)	12.56%	4,057.20	(509.78)
Red (High Risk)	32.91%	240.42	(79.13)
		23,703.88	(811.90)
March 31, 2016	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	2.27%	16,276.09	(369.53)
Amber (Moderate risk)	11.60%	3,851.73	(446.64)
Red (High Risk)	17.37%	148.43	(25.78)
		20,276.25	(841.95)

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	0.79%	21,367.11	(169.39)
Amber (Moderate risk)	11.42%	4,143.74	(473.26)
Red (High Risk)	16.13%	212.59	(34.30)
		25,723.44	(676.95)

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

	March 31, 2017	March 31, 2016
Balance as at April 1	841.95	676.95
Amounts written off	(250.61)	-
Net remeasurement of loss allowance	220.56	165.00
Balance as at March 31	811.90	841.95

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

iii. Liquidity risk

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

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

As of March 31, 2017, the Group had a working capital of INR 70,705.90 lakhs including cash and bank balances of INR 16,685.55 lakhs and investments of INR 17,253.07 lakhs. As of March 31, 2016, the Group had a working capital of INR 59,365.68 lakhs including cash and bank balances of INR 4,385.66 lakhs and investments of INR 20,475.96 lakhs.

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

March 31, 2017	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	15,548.93	(15,548.93)	(15,548.93)	-
Other financial liabilities	5,250.08	(5,250.08)	(5,250.08)	-
	20,799.01	(20,799.01)	(20,799.01)	-

March 31, 2016	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	18,480.23	(18,480.23)	(18,480.23)	-
Other financial liabilities	7,281.46	(7,281.46)	(7,281.46)	-
	25,761.69	(25,761.69)	(25,761.69)	-

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015	Carrying amount	Total	Contractual cash flows	
			6 months or less	More than 6 months
Trade payables	18,152.93	(18,152.93)	(18,152.93)	-
Other financial liabilities	12,676.18	(12,676.18)	(12,676.18)	-
	30,829.11	(30,829.11)	(30,829.11)	-

iv. Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere. The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

Exposure to currency risk

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

March 31, 2017	USD	GBP	EUR	Others	Total
Cash and cash equivalents	12,858.66	-	22.83	-	12,881.49
Trade receivables	12,693.41	10,840.09	466.80	6,529.74	30,530.04
Unbilled revenue	9,507.25	44.59	37.92	138.05	9,727.81
Trade payables	(3,033.94)	(13,692.46)	(542.46)	(6,991.28)	(24,260.14)
Net exposure in respect of recognised assets and liabilities	32,025.38	(2,807.78)	(14.91)	(323.49)	28,879.20

March 31, 2016	USD	GBP	EUR	Others	Total
Cash and cash equivalents	1,504.08	71.95	23.85	-	1,599.88
Trade receivables	14,895.52	2,292.60	267.76	2,386.75	19,842.63
Unbilled revenue	9,011.41	33.88	41.65	110.29	9,197.23
Trade payables	(3,851.02)	(3,393.99)	(365.52)	(1,079.32)	(8,689.85)
Net exposure in respect of recognised assets and liabilities	21,559.99	(995.56)	(32.26)	1,417.72	21,949.89

Sensitivity analysis

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

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
INR / USD (1% movement)	602.52	(602.52)	320.25	(320.25)
INR / GBP (1% movement)	(30.91)	30.91	(28.08)	28.08
March 31, 2016				
INR / USD (1% movement)	627.18	(627.18)	215.60	(215.60)
INR / GBP (1% movement)	(3.42)	3.42	(9.96)	9.96

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

Hedge accounting

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

Cash flow hedges

At March 31, 2017, the Group holds the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of INR)	22,032.68	18,144.56	-
Average INR:USD forward contract rate	72.43	73.10	-

At March 31, 2016, the Group held the following instruments to hedge exposures to changes in foreign currency rates

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of INR)	20,540.60	27,166.60	39,756.00
Average INR:USD forward contract rate	68.37	69.60	72.72

At April 1, 2015, the Group held the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of INR)	25,000.00	31,250.00	88,750.00
Average INR:USD forward contract rate	69.51	71.39	70.88

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

	March 31, 2017 Equity head 'Effective portion of cash flow hedges'	March 31, 2016 Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	1,068.61	5,772.82
Effective portion of changes in fair value		
Foreign currency risk – Sales	4,622.39	593.48
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	(1,767.98)	(5,297.68)
Tax on movements in relevant items of OCI during the year	(987.85)	1,592.36
Balance as at March 31	2,935.17	2,660.98

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (contd...)**iv. Market risk (contd...)**

Hedge accounting (contd...)
Cash flow hedges (contd...)

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

	March 31, 2017			During the period 2016-2017							Line item in profit or loss affected by the reclassification		
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory		Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss
Foreign currency risk													
Forward exchange contracts - Sales	40,177.24	3,923.01	-	Derivative asset	4,622.39	Nil	Not applicable	-	-	-	1,767.98	-	Revenue

	March 31, 2016			During the period 2015-2016							Line item in profit or loss affected by the reclassification		
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount transferred from equity head 'effective portion of cash flow hedges' to profit or loss		Amount reclassified from equity head 'costs of hedging' to profit or loss	
Foreign currency risk													
Forward exchange contracts - Sales	87,463.20	1,068.61	-	Derivative asset	593.47	Nil	Not applicable	-	-	-	5,297.68	-	Revenue

	April 1, 2015				Line item in the balance sheet where the hedging instrument is included
	Nominal amount	Assets	Liabilities		
Foreign currency risk					
Forward exchange contracts - Sales	145,000.00	5,772.82	-		Derivative asset

Notes to the financial statements

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

30. Financial instruments - Fair values and risk management (Contd...)

D. Capital management

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

There are no borrowings in the Company as at March 31, 2017, March 31, 2016 and April 1, 2015.

31. Operating leases

Leases as lessee

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

i. Future minimum lease payments

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

	March 31, 2017	March 31, 2016	April 1, 2015
Payable in less than one year	628.40	960.56	1,031.81
Payable between one and five years	1,417.10	1,688.38	2,011.30
Payable after more than five years	1,147.25	1,541.54	844.29
	3,192.75	4,190.48	3,887.40

ii. Amounts recognised in profit or loss

	Year ended March 31, 2017	Year ended March 31, 2016
Rent	946.27	1,619.25

32. Contingent liabilities and commitments (to the extent not provided for)

	March 31, 2017	March 31, 2016
Contingent liabilities		
a. Claims against the Company not acknowledged as debts		
Income tax related matters (see Note (i) and (ii) below)	15,164.46	10,957.34
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	662.88	562.40
Other matters including claims related to employees/ ex-employees, etc. (see Note (i) and (ii) below)	-	90.00
	15,827.34	11,609.74
Commitments		
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)	746.18	236.00

Notes

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

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

iii. As at March 31, 2017, the Company is committed to spend INR 746.18 lakhs (March 31, 2016: 236 lakhs) under a contract to purchase property, plant and equipment.

iv. The Company is also involved in a law suit with and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

Notes to the financial statements

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

33. Related parties

A. Parent and ultimate controlling party

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

List of related parties

Name of the related party and nature of relationship

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

List of subsidiaries

Polaris Consulting & Services Pte Ltd, Singapore
Polaris Consulting & Services Inc, Canada
Polaris Consulting & Services Limited, United Kingdom
Polaris Consulting & Services GmbH, Germany
Polaris Consulting & Services Pty Ltd, Australia
Polaris Consulting and Services Japan K.K, Japan
Optimus Global Services Limited, India
Polaris Consulting & Services Ireland Ltd., Ireland
Polaris Consulting & Services B.V, Netherlands
Polaris Software (Shanghai) Company Limited, China
Polaris Software Consulting & Services Sdn. Bhd., Malaysia
Polaris Consulting & Services, KFT, Hungary
Polaris Consulting and Services FZ- LLC, Dubai
Polaris Consulting & Services SA, Switzerland

Fellow subsidiaries (from March 3, 2016)

Virtusa Technologies India Pvt. Ltd.
Virtusa Software Services Pvt. Ltd
Virtusa Austria GmbH
Virtusa International BV, Netherlands
Virtusa Malaysia Private Limited
Virtusa Pvt.Ltd, Sri Lanka
Virtusa Singapore Private Limited
Virtusa UK Limited
Virtusa AB, Sweden

Key Management Personnel

Arun Jain, Chairman (till March 2, 2016)
Rama Sivaraman, Executive Director
Jitin Goyal, Executive Director (till November 9, 2016)
Vaidyanathan N M, Chief Financial Officer
Christina Pauline Beulah, Company Secretary

Joint Venture

Intellect Polaris Design LLC, USA
(subsidiary till December 31, 2015)

Enterprises over which Key Management Personnel is able to exercise significant influence (upto March 2, 2016)

Intellect Design Arena Pte Ltd, Singapore
Intellect Design Arena Limited, UK
Intellect Design Arena Limited SA, Switzerland
Intellect Design Arena Limited FZ-LLC
Polaris Enterprise Solutions Limited, India
Polaris Software lab Chile Limitada , Chile
Intellect Design Arena Inc.
SEEC Technologies Asia Private Limited
Laser Soft Infosystems Limited, India
Indigo TX Software Pvt Ltd India
Intellect Design Arena Co. Ltd, Vietnam
SFL Properties Private Ltd, India
Intellect Design Arena Philippines, Inc
Sonali Polaris FT Limited, Bangladesh
FT Grid Pte Ltd, Singapore
Intellect Design Arena Limited, India
Intellect Design Arena,PT Indonesia
Polaris Banyan Holding Private Ltd
Orbitech Limited

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33. Related parties (Contd...)****B. Transactions with key management personnel****i. Key management personnel compensation**

	Year ended March 31, 2017	Year ended March 31, 2016
Remuneration and other benefits	441.94	192.38
	441.94	192.38

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

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

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

C. Related party transactions other than those with key management personnel

	March 31, 2017	March 31, 2016	April 1, 2015
Balance due from related parties			
Trade receivables (see note 9)			
Polaris Consulting & Services Inc, Canada	1,544.06	-	-
Polaris Consulting & Services Pty Ltd, Australia	733.75	219.87	22.09
Polaris Consulting and Services Japan K.K, Japan	375.75	-	-
Optimus Global Services Limited	155.92	-	-
Polaris Software (Shanghai) Company Limited	21.00	-	-
Polaris Consulting & Services, KFT, Hungary	20.88	-	-
Polaris Consulting & Services B.V, Netherlands	16.47	-	-
Polaris Consulting & Services GmbH, Germany	6.66	-	4.86
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	6.28	-	-
Polaris Consulting & Services Ireland Ltd., Ireland	11.86	-	-
Polaris Consulting & Services SA, Switzerland	11.18	-	-
Virtusa AB, Sweden	5.97	-	-
Virtusa Austria GmbH	11.19	-	-
Virtusa Corporation	2,853.12	-	-
Virtusa International BV, Netherlands	14.51	-	-
Virtusa Pvt.Ltd, Sri Lanka	2.20	-	-
Virtusa Singapore Private Limited	68.01	-	-
Virtusa UK Limited	144.10	-	-
Virtusa Consulting Services Pvt. Ltd., India	170.52	-	-
Polaris Consulting & Services Pte Ltd, Singapore	-	192.50	119.71
Intellect Design Arena Philippines, Inc	-	-	42.94
Intellect Design Arena Limited, India	-	-	1,569.97
Intellect Design Arena Inc.	-	-	478.33
	6,173.43	412.37	2,237.90

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33. Related parties (Contd...)**

	March 31, 2017	March 31, 2016	April 1, 2015
Other financial assets			
Virtusa Corporation	13.10	-	-
Optimus Global Services Limited	-	109.81	141.97
Polaris Consulting & Services Pty Ltd, Australia	-	5.10	13.75
Polaris Consulting & Services Inc, Canada	-	513.31	-
Polaris Software (Shanghai) Company Limited, China	-	22.96	24.31
Polaris Consulting and Services FZ- LLC, Dubai	-	162.17	-
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	-	2.22
Polaris Consulting & Services Ireland Ltd., Ireland	-	2.03	19.04
Polaris Consulting & Services GmbH, Germany	-	-	14.16
Polaris Consulting & Services, KFT, Hungary	-	22.34	6.79
Polaris Consulting & Services Pte Ltd, Singapore	-	8.11	25.12
Polaris Consulting & Services B.V, Netherlands	-	15.37	-
Indigo TX Software Pvt Ltd India	-	-	0.03
Laser Soft Infosystems Limited, India	-	-	4.14
Intellect Design Arena Limited FZ-LLC	-	-	20.09
Intellect Design Arena Inc.	-	-	1,841.55
	13.10	861.20	2,113.17

	March 31, 2017	March 31, 2016	April 1, 2015
Other current assets			
Virtusa Corporation	11.62	-	-
Virtusa Consulting Services Pvt. Ltd.	-	674.00	-
	11.62	674.00	-

	March 31, 2017	March 31, 2016	April 1, 2015
Balance due to related parties			
Trade payables (see note 21)			
Virtusa AB, Sweden	-	-	-
Virtusa Corporation	1,946.14	-	-
Virtusa Pvt.Ltd, Sri Lanka	207.20	-	-
Virtusa Singapore Private Limited	-	-	-
Virtusa UK Limited	526.81	-	-
Virtusa Consulting Services Pvt. Ltd.	1,860.75	-	-
Virtusa Software Services Pvt. Ltd	224.75	-	-
Virtusa Technologies India Pvt. Ltd.	195.80	-	-
Polaris Consulting & Services Inc, Canada	10.16	-	-
Polaris Consulting & Services Pty Ltd, Australia	-	-	-
Polaris Consulting and Services Japan K.K, Japan	-	48.69	153.90
Optimus Global Services Limited	14.00	-	-
Polaris Software (Shanghai) company Limited, China	-	-	-
Polaris Consulting & Services, KFT, Hungary	-	-	-
Polaris Consulting & Services B.V, Netherlands	-	-	-

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33. Related parties (Contd...)**

Polaris Consulting & Services GmbH, Germany	-	50.98	-
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	-	-
Polaris Consulting & Services Pte Ltd, Singapore	337.09	282.84	254.68
Polaris Consulting & Services Ireland Ltd., Ireland	512.89	365.52	170.28
Polaris Consulting & Services SA	642.01	-	-
Polaris Consulting and Services FZ- LLC, Dubai	899.57	721.14	-
Polaris Consulting & Services Limited, United Kingdom	2,153.01	4,413.40	2,004.82
Intellect Polaris Design LLC, USA	-	-	77.73
Intellect Design Arena Philippines, Inc	-	-	6.27
Intellect Design Arena Limited FZ-LLC	-	-	902.00
Intellect Design Arena Limited, India	-	-	(103.48)
Intellect Design Arena Limited SA, Switzerland	-	-	774.40
	9,530.18	5,882.57	4,240.60

March 31, 2017 March 31, 2016 April 1, 2015

Other Financial Liabilities

Virtusa Corporation	116.12	-	-
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Other current liabilities

Polaris Consulting and Services Japan K.K, Japan	-	206.71	1.12
Polaris Consulting & Services Inc, Canada	-	10.22	53.99
Polaris Consulting & Services Limited, United Kingdom	-	378.19	193.94
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	2.06	-
Polaris Enterprise Solutions Limited, India	-	-	6.22
Intellect Design Arena Inc.	-	-	0.74
Intellect Design Arena Limited SA, Switzerland	-	-	212.37
SEEC Technologies Asia Private Limited	-	-	6.31
Intellect Design Arena Limited, India	-	-	16.44
	-	597.18	491.13

Investments

Polaris Consulting & Services Pty Ltd, Australia	8.11	8.11	8.11
Polaris Consulting and Services Japan K.K, Japan	79.04	79.04	79.04
Polaris Consulting & Services Pte Ltd, Singapore	119.85	119.85	119.85
Polaris Consulting & Services Inc, Canada	109.38	109.38	109.38
Polaris Consulting & Services GmbH, Germany	261.99	261.99	261.99
Polaris Consulting & Services Ireland Ltd., Ireland	88.96	88.96	88.96
Polaris Consulting & Services Limited, United Kingdom	4.92	4.92	4.92
Intellect Polaris Design LLC, USA	-	1,533.50	2,913.65
Polaris Consulting and Services FZ- LLC, Dubai	261.00	261.00	-
Polaris Consulting & Services SA, Switzerland	685.30	685.30	-
	1,618.55	3,152.05	3,585.90

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33. Related parties (Contd...)**

	Year ended March 31, 2017	Year ended March 31, 2016
Transactions during the year		
Advances/Loan given		
Polaris Consulting & Services Pty Ltd, Australia	-	98.25
Polaris Consulting and Services Japan K.K, Japan	-	5.80
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	18.26
Polaris Software (Shanghai) Company Limited, China	-	-
Polaris Consulting & Services Pte Ltd, Singapore	-	48.48
Polaris Consulting & Services GmbH, Germany	-	4.98
Polaris Consulting & Services Ireland Ltd., Ireland	-	3.04
Polaris Consulting & Services B.V, Netherlands	-	14.24
Polaris Consulting & Services, KFT, Hungary	-	14.55
Polaris Consulting & Services Limited, United Kingdom	-	193.44
Polaris Consulting and Services FZ- LLC, Dubai	-	54.00
Intellect Design Arena Limited FZ-LLC	-	26.94
Intellect Design Arena Limited SA, Switzerland	-	7.21
Intellect Design Arena Limited, UK	-	1.18
	-	490.37
Revenue from operations		
Virtusa AB, Sweden	6.08	-
Virtusa Austria GmbH	11.44	-
Virtusa Corporation	12,003.72	674.00
Virtusa International BV Netherlands	15.06	-
Virtusa Pvt.Ltd, Sri Lanka	2.30	-
Virtusa Singapore Private Limited	69.35	-
Virtusa UK Limited	148.32	-
Virtusa Consulting Services Pvt. Ltd.	130.97	-
Virtusa Software Services Pvt. Ltd	2.47	-
Virtusa Technologies India Pvt. Ltd.	(4.41)	-
Optimus Global Services Limited	-	-
Polaris Consulting & Services B.V, Netherlands	-	-
Polaris Consulting & Services GmbH, Germany	-	117.17
Polaris Consulting & Services Inc, Canada	205.57	-
Polaris Consulting & Services Ireland Ltd., Ireland	-	-
Polaris Consulting & Services Limited, United Kingdom	22,264.72	15916.95
Polaris Consulting & Services Pte Ltd, Singapore	1,187.84	952.92
Polaris Consulting & Services Pty Ltd, Australia	7,168.75	9030.47
Polaris Consulting & Services SA, Switzerland	-	-
Polaris Consulting & Services, KFT, Hungary	-	-
Polaris Consulting and Services FZ- LLC, Dubai	329.21	485.76
Polaris Consulting and Services Japan K.K, Japan	2,182.90	3550.13
Polaris Software (Shanghai) Company Limited, China	-	-
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	-

Notes to the financial statements

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

33. Related parties (Contd...)

Intellect Design Arena Limited, India	-	2,518.15
Intellect Design Arena Philippines, Inc	-	1,272.57
	45,724.29	34,518.12
Software development expenses		
Virtusa AB, Sweden	-	-
Virtusa Austria GmbH	-	-
Virtusa Consulting Services Pvt. Ltd.	2,883.69	-
Virtusa Corporation	917.43	-
Virtusa International BV Netherlands	-	-
Virtusa Pvt.Ltd, Sri Lanka	211.09	-
Virtusa Singapore Private Limited	-	-
Virtusa Software Services Pvt. Ltd	223.20	-
Virtusa Technologies India Pvt. Ltd.	195.17	-
Virtusa UK Limited	545.16	-
Optimus Global Services Limited	-	-
Polaris Consulting & Services B.V, Netherlands	-	-
Polaris Consulting & Services GmbH	(10.43)	167.35
Polaris Consulting & Services Inc, Canada	(1,146.01)	-
Polaris Consulting & Services Ireland Ltd., Ireland	175.74	235.37
Polaris Consulting & Services Limited, United Kingdom	23,112.37	18,621.92
Polaris Consulting & Services Pte Ltd, Singapore	1,327.82	1,393.41
Polaris Consulting & Services Pty Ltd, Australia	5,869.82	7,013.59
Polaris Consulting & Services SA, Switzerland	1,954.94	-
Polaris Consulting & Services, KFT, Hungary	-	-
Polaris Consulting and Services FZ- LLC, Dubai	5,420.77	3,678.43
Polaris Consulting and Services Japan K.K, Japan	1,698.08	2,292.52
Polaris Software (Shanghai) Company Limited, China	-	-
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	-
Intellect Design Arena Limited, India	-	2,204.92
Intellect Design Arena Inc.	-	137.33
Intellect Design Arena Limited SA, Switzerland	-	2,092.07
	43,378.84	37,836.91
Reimbursement of expenses to the Company		
Intellect Design Arena Limited FZ-LLC	-	63.60
Intellect Design Arena Limited SA, Switzerland	-	167.37
Intellect Design Arena Limited, India	-	591.77
SEEC Technologies Asia Private Limited	-	1.26
Intellect Design Arena Inc.	-	1,897.62
Indigo TX Software Pvt Ltd India	-	1.66
Laser Soft Infosystems Limited, India	-	41.66
Optimus Global Services Limited, India	-	3.08
Polaris Consulting & Services Pty Ltd, Australia	-	-
Polaris Software (Shanghai) Company Limited, China	-	-
Polaris Consulting and Services Japan K.K, Japan	-	219.56

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***33. Related parties (Contd...)**

Polaris Consulting & Services Pte Ltd, Singapore	-	8.10
Polaris Consulting & Services Limited, United Kingdom	-	906.34
Polaris Consulting and Services FZ- LLC, Dubai	-	52.98
Polaris Software Consulting & Services Sdn. Bhd., Malaysia	-	0.30
Polaris Enterprise Solutions Limited, India	-	16.66
Virtusa Corporation	2,100.95	-
Virtusa Consulting Services Pvt. Ltd.	0.94	-
Virtusa Software Services Pvt. Ltd	0.17	-
Virtusa Technologies India Pvt. Ltd.	0.18	-
	2,102.24	3,971.96
Reimbursement of expenses by the Company		
Indigo TX Software Pvt Ltd India	-	0.03
Polaris Enterprise Solutions Limited, India	-	3.29
Laser Soft Infosystems Limited, India	-	1.41
Intellect Design Arena Limited, India	-	282.56
Intellect Design Arena Inc.	-	315.88
Polaris Consulting & Services B.V, Netherlands	-	0.46
Optimus Global Services Limited, India	-	18.78
Polaris Consulting & Services Pty Ltd, Australia	-	7.54
Polaris Consulting and Services Japan K.K, Japan	-	1.57
Polaris Consulting & Services Pte Ltd, Singapore	-	5.13
Polaris Consulting & Services Inc, Canada	-	1,466.83
Polaris Consulting & Services Ireland Ltd., Ireland	-	45.42
	-	2,148.90
Rental income		
Intellect Design Arena Limited, India	-	239.39
	-	239.39
Dividend Income		
Polaris Consulting & Services Pte Ltd, Singapore	-	926.04
	-	926.04
Rental expenses		
Intellect Design Arena Limited, India	-	314.75
Intellect Polaris Design LLC, USA	111.97	196.37
SEEC Technologies Asia Private Limited	-	25.03
	111.97	536.15
Investments		
Polaris Consulting and Services FZ- LLC, Dubai	-	261.00
Polaris Consulting & Services SA, Switzerland	-	685.30
	-	946.30
Sale of shares		
Intellect Polaris Design LLC, USA	-	1,380.15
	-	1,380.15

All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***34. Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT)**

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

35. Operating segments**A. Basis for segmentation**

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

B. Geographical information**i. Revenue**

	Year ended March 31, 2017	Year ended March 31, 2016
India	13,648.76	17,190.11
Americas	95,626.81	97,316.55
Europe	14,349.31	24,163.11
Rest of the World	27,473.03	18,968.73
Total	151,097.91	157,638.50

ii. Non-current assets*

	Year ended March 31, 2017	Year ended March 31, 2016
India	19,604.41	20,700.34
Americas	456.63	583.82
Total	20,061.04	21,284.16

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

C. Major customer

Revenue from one customer of the Company is INR 72,066.50 lakhs (2015-2016: INR 78,499.28 lakhs) which is more than 40 percent of the Company's total revenue.

36. Disposal group held for sale

In February 2016, management committed to a plan to sell the Business Process Outsourcing (BPO) division. Accordingly, that part of the division is presented as a disposal group held for sale. Efforts to sell the disposal group were started post March 2016 and the sale consummated in the second quarter of the financial year ended March 31, 2017.

A. Impairment losses (write-down) relating to the disposal group held for sale

A loss of INR 666.03 lakhs in the financial year 2015-2016, for write down of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in 'Exceptional items' (see Note 28). The loss has been applied to reduce the carrying amount of property, plant and equipment and other non-current assets within the disposal group.

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***36. Disposal group held for sale (Contd...)****B. Assets and liabilities of the disposal group held for sale**

At March 31, 2016, the disposal group has been stated at fair value less costs to sell (being lower of their carrying amount) and comprises the following assets and liabilities

	March 31, 2016
Loans	427.49
Unbilled revenue	146.67
Assets held for sale	574.16
Trade payables	337.50
Other current liabilities	3.46
Short-term provisions	33.20
Liabilities held for sale	374.16
Net carrying value	200.00

C. Measurement of fair values**i. Fair value hierarchy**

The non-recurring fair value measurement for the disposal group of INR 200 lakh has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

ii. Valuation technique and significant unobservable inputs

The pricing of the transaction has been determined by knowledgeable parties based on valuation of business, which has been arrived taking into consideration the forecasted growth, budgeted capital expenditure and risk adjusted discount rates.

37. Explanation of transition to Ind AS

As stated in Note 2(a)(i), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2(b) - 2(q) have been applied in preparing these Standalone financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2015.

In preparing its Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

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

A. Optional exemptions availed**1. Property plant and equipment, intangible assets and investment properties**

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index. The elections under (i) and (ii) above are also available for intangible assets that meet the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***37. Explanation of transition to Ind AS (Contd...)**

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets and investment property also.

2. Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to apply this exemption for its investments in equity instruments

3. Share based payments

As per Ind AS 101, a first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind ASs. However, if a first-time adopter elects to apply Ind AS 102 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in Ind AS 102. If a first-time adopter modifies the terms or conditions of a grant of equity instruments to which Ind AS 102 has not been applied, the entity is not required to apply modification accounting as specified in paragraphs 26–29 of Ind AS 102 if the modification occurred, before the date of transition to Ind ASs.

The Company has elected to apply Ind AS 102 to equity instruments that remain unvested as at the date of transition. Also, for modifications that occurred before the date of transition to Ind ASs, the requirements of Ind AS 102 have been applied to the extent that the equity instruments remain unvested on the date of transition.

4. Investment in subsidiaries and joint venture

As per Ind AS 101, When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:

- (a) at cost; or
- (b) in accordance with Ind AS 109

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost. The deemed cost of such an investment shall be its:
 - (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
 - (ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

The Company has opted for deemed cost (previous GAAP carrying amount) of the investment in subsidiaries and joint venture

B. Mandatory exemptions**1. Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

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

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.

Notes to the financial statements

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

37. Explanation of transition to Ind AS (Contd...)

2. Classification and measurement of financial assets

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

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

3. Hedge accounting

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 - First time adoption of Ind AS

	As at date of transition April 1, 2015			As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	19,970.28	(3,989.09)	15,981.19	20,839.64	(5,309.09)	15,530.55
Investment property	-	3,989.09	3,989.09	-	5,309.09	5,309.09
Other intangible assets	420.22	-	420.22	275.66	-	275.66
Financial assets	-	-	-	-	-	-
Investments	14,816.91	2,942.79	17,759.70	8,106.44	436.96	8,543.40
Other bank balances	374.09	-	374.09	19.83	-	19.83
Derivative financial instruments	244.26	-	244.26	554.62	-	554.62
Loans	646.82	(411.64)	235.18	467.88	(239.64)	228.24
Other financial assets	945.97	-	945.97	838.28	-	838.28
Income tax asset	7,252.75	17.97	7,270.72	5,876.19	21.43	5,897.62
Deferred tax assets (net)	289.30	-	289.30	311.03	1,330.97	1,642.00
Other non-current assets	149.71	-	149.71	168.86	-	168.86
Total non-current assets	45,110.31	2,549.12	47,659.43	37,458.43	1,549.72	39,008.15
Current assets						
Financial assets						
Investments	801.92	7.24	809.16	11,048.01	884.54	11,932.55
Trade receivables	25,433.32	(386.83)	25,046.49	19,821.13	(386.83)	19,434.30
Unbilled revenue	18,540.77	-	18,540.77	15,216.43	(146.67)	15,069.76
Cash and cash equivalents	2,807.62	1.68	2,809.30	3,112.34	770.86	3,883.20
Other bank balances	4,739.74	429.27	5,169.01	482.64	-	482.64
Derivative financial instruments	5,528.56	-	5,528.56	513.99	-	513.99
Loans	1,215.57	(121.56)	1,094.01	1,368.22	(548.61)	819.61
Other financial assets	2,429.89	-	2,429.89	5,530.39	-	5,530.39
Other current assets	1,005.94	117.85	1,123.79	2,334.37	-	2,334.37
	62,503.33	47.65	62,550.98	59,427.52	573.29	60,000.81
Disposal group - assets held for sale	-	-	-	-	574.16	574.16
Total current assets	62,503.33	47.65	62,550.98	59,427.52	1,147.45	60,574.97
Total assets	107,613.64	2,596.77	110,210.41	96,885.95	2,697.17	99,583.12

Notes to the financial statements

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

37. Explanation of transition to Ind AS (Contd...)

EQUITY AND LIABILITIES

Equity

Equity share capital	4,995.73	-	4,995.73	5,068.34	-	5,068.34
Other equity	54,333.08	9,388.30	63,721.38	60,327.55	(1,754.87)	58,572.68
Total equity	59,328.81	9,388.30	68,717.11	65,395.89	(1,754.87)	63,641.02

Liabilities

Non-current liabilities

Deferred tax liabilities (net)	166.63	(166.63)	-	138.02	-	138.02
Total non-current liabilities	166.63	(166.63)	-	138.02	-	138.02

Current liabilities

Financial liabilities

Trade and other payables	18,151.19	1.74	18,152.93	17,691.04	789.19	18,480.23
Other financial liabilities	12,632.25	43.93	12,676.18	7,196.74	84.72	7,281.46
Current tax liabilities	(274.83)	889.79	614.96	(719.69)	1,008.42	288.73
Provision for employee benefits	13,722.21	(12,024.68)	1,697.53	3,053.80	(33.20)	3,020.60
Other current liabilities	3,887.38	4,464.32	8,351.70	4,130.15	2,228.75	6,358.90
	48,118.20	(6,624.90)	41,493.30	31,352.04	4,077.88	35,429.92

Disposal group – liabilities directly associated with assets held for sale

	-	-	-	-	374.16	374.16
Total current liabilities	48,118.20	(6,624.90)	41,493.30	31,352.04	4,452.04	35,804.08
Total equity and liabilities	107,613.64	2,596.77	110,210.41	96,885.95	2,697.17	99,583.12

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

Reconciliation of total comprehensive income for the year ended March 31, 2016

	As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
Revenue from operations	155,406.19	2,232.31	157,638.50
Other income	2,913.07	263.82	3,176.89
Total income	158,319.26	2,496.13	160,815.39
Expenses			
Employee benefits expense	109,993.80	3,566.61	113,560.41
Depreciation and amortisation expense	2,493.72	-	2,493.72
Other expenses	26,583.49	482.65	27,066.14
Total expenses	139,071.01	4,049.26	143,120.27
Profit before exceptional items and income tax expense	19,248.25	(1,553.13)	17,695.12
Exceptional item	(2,183.58)	-	(2,183.58)
Profit before income tax expense	17,064.67	(1,553.13)	15,511.54
Current tax	6,323.41	137.15	6,460.56
Provision for taxes relating to earlier years	1,832.45	-	1,832.45
Deferred tax	(67.02)	652.07	585.05
Income tax expense	8,088.84	789.22	8,878.06
Profit after tax	8,975.83	(2,342.35)	6,633.48
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)	-	33.13	33.13
Equity investments through other comprehensive income - net change in fair value	-	(794.49)	(794.49)

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***37. Explanation of transition to Ind AS (Contd...)**

Gain on disposal of equity shares by trust	-	19.84	19.84
Income tax relating to items that will not be reclassified to profit or loss	-	(11.47)	(11.47)
Net other comprehensive income not to be reclassified subsequently to profit or loss	-	(752.99)	(752.99)
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	341.10	341.10
Effective portion of gains (losses) on hedging instruments in cash flow hedges	-	(4,704.21)	(4,704.21)
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	(160.94)	(160.94)
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income	-	(691.53)	(691.53)
Income-tax relating to items that will be reclassified to profit or loss	-	1,827.88	1,827.88
Net other comprehensive income to be reclassified subsequently to profit or loss	-	(3,387.70)	(3,387.70)
Other comprehensive income for the year, net of income tax	-	(4,140.69)	(4,140.69)
Total comprehensive income		8,975.83	2,492.79

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

Notes to the reconciliations**A. Reconciliation of Equity**

	Note	As at April 1, 2015	As at March 31, 2016
Equity under previous GAAP attributable to the shareholders		59,328.81	65,395.89
Impact on account of proposed dividend	H	12,024.68	-
Difference on account of revenue recognition	C	(4,464.17)	(2,231.86)
Fair valuation of investments	D	1,718.19	251.86
Effect of consolidation of employee welfare trusts	E	1,201.05	268.72
Impact of applying expected credit loss model on financial assets	I	(386.83)	(386.83)
Income tax adjustments		(704.62)	343.24
Equity under Ind AS attributable to the shareholders		68,717.11	63,641.02

B. Reconciliation of Total Comprehensive Income

	Note	Year ended March 31, 2016
Profit as per previous GAAP		8,975.83
Difference on account of revenue recognition	C	2,232.31
Mark to market adjustments on investments	D	180.62
Actuarial gain on employee defined benefit plans recognised in OCI	F	(33.13)
Increase in compensation cost due to fair value accounting of share based payments	G	(709.54)
Effect of consolidation of employee welfare trusts	E	(3,244.10)
Income tax impact on above adjustments		(768.51)
Net profit for the year as per Ind AS (A)		6,633.48
Other Comprehensive Income (OCI):		
Re-measurement gains on defined benefit plans	F	33.13
Exchange differences on translation of foreign operations		341.10
Net movement on cash flow hedges		(4,704.21)
Mark to market adjustments on investments	D	(1,627.12)

Notes to the financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***37. Explanation of transition to Ind AS (Contd...)**

Income tax impact on above adjustments	1,816.41
Sub-total (B)	(4,140.69)
Total Comprehensive Income as reported under Ind AS (A + B)	2,492.79

C. Difference on account of revenue recognition

Difference on account of revenue recognition is primarily due to difference in timing of revenue recognition under Ind AS as compared to the previous GAAP.

D. Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and joint venture as well as debt securities, preference shares and mutual funds have been fair valued. The Group has designated certain investments classified as fair value through profit or loss with certain others designated as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

E. Consolidation of trusts

As detailed in Note 34, Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT) are consolidated as part of the Company under Ind AS. These entities were not consolidated under the previous GAAP. Accordingly, the assets and liabilities of the trusts and the profit or loss items have been consolidated as part of the financial statements.

F. Actuarial gain / loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Group recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on April 1, 2015 or as on March 31, 2016.

G. Share-based payments measurement

The Group granted equity-settled share-based payments to certain employees. The Group accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments.

H. Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

I. Allowance for credit loss

On transition to Ind AS, the Group has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109. Consequently, trade receivables has been reduced with a corresponding decrease in retained earnings on the date of transition.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Independent Auditors' Report

To The Members of Polaris Consulting & Services Limited

Report on the Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Polaris Consulting & Services Limited** ("the Holding Company") and its subsidiaries and a joint venture (collectively referred to as "the Company" or "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "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 requirements of the Companies Act, 2013 (hereinafter referred to as "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 changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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.

Auditors' 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 the 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 Ind AS financial statements.

We believe that the audit evidence obtained by us 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 consolidation of reports of the other auditors on separate financial statements of the subsidiaries and a joint venture of the group as noted below, 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, including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other matters

a) The comparative financial information of the Group for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 12 May 2016 and 30 April 2015 respectively expressed an unmodified opinion on those consolidated Ind AS financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

b) We did not audit the financial statements of eleven subsidiaries and a joint venture, whose financial statements reflect total assets of INR 20,413.32 lakhs as at 31 March 2017, total revenue of INR 22,212.24 lakhs and net cash outflows amounting to INR 2,628.92 for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 62.60 lakhs for the year ended 31 March 2017, in respect of such joint venture. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and 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 and joint venture and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of other auditors.

Our opinion 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.

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 the report of the other auditors on separate financial statements of the subsidiaries and a joint venture, as noted in "Other Matters" paragraph, we report to the extent applicable, that:.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary incorporated in India, none of the directors of the Group is disqualified as on 31 March 2017 from being appointed as a Director of that Company 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditors' 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 and also the other financial information of the subsidiary and joint venture, as noted in the 'other matters' paragraph:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 33 to the consolidated Ind AS financial statements;
 - ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for the material foreseeable losses, if any. The Company did not have any derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India; and
 - iv. the Company did not have any holdings or dealings in Specified Bank notes during the period from 8 November 2016 to 30 December 2016. Refer note 12C of the consolidated Ind AS financial statements.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 101248W / W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: 15 May 2017

Annexure 'A' to the Independent Auditors' Report**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 Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of **Polaris Consulting & Services Limited** ("the Holding Company") and its subsidiary company which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which is incorporated in India, are 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 report referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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 consolidated Ind AS 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 and its subsidiary company, which is incorporated in India, have, 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 31 March 2017, 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 ICAI.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Chartered Accountants

ICAI Firm Registration No: 101248W / W-100022

S Sethuraman

Partner

Membership No: 203491

Place:

Date: 15 May 2017

Consolidated Balance Sheet as at March 31, 2017

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

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	14,432.03	15,854.15	19,058.45
Investment property	6	5,309.09	5,309.09	3,989.09
Other intangible assets	5	203.85	275.66	420.22
Intangible assets under development	5	277.41	-	-
Equity accounted investees	7	1,470.69	1,533.47	-
Financial assets				
Investments	8	1,229.26	5,391.36	14,175.45
Other bank balances	12B	59.89	19.83	374.09
Derivative financial instruments	13	-	554.62	244.26
Loans	14	103.08	228.24	234.94
Other financial assets	15	1,176.95	1,053.58	1,065.66
Income tax assets, net		7,846.97	5,914.97	7,361.97
Deferred tax assets, net	9	136.70	1,886.46	906.59
Other non-current assets	16	113.27	168.86	158.48
Total non-current assets		32,359.19	38,190.29	47,989.20
Current assets				
Financial assets				
Investments	8	12,871.98	12,246.15	1,117.27
Trade receivables	10	31,554.93	25,183.82	23,426.09
Unbilled revenue	11	21,501.47	19,888.31	23,794.43
Cash and cash equivalents	12A	32,124.24	25,176.12	12,385.28
Other bank balances	12B	7,530.45	1,848.11	6,796.94
Derivative financial instruments	13	3,923.01	513.99	5,528.56
Loans	14	527.58	1,180.62	1,185.42
Other financial assets	15	319.71	2,294.11	7,895.52
Other current assets	17	1,970.26	2,926.79	1,646.44
		112,323.63	91,258.02	83,775.95
Disposal group - assets held for sale	37	-	574.16	-
Total current assets		112,323.63	91,832.18	83,775.95
Total assets		144,682.82	130,022.47	131,765.15
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	5,106.04	5,068.34	4,995.73
Other equity		104,024.23	88,358.51	88,023.20
Equity attributable to owners of the company		109,130.27	93,426.85	93,018.93
Non-controlling interest		-	-	148.23
Total equity		109,130.27	93,426.85	93,167.16
Liabilities				
Non-current liabilities				
Deferred tax liabilities, net	9	134.98	148.39	250.63
Total non-current liabilities		134.98	148.39	250.63
Current liabilities				
Financial liabilities				
Trade payables	22	-	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		16,820.30	13,464.53	10,398.64
Other financial liabilities	23	6,890.50	8,659.58	12,915.27
Current tax liabilities		606.06	878.29	1,113.03
Provision for employee benefits	21	3,947.56	3,464.60	2,004.93
Other current liabilities	24	7,153.15	9,606.07	11,915.49
		35,417.57	36,073.07	38,347.36
Disposal group - liabilities directly associated with assets held for sale	37	-	374.16	-
Total current liabilities		35,417.57	36,447.23	38,347.36
Total equity and liabilities		144,682.82	130,022.47	131,765.15

The notes from 1 to 39 are an integral part of these consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2017*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)*

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations		207,974.23	205,135.16
Other income	25	2,086.34	1,916.31
Total income		210,060.57	207,051.47
Expenses			
Employee benefits expense	26	138,443.91	143,414.65
Depreciation and amortisation expense	27	2,333.00	2,643.32
Other expenses	28	45,695.49	38,361.14
Total expenses		186,472.40	184,419.11
Profit before exceptional items, share of loss of equity accounted investee and income tax expense		23,588.17	22,632.36
Exceptional items	29	-	(2,183.58)
Profit before share of loss of equity accounted investees and income tax expense		23,588.17	20,448.78
Share of loss from joint venture	7	(62.60)	(8.19)
Profit before income tax expense		23,525.57	20,440.59
Current tax		6,690.17	7,663.56
Provision for taxes relating to earlier years		-	1,832.45
Deferred tax		691.06	739.69
Income tax expense	9	7,381.23	10,235.70
Profit after tax		16,144.34	10,204.89
Attributable to:			
Owners of the Company		16,144.34	10,210.21
Non-controlling interest		-	(5.32)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability / (asset)	21	5.97	33.13
Equity investments through other comprehensive income - net change in fair value		(121.31)	(794.49)
Gain on disposal of equity shares		3.12	19.84
Income tax relating to items that will not be reclassified to profit or loss	9	(2.06)	(11.47)
Net other comprehensive income that will not be reclassified subsequently to profit or loss		(114.28)	(752.99)
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations		(2,910.88)	1,707.59
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		2,854.41	(4,704.21)
Gains / (Losses) on securities classified as fair value through other comprehensive income		-	(160.94)
Reclassification of gains / (losses) on securities classified as fair value through other comprehensive income		37.88	(691.53)
Income-tax relating to items that will be reclassified to profit or loss	9	(996.59)	1,827.88
Net other comprehensive income that will be reclassified subsequently to profit or loss		(1,015.18)	(2,021.21)
Other comprehensive income for the year, net of income tax expense	29	(1,129.46)	(2,774.20)
Total comprehensive income		15,014.88	7,430.69
Attributable to:			
Owners of the Company		15,014.88	7,436.01
Non-controlling interests		-	(5.32)
Earnings per share	30		
Basic earnings per share (INR)		15.90	10.19
Diluted earnings per share (INR)		15.79	10.07

The notes from 1 to 39 are an integral part of these consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited**S Sethuraman**

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Consolidated Statements of Changes in Equity for the year ended March 31, 2017*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***A. Equity Share Capital**

	Note	Amount
Balance as at April 1, 2015		4,995.73
Changes in equity share capital during 2015-16	18	72.61
Balance as at March 31, 2016		5,068.34
Changes in equity share capital during 2016-17	18	37.70
Balance as at March 31, 2017		5,106.04

B. Other Equity

	Attributable to the owners of the Company										
	Reserves and surplus			Items of OCI							
	Securities premium	Share based payments reserve	Treasury stock	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 19B)	Total attributable to owners of Company	Attributable to NCI	Total
Balance at April 1, 2015	1,555.07	1,340.55	(328.78)	78,561.46	1,449.04	3,810.63	1,510.72	124.51	88,023.20	148.23	88,171.43
Total comprehensive income for the year ended March 31, 2016											
Profit or loss	-	-	-	10,210.21	-	-	-	-	10,210.21	(5.32)	10,204.89
Other comprehensive income (net of tax)	-	-	-	-	1,707.59	(3,111.85)	(1,411.44)	41.50	(2,774.20)	-	(2,774.20)
Total comprehensive income	-	-	-	10,210.21	1,707.59	(3,111.85)	(1,411.44)	41.50	7,436.01	(5.32)	7,430.69
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Shares options exercised	1,405.08	-	-	-	-	-	-	-	1,405.08	-	1,405.08
Dividends	-	-	-	(12,048.01)	-	-	-	-	(12,048.01)	-	(12,048.01)
Share based payment	-	1,379.19	-	-	-	-	-	-	1,379.19	-	1,379.19
Shares issued by trust	-	-	297.84	-	-	-	-	-	297.84	-	297.84
Gain on sale of shares held by trust	1,824.57	-	-	-	-	-	-	-	1,824.57	-	1,824.57
Dividend paid to trust	-	-	-	169.50	-	-	-	-	169.50	-	169.50
Impact on deconsolidation of subsidiary	-	-	-	-	(128.86)	-	-	-	(128.86)	(142.91)	(271.77)
Total transactions with owners	3,229.65	1,379.19	297.84	(11,878.51)	(128.86)	-	-	-	(7,100.69)	(142.91)	(7,243.60)
Balance at March 31, 2016	4,784.72	2,719.74	(30.94)	76,893.16	3,027.77	698.78	99.28	166.01	88,358.52	-	88,358.52

Attributable to the owners of the Company									
	Reserves and surplus			Items of OCI					Total
	Securities premium	Share based payments reserve	Treasury stock	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Other items of OCI (Refer note 19B)	Attributable to NCI
Balance at April 1, 2016	4,784.72	2,719.74	(30.94)	76,893.16	3,027.77	698.78	99.28	166.01	88,358.52
Total comprehensive income for the year ended March 31, 2017									
Profit or loss	-	-	-	16,144.34	-	-	-	-	16,144.34
Other comprehensive income (net of tax)	-	-	-	-	(2,910.88)	1,866.56	(92.17)	7.03	(1,129.46)
Total comprehensive income	-	-	-	16,144.34	(2,910.88)	1,866.56	(92.17)	7.03	-
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares options exercised	732.54	-	-	-	-	-	-	-	732.54
Share based payment	-	(94.52)	-	-	-	-	-	-	(94.52)
Shares issued by trust	-	-	2.85	-	-	-	-	-	2.85
Gain on sale of shares held by trust	9.96	-	-	-	-	-	-	-	9.96
Total transactions with owners	742.50	(94.52)	2.85	-	-	-	-	-	650.83
Balance at March 31, 2017	5,527.22	2,625.22	(28.09)	93,037.50	116.89	2,565.34	7.11	173.04	104,024.23

The notes from 1 to 39 are an integral part of these consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

for and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2017

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

	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year	16,144.34	10,204.89
Adjustments for:		
Depreciation and amortisation	2,333.00	2,643.32
Equity-settled share-based payments	(152.68)	980.38
Share of loss from joint venture	62.60	8.19
Unrealised foreign exchange (gain)/loss	(148.76)	600.67
Interest income	(261.66)	(459.75)
Gain on sale of investments (net)	(651.81)	(498.22)
Financial assets mandatorily measured at FVTPL - net change in fair value	(22.92)	(190.18)
Net gain on sale of property, plant and equipment	(682.04)	(5.17)
Dividend income	-	(278.00)
Impairment loss on financial assets	-	185.51
Transaction expenses	-	1,517.56
Loss on impairment of BPO business assets	-	666.03
Income tax expense	7,381.23	10,235.70
Operating profit before working capital changes	24,001.30	25,610.93
Working capital adjustments:		
Decrease/(increase) in trade receivables	(10,342.84)	4,409.54
Decrease/(increase) in other assets	6,448.16	2,673.68
Increase/(decrease) in trade payables, other liabilities and provisions	(1,408.71)	5,235.72
Cash generated from operations	18,697.91	37,929.87
Direct taxes paid (net of refunds)	(8,701.42)	(8,283.77)
Net cash flow generated from operating activities (A)	9,996.49	29,646.10
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(1,965.36)	(2,111.78)
Acquisition of investment property	-	(1,320.00)
Acquisition of investments	(60,400.00)	(10,320.49)
Proceeds from sale of investments	63,443.20	9,400.00
Investment in bank deposits	(5,738.11)	337.47
Proceeds from sale of property, plant and equipment	1,591.51	77.36
Proceeds from sale of BPO division	145.00	-
Interest received	336.07	631.52
Dividend received	-	278.00
Net cash used in investing activities (B)	(2,587.69)	(3,027.92)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of share options	37.69	72.61
Proceeds from securities premium on exercise of share options	732.55	1,405.08
Proceeds from sale of treasury shares	12.81	2,122.42
Payment of transaction costs (refer note 29 (a))	-	(1,517.56)
Dividend paid during the year	(16.53)	(17,013.64)
Net cash flow from financing activities (C)	766.52	(14,931.09)
Net increase in cash and cash equivalents (A+B+C)	8,175.32	11,687.09
Cash and cash equivalents as at April 1	25,176.12	12,385.28
Effect of exchange rate fluctuations on cash held	(1,227.20)	1,103.75
Cash and cash equivalents at March 31	32,124.24	25,176.12
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balance with banks in current accounts	31,670.51	25,018.99
Deposits with original maturity of less than three months	453.73	157.13
Balance as per statement of cash flows	32,124.24	25,176.12

The notes from 1 to 39 are an integral part of these consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***1. Reporting entity**

Polaris Consulting & Services Limited (formerly known as Polaris Financial Technology Limited) ("Polaris" or "the Company"), its subsidiaries and its joint venture (collectively referred to as "the Polaris Group" or "the Group") are primarily engaged in the business of IT services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services. The Company (CIN: L65993TN1993PLC024142) is a public limited Company domiciled and incorporated in India and its equity shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Group is a subsidiary of Virtusa Consulting Services Private Limited ("holding company" or "Virtusa India") and its ultimate holding company is Virtusa Corporation ("Virtusa").

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Polaris, its subsidiaries and its joint venture.

a) Basis of preparation**(i) Statement of compliance**

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

The Group's consolidated financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

As these are Group's first consolidated financial statements prepared in accordance with Ind AS 101, "First-time Adoption of Indian Accounting Standards", has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 39

The consolidated financial statements were authorised for issue by the Company's Board of the Directors on May 15, 2017.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. In respect of subsidiaries and a joint venture whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

(iii) Basis of measurement

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

Items

Certain financial assets and liabilities (including derivative instruments)
Net defined benefit(asset)/liability

Measurement basis

Fair value
Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgment

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

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

Judgments

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

- Note 9(E) - Unrecognised deferred tax liabilities
- Note 35 - Consolidation: whether the Group has de facto control over an investee

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

- Note 2(l) – revenue recognition for fixed price contracts based on ‘percentage of completion’ method;
- Note 9 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 21 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 31 – impairment of financial assets.

(v) Measurement of fair values

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

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

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

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

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

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

- Note 20 – share-based payment arrangements;
- Note 37 – disposal group – assets held for sale;
- Note 6 – investment property (for disclosures);
- Note 7 - Equity accounted investee and
- Note 31 – financial instruments

b) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree’s net identifiable assets at the date of the acquisition. Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Equity accounted investee

The Group’s interests in equity accounted investees comprise interests in joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

Interests in joint venture is accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which joint control ceases.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Foreign currency**Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at monthly average rate which approximates the actual rate at the date of the transaction.

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

Foreign operations

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

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to Statement of Profit and Loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to Statement of Profit and Loss.

d) Financial instruments**(i) Recognition and initial measurement**

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

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

(ii) Classification and subsequent measurement**Financial assets**

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

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

Notes to the consolidated financial statements

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss. See Note 2(d)(vi) for financial liabilities designated as hedging instruments.

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(v) Treasury shares**

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

(vi) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

(vii) Cash dividend to equity holders

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

Property, plant and equipment**(i) Recognition and measurement**

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

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

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

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

(ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 39).

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(iii) Subsequent expenditure**

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

(iv) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values on a straight-line method based on the useful lives specified in Schedule II of the Companies Act, 2013 and is recognised in the Statement of Profit and Loss. Freehold land is not depreciated.

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

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

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

Other intangible assets**(i) Internally generated: Research and development**

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

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(iv) Amortization

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

The estimated useful lives are as follows:

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

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***g) Investment property**

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

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment property recognised as at April 1, 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

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

h) Impairment**(i) Impairment of financial instruments**

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

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

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

(ii) Impairment of non-financial assets

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

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

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

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

(i) Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, and employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(j) Employee benefits****(i) Short-term employee benefits**

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

(ii) Share-based payment transactions*Recognition and measurement*

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

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to apply Ind AS 102 to equity instruments that remain unvested as at the date of transition. Also, for modifications that occurred before the date of transition to Ind ASs, the requirements of Ind AS 102 have been applied to the extent that the equity instruments remain unvested on the date of transition (Refer note 39).

(iii) Provident Fund

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

(iv) Gratuity

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

(v) Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust 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 has no further obligations under the Plan beyond its monthly contributions which are periodically contributed to a trust.

(vi) Compensated absences

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

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(vii) Termination benefits**

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

(k) Provisions (other than for employee benefits)

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

Onerous contracts

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

(l) Revenue recognition**(i) Rendering of services**

The Group derives its revenue from a variety of IT consulting, technology implementation and application outsourcing services. Contracts for these services have different terms and conditions based on the scope, deliverables, and complexity of the engagement which require management to make judgments and estimates in determining the overall cost to the customer. Fees for these contracts may be in the form of time and materials or fixed price arrangements.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last billing to the reporting date is recognised as unbilled revenues. Revenue from fixed-price arrangements, where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billing in excess of costs and earnings are classified as deferred revenue.

Under the percentage of completion method, management estimates the percentage of completion based upon efforts incurred as a percentage of the total estimated efforts for the specified engagement. When total cost estimates exceed revenue, the Group accrues for the estimated losses immediately. The use of the percentage of completion method requires significant judgment relative to estimating total contract revenue and efforts, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in other engagement related costs. The Group's analysis of these contracts also contemplates whether contracts should be combined or segmented. Estimates of total contract revenue and efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified.

The Group offers certain services that are fixed fee or transaction based. The Group recognises revenue from these arrangements either ratably over the contractual period or as transactions occur.

(m) Leases**(i) Determining whether an arrangement contains a lease**

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

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***(ii) Lease payments**

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

(n) Dividend income

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

(o) Income tax

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

(p) Research and development expenditure Credit (RDEC)

RDEC are recognised initially at fair value when the relevant conditions are met and there is a reasonable assurance that the credits would be allowed by the relevant Government authorities. RDEC which compensates the Group for expenses incurred are netted off in the Statement of Profit and Loss from the relevant expense in the periods in which such expenses are recognised.

(q) Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)**(ii) Diluted earnings per share*

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

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

(r) Operating segments

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

3 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, Statement of cash flows and Ind AS 102, Share-Based Payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of cash flows and IFRS 2, Share-Based Payment, respectively. The amendments are applicable to the Group from April 1, 2017.

Amendments to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liability arising from financing activities, to meet the disclosure requirement.

The Group has evaluated the disclosure requirements of the amendment and the effect on the consolidated financial statements is not expected to be material.

Amendments to Ind AS 102

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values' but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled, share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group has evaluated the disclosure requirements of the amendment and no effect on the consolidated financial statements is expected.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***4. Property, plant and equipment****Reconciliation of carrying amount**

	Land	Buildings	Plant and equipments (including computer equipments and accessories)	Electrical fittings	Furniture and fixtures	Office Equipments	Vehicles	Leasehold improvement	Total
Gross carrying amount									
Balance as at April 1, 2015	4,972.67	8,712.65	2,364.93	405.50	1,072.64	849.76	556.23	124.07	19,058.45
Additions	-	-	1,242.45	19.84	218.16	199.21	254.48	-	1,934.14
Disposals	-	-	(62.05)	(35.56)	(33.28)	(83.44)	(39.40)	-	(253.73)
Exchange differences on translation of foreign operations	24.14	79.19	402.78	1.40	35.71	31.09	-	12.41	586.72
Other adjustments*	(772.56)	(1,928.43)	(311.35)	-	(4.56)	(77.34)	(11.03)	(44.63)	(3,149.90)
Balance as at March 31, 2016	4,224.25	6,863.41	3,636.76	391.18	1,288.67	919.28	760.28	91.85	18,175.68
Balance as at April 1, 2016	4,224.25	6,863.41	3,636.76	391.18	1,288.67	919.28	760.28	91.85	18,175.68
Additions	-	25.51	1,277.96	2.71	27.55	57.25	174.98	-	1,565.96
Disposals	(13.29)	(733.47)	(159.89)	(11.71)	(103.28)	(46.73)	(534.69)	(2.30)	(1,605.36)
Exchange differences on translation of foreign operations	(0.61)	(48.86)	(3.93)	(1.80)	(35.61)	(13.57)	4.89	(11.16)	(110.65)
Balance as at March 31, 2017	4,210.35	6,106.59	4,750.90	380.38	1,177.33	916.23	405.46	78.39	18,025.63
Accumulated depreciation and impairment losses									
Depreciation for the year	-	390.19	1,127.45	34.08	211.64	338.61	237.66	21.88	2,361.51
Disposals	-	-	(76.16)	-	-	-	(10.81)	-	(86.97)
Exchange differences on translation of foreign operations	-	(30.04)	193.59	0.70	21.94	20.56	-	12.42	219.17
Other adjustments*	-	(34.33)	(106.41)	(0.01)	(0.23)	(11.75)	(5.09)	(14.36)	(172.18)
Balance as at March 31, 2016	-	325.82	1,138.47	34.77	233.35	347.42	221.76	19.94	2,321.53
Balance as at April 1, 2016	-	325.82	1,138.47	34.77	233.35	347.42	221.76	19.94	2,321.53
Depreciation for the year	-	296.43	1,005.24	59.54	228.13	229.17	222.98	74.98	2,116.47
Disposals	-	(46.06)	(84.76)	(3.53)	(80.03)	(27.46)	(448.13)	(5.91)	(695.88)
Exchange differences on translation of foreign operations	-	(4.93)	(96.72)	(0.90)	(18.53)	(25.01)	22.20	(24.62)	(148.52)
Balance as at March 31, 2017	-	571.26	1,962.23	89.88	362.92	524.12	18.81	64.39	3,593.60
Carrying amounts (net)									
At April 1, 2015	4,972.67	8,712.65	2,364.93	405.50	1,072.64	849.76	556.23	124.07	19,058.45
At March 31, 2016	4,224.25	6,537.59	2,498.29	356.41	1,055.32	571.86	538.52	71.91	15,854.15
At March 31, 2017	4,210.35	5,535.33	2,788.67	290.50	814.41	392.11	386.65	14.00	14,432.03

*Other adjustments represents adjustments with respect to impairment provision for Business Process Outsourcing division assets (refer note 37) and deconsolidation of a subsidiary (refer note 7).

Notes to the consolidated financial statements

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

5. Other intangible assets

Reconciliation of carrying amount

	Computer Software	Customer Contracts#	Total	Intangible assets under development
Gross carrying amount				
Balance as at April 1, 2015	361.89	58.33	420.22	-
Additions	137.25	-	137.25	-
Balance as at March 31, 2016	499.14	58.33	557.47	-
Balance as at April 1, 2016	499.14	58.33	557.47	-
Additions	138.19	-	138.19	277.41
Exchange differences on translation of foreign operations	64.04	-	64.04	-
Balance as at March 31, 2017	701.37	58.33	759.70	277.41
Accumulated amortisation and impairment losses				
Amortisation for the year	223.48	58.33	281.81	-
Balance as at March 31, 2016	223.48	58.33	281.81	-
Balance as at April 1, 2016	223.48	58.33	281.81	-
Amortisation for the year	216.53	-	216.53	-
Exchange differences on translation of foreign operations	57.51	-	57.51	-
Balance as at March 31, 2017	497.52	58.33	555.85	-
Carrying amounts (net)				
At April 1, 2015	361.89	58.33	420.22	-
At March 31, 2016	275.66	-	275.66	-
At March 31, 2017	203.85	-	203.85	277.41

Represents customer contracts acquired by the Company from Pyxis Systems Private Limited through business purchase agreement dated October 9, 2012.

6. Investment Property

A. Reconciliation of carrying amount	Total
Gross carrying amount	
Balance as at April 1, 2015	3,989.09
Acquisitions	1,320.00
Balance as at March 31, 2016	5,309.09
Balance as at April 1, 2016	5,309.09
Acquisitions	-
Balance as at March 31, 2017	5,309.09
Fair Value	
At April 1, 2015	8,125.00
At March 31, 2016	8,613.80
At March 31, 2017	7,986.00

Notes to the consolidated financial statements

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

6. Investment Property (Contd...)

B. Measurement of fair values

i. Fair value hierarchy

Investment property comprises of land in Gurgaon. The fair value of investment property has been determined based on the current prices in an active market for similar properties.

The fair value measurement for the investment property has been categorised as a Level 2 (see Note 2(a)(v)).

ii. Valuation technique

The group follows a sales comparison approach. The valuation model estimates the value based on what other purchasers and sellers have agreed to as a price of land in the same locality. The model has taken in to consideration, the sales price and the estimated transaction cost to sale in arriving at the value of the land.

7. Equity accounted investees

	March 31, 2017	March 31, 2016	April 1, 2015
Interest in joint venture	1,470.69	1,533.47	-
	1,470.69	1,533.47	-

On December 31, 2015, the Company divested 45% of its membership interest in Intellect Polaris Design LLC ('IDLLC') for a consideration of INR 1,380.15 lakhs to Intellect Design Arena Limited. After the divestment, Intellect Design Arena Limited and Polaris Software Lab Inc. ("PSL") (a wholly owned subsidiary of Intellect Design Arena Limited, which already owns 5% of the membership interest in Intellect Polaris Design LLC) together holds 50% of the membership interest in IDLLC and the Company holds the remaining 50%. As the Company held 95% shareholding in IDLLC till December 31, 2015, it has been accounted as a subsidiary until December 31, 2015 and effective, January 1, 2016, treated as a joint venture and accounted under equity method.

The table below summarizes the loss on deconsolidation of Intellect Polaris Design LLC			
Fair value of consideration received			1,380.15
Add: Fair value of interest retained			1,544.94
			2,925.09
Carrying amount of assets and liabilities before loss of control			3,089.88
Less: Non-controlling interests			(142.88)
Net assets deconsolidated			2,947.00
Loss on deconsolidation of subsidiary			(21.91)

The following table summarizes the financial information of IDLLC and the carrying amount of the Group's interest in IDLLC

	March 31, 2017	March 31, 2016	April 1, 2015
Percentage ownership interest	50%	50%	NA
Non-current assets	2,675.78	2,838.31	-
Current assets (including cash and cash equivalents - March 31, 2017: INR 254.89 lakhs; March 31, 2016: INR 250.75 lakhs)	328.42	271.11	-
Current liabilities	(62.83)	(42.48)	-
Net assets	2,941.37	3,066.94	-
Group's share of net assets (50%)	1,470.69	1,533.47	-
Carrying amount of interest in joint venture	1,470.69	1,533.47	-

	March 31, 2017	March 31, 2016
Other income	286.96	56.58
Depreciation of plant and machinery	(103.57)	(24.23)
Other expenses	(308.59)	(48.73)
Loss	(125.20)	(16.38)

Notes to the consolidated financial statements

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

7. Equity accounted investees (Contd...)

Other comprehensive income	-	-
Total comprehensive income	(125.20)	(16.38)
Group's share of Profit (50%)	(62.60)	(8.19)
Group's share of OCI (50%)	-	-
Group's share of total comprehensive income (50%)	(62.60)	(8.19)

In years ended March 31, 2017 and March 31, 2016, the Group did not receive dividends from the joint venture

8. Investments

A. Non-current investments

	March 31, 2017	March 31, 2016	April 1, 2015
Quoted debt securities			
<i>Corporate debt securities at FVOCI</i>			
Nil (March 31, 2016: Nil; April 1, 2015: 500) bonds of 6.30% Indian Railway Finance Corporation Ltd	-	-	575.00
Nil (March 31, 2016: 20,000; April 1, 2015: 20,000) bonds of 8.10% Housing and Urban Development Corporation Limited	-	213.25	214.25
Nil (March 31, 2016: Nil; April 1, 2015: 12,362) bonds of 8.25% National Highways Authority of India	-	-	135.98
Nil (March 31, 2016: Nil; April 1, 2015: 150,000) bonds of 8.01% India Infrastructure Finance Company Limited	-	-	1,834.70
Nil (March 31, 2016: Nil; April 1, 2015: 32,389) bonds of 8.18% Power Finance Corporation Limited	-	-	352.72
Nil (March 31, 2016: Nil; April 1, 2015: 9,499) bonds of 8.14% National Thermal Power Corporation Limited	-	-	104.01
Nil (March 31, 2016: Nil; April 1, 2015: 100,000) bonds of 8.14% Housing and Urban Development Corporation Limited	-	-	1,100.50
Nil (March 31, 2016: Nil; April 1, 2015: 2,166) bonds of 8.14% National Housing Bank	-	-	129.36
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of 8.23% Indian Railway Finance Corporation Ltd	-	-	500.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of 8.27% National Highways Authority of India	-	-	559.00
Nil (March 31, 2016: Nil; April 1, 2015: 100) bonds of 8.35% National Highways Authority of India	-	-	1,074.71
Nil (March 31, 2016: Nil; April 1, 2015: 50) bonds of 8.35% National Highways Authority of India	-	-	537.36
Nil (March 31, 2016: 100,000; April 1, 2015: 100,000) bonds of 8.51% Housing and Urban Development Corporation Limited	-	1,085.00	1,141.40
Nil (March 31, 2016: 50,000; April 1, 2015: 50,000) bonds of 8.30% National Highways Authority of India	-	571.42	600.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of India Infrastructure Finance Company Ltd. Tax Free Bonds	-	-	570.00
Nil (March 31, 2016: Nil; April 1, 2015: 50,000) bonds of Rural Electrification Corporation Ltd Tax Free Bonds	-	-	574.00
Nil (March 31, 2016: 50; April 1, 2015: 50) bonds of 8.46% National Housing Bank	-	546.76	550.89

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)
8. Investments (Contd...)

	March 31, 2017	March 31, 2016	April 1, 2015
Quoted equity instruments			
<i>Preference shares at FVTPL</i>			
8,000 (March 31,2016: 8,000; April 1, 2015: 8,000) 15.95% Cumulative Non-convertible Redeemable preference shares of Infrastructure Leasing & Financial Services Limited	1,120.00	1,185.20	1,090.00
Nil (March 31,2016: 1,000,000; April 1, 2015: 1,000,000) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited	-	1,058.30	1,000.00
Nil (March 31,2016: 50,000; April 1, 2015: 50,000) 8.33% Cumulative Redeemable Non-participating preference shares of Tata Capital Limited	-	500.00	500.00
<i>Equity shares at FVOCI</i>			
95,008 (March 31,2016: 102,608; April 1, 2015: 962,289) equity shares of Intellect Design Arena Limited (refer note below)	109.26	231.43	1,031.57
Unquoted instruments			
<i>Preference shares at FVTPL</i>			
481,232 (March 31,2016: 481,232; April 1, 2015: 481,232) series B Preference shares of Tyfone Inc, less impairment of INR 250.61 lakhs (March 31,2016: INR 250.61 lakhs; April 1, 2015: INR 250.61 lakhs)	-	-	-
<i>Equity shares at FVTPL</i>			
175,990 (March 31,2016: 175,990 ; April 1, 2015: 175,990) equity shares of Software Sidoun GmbH Germany, less impairment of INR 4.96 lakhs (March 31,2016: INR 4.96 lakhs; April 1, 2015: INR 4.96 lakhs)	-	-	-
	1,229.26	5,391.36	14,175.45
Aggregate book value of quoted investments	1,229.26	5,391.36	14,175.45
Aggregate market value of quoted investments	1,229.26	5,391.36	14,175.45
Aggregate value of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	255.57	255.57	255.57

Note

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

B. Current investments

	March 31, 2017	March 31, 2016	April 1, 2015
Investment in mutual funds			
Quoted			
Nil (March 31,2016: Nil; April 1, 2015: 2,994,732) units in IDFC SSI Medium-term	-	-	302.32
Nil (March 31,2016: Nil; April 1, 2015: 39,645) units in Axis Banking Debt-G	-	-	506.84
287,974 (March 31,2016: 808,919; April 1, 2015: Nil) units in Birla Sun Life Cash Plus Fund	750.21	2,138.64	-
Nil (March 31,2016: 67,736; April 1, 2015: Nil) units in Reliance Liquid Fund	-	2,496.39	-
Nil (March 31,2016: 105,293; April 1, 2015: Nil) units in HDFC Liquid Fund	-	3,142.53	-
Nil (March 31,2016: 1,249,429; April 1, 2015: Nil) units in ICICI Prudential Liquid Fund	-	2,797.07	-

Notes to the consolidated financial statements

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

8. Investments (Contd...)

	March 31, 2017	March 31, 2016	April 1, 2015
Nil (March 31,2016: 1,739,130; April 1, 2015: Nil) units in HDFC floating rate IF- Growth	-	452.94	-
Nil (March 31,2016: 140,758; April 1, 2015: Nil) units in ICICI Flexible Income plan	-	402.88	-
2,495,467 (March 31,2016: Nil; April 1, 2015: Nil) units in BSL Short term Fund	1,553.97	-	-
5,452,234 (March 31,2016: Nil; April 1, 2015: Nil) units in ICICI Prudential Short Term	1,860.42	-	-
3,404,882 (March 31,2016: Nil; April 1, 2015: Nil) units in Reliance Short Term Fund	1,049.28	-	-
5,036,024 (March 31,2016: Nil; April 1, 2015: Nil) units in Kotak Short Term Bond	1,547.87	-	-
5,825,639 (March 31,2016: Nil; April 1, 2015: Nil) units in Axis Short Term Fund	1,035.81	-	-
35,706 (March 31,2016: Nil; April 1, 2015: Nil) units in SBI Ultra Short Term Debt fund	750.00	-	-
5,220,660 (March 31,2016: Nil; April 1, 2015: Nil) units in ICICI Prudential Regular Savings Fund	906.80	-	-
4,005,055 (March 31,2016: Nil; April 1, 2015: Nil) units in Reliance Regular Savings Fund	907.41	-	-
33,444 (March 31,2016: Nil; April 1, 2015: Nil) units in Reliance Money Manager Fund	750.00	-	-
41,724 (March 31,2016: Nil; April 1, 2015: Nil) units in Axis Liquid Fund	750.21	-	-
Investment in debt securities			
Quoted			
Nil (March 31, 2016: 500; April 1, 2015: Nil) bonds of 6.30% Indian Railway Finance Corporation Ltd	-	502.00	-
Investment in depository receipts			
Quoted			
Nil (March 31,2016: 18,415; April 1, 2015: 18,415) units in Sony ADR	-	313.70	308.11
Investment in preference shares			
Quoted instruments			
<i>Preference shares at FVTPL</i>			
1,000,000 (March 31,2016: Nil; April 1, 2015: Nil) 8.40% Cumulative Non-convertible Redeemable preference shares of L&T Finance Holdings Limited	1,010.00	-	-
	12,871.98	12,246.15	1,117.27
All units are in absolute numbers			
Aggregate book value of quoted investments	12,871.98	12,246.15	1,117.27
Aggregate market value of quoted investments	12,871.98	12,246.15	1,117.27
Aggregate value of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-

Notes to the consolidated financial statements

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

9. Income taxes

A. Amounts recognised in profit or loss	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
a) Current tax	6,690.17	7,663.56
b) Changes in estimates related to prior years	-	1,832.45
c) Deferred tax:		
Attributable to:		
Origination and reversal of temporary difference	691.06	739.69
Income tax expense reported in the statement of profit or loss (a+b+c)	7,381.23	10,235.70

B. Income tax recognised in other comprehensive income

	March 31, 2017			March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Deferred tax related to items recognised in OCI during in the year:						
Exchange differences in translating financial statements of foreign operation	(2,910.88)	-	(2,910.88)	1,707.59	-	1,707.59
Effective portion of gains/(losses) on hedging instruments in cash flow hedges	2,854.41	(987.85)	1,866.56	(4,704.21)	1,592.36	(3,111.85)
Fair value of equity investments through OCI	(121.31)	-	(121.31)	(794.49)	-	(794.49)
Gain on disposal of equity shares	3.12	-	3.12	19.84	-	19.84
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	-	-	(160.94)	-	(160.94)
Fair value of debt investments through OCI	37.88	(8.74)	29.14	(691.53)	235.52	(456.01)
Remeasurements of defined benefit liability (asset)	5.97	(2.06)	3.91	33.13	(11.47)	21.66
Income tax charged to OCI	(130.81)	(998.65)	(1,129.46)	(4,590.61)	1,816.41	(2,774.20)

C.Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017:

	March 31, 2017		March 31, 2016	
Profit before tax		23,525.57		20,440.59
Tax using the Company's domestic tax rate	34.61%	8,141.73	34.61%	7,074.08
Changes in estimates related to prior years	-	-	8.96%	1,832.45
Tax exempt income	-1.56%	(367.54)	-2.91%	(593.83)
Non-deductible expenses	3.35%	786.96	3.70%	755.74
Employee stock compensation cost	0.12%	28.93	1.66%	339.29
Others	-5.14%	(1,208.85)	4.05%	827.97
Effective tax rate	31.38%	7,381.23	50.07%	10,235.70
Current tax		6,690.17		7,663.56
Current tax relating to previous years		-		1,832.45
Deferred tax		691.06		739.69
Tax expense reported in the statement of comprehensive income		7,381.23		10,235.70

Notes to the consolidated financial statements

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

9. Income taxes (Contd...)

D. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	351.31	343.65	-	-
Difference on account of revenue recognition	174.28	880.39	-	-
Allowance for doubtful debts	280.96	315.74	-	-
Others	754.23	775.83	-	-
A	1,560.78	2,315.61	-	-
Less: Deferred tax liability arising on account of :				
Gain on fair valuation of investments	(83.05)	(59.33)	-	-
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	16.65	-	(134.98)	(148.39)
Derivative liability on the effective portion of cash flow hedges	(1,357.68)	(369.82)	-	-
B	(1,424.08)	(429.15)	(134.98)	(148.39)
Net deferred tax assets (liabilities) (A+B)	136.70	1,886.46	(134.98)	(148.39)

Movement in temporary differences

	Balance as at April 1, 2015	Rec-ognised in OCI during 2015-16	Rec-ognised in profit or loss during 2015-16	FCTR impact on account of average and closing rates	Balance as at March 31, 2016	Rec-ognised in OCI during 2016-17	Rec-ognised in profit or loss during 2016-17	FCTR impact on account of average and closing rates	Balance as at March 31, 2017
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	238.57	-	105.08	-	343.65	-	8.10	-	351.75
Difference on account of revenue recognition	1,810.22	-	(929.83)	-	880.39	-	(706.12)	-	174.27
Allowance for doubtful debts	255.75	-	59.99	-	315.74	-	(13.27)	-	302.47
Others	824.06	(11.47)	(36.76)	-	775.83	(2.06)	(41.49)	-	732.28
Less: Deferred tax liability arising on account of :									
Gain on fair valuation of investments	(259.83)	235.52	(35.02)	-	(59.33)	(8.74)	(14.98)		(83.05)
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	(250.63)	-	96.85	5.39	(148.39)	-	76.71	(46.64)	(118.32)
Derivative liability on the effective portion of cash flow hedges	(1,962.18)	1,592.36	-	-	(369.82)	(987.85)	(0.01)	-	(1,357.68)
Total	655.96	1,816.41	(739.69)	5.39	1,738.07	(998.65)	(691.06)	(46.64)	1.72

E. Unrecognised deferred tax liabilities

As at April 1, 2015, March 31, 2016 and March 31, 2017, deferred tax liability on the undistributed reserves of the subsidiaries has not been recognised because the Group controls the dividend policy of its subsidiaries i.e., the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

Notes to the consolidated financial statements

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

9. Income taxes (Contd...)

F. Unrecognised deferred tax assets

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

	March 31, 2017		March 31, 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	4,883.66	1,019.67	5,841.25	1,072.45
Total	4,883.66	1,019.67	5,841.25	1,072.45

The tax losses expire in 2019-2025. The deductible temporary differences do not expire under current tax legislation.

G. Tax losses carried forward

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

	March 31, 2017	Expiry date	March 31, 2016	Expiry date
Expires	4,883.66	2019-2025	5,841.25	2019-2023

10. Trade receivables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
Unsecured, considered good	31,554.93	25,183.82	23,426.09
Doubtful	811.90	985.95	800.44
	32,366.83	26,169.77	24,226.53
Allowance for credit loss	(811.90)	(985.95)	(800.44)
Net trade receivables	31,554.93	25,183.82	23,426.09
Of the above, trade receivables from related parties are as below:			
	March 31, 2017	March 31, 2016	April 1, 2015
Total trade receivables from related parties	3,620.63	-	3,431.68
Allowance for credit loss	-	-	-
Net trade receivables	3,620.63	-	3,431.68

11. Unbilled revenue

	March 31, 2017	March 31, 2016	April 1, 2015
Unbilled revenue	21,501.47	19,888.31	23,794.43
	21,501.47	19,888.31	23,794.43

12. Cash and bank balances

A. Cash and cash equivalents

	March 31, 2017	March 31, 2016	April 1, 2015
Balance with banks in current accounts	31,670.51	25,018.99	9,600.43
Deposits with original maturity of less than three months	453.73	157.13	2,784.85
	32,124.24	25,176.12	12,385.28

B. Other bank balances

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Deposits with banks	7,418.60	59.89	1,719.74	19.83	1,702.94	374.09
Unclaimed dividend accounts	111.85	-	128.37	-	5,094.00	-
	7,530.45	59.89	1,848.11	19.83	6,796.94	374.09

Notes to the consolidated financial statements

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

12. Cash and bank balances (Contd...)

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

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

13. Derivatives - Assets

	March 31, 2017	March 31, 2016	April 1, 2015
Forward exchange contracts used for hedging	3,923.01	1,068.61	5,772.81
	3,923.01	1,068.61	5,772.81
Non-current	-	554.62	244.26
Current	3,923.01	513.99	5,528.56
	3,923.01	1,068.61	5,772.82

14. Loans

(Unsecured, considered good unless otherwise stated)

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Loans to employees	510.18	103.08	548.45	228.24	477.84	234.94
Employee advance	17.40	-	632.17	-	707.58	-
	527.58	103.08	1,180.62	228.24	1,185.42	234.94

15. Other financial assets

	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	Current	Non current	Current	Non current	Current	Non current
Security deposits	-	1,176.95	-	1,053.58	25.00	1,065.66
Interest receivable	25.90	-	100.31	-	272.08	-
Other advances	293.81	-	2,193.80	-	7,598.44	-
	319.71	1,176.95	2,294.11	1,053.58	7,895.52	1,065.66

16. Other non-current assets

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	82.31	92.85	149.71
Prepaid expenses	30.96	76.01	8.77
	113.27	168.86	158.48

17. Other current assets

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with statutory authorities	524.82	748.51	266.67
Prepaid expenses	911.13	1,912.86	1,287.93
Other advances	534.31	265.42	91.84
	1,970.26	2,926.79	1,646.44

Notes to the consolidated financial statements

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

18. Share capital

Authorised	March 31, 2017	March 31, 2016	April 1, 2015
120,000,000 (March 31, 2016: 120,000,000; April 1, 2015: 120,000,000) equity shares of INR 5 each	6,000.00	6,000.00	6,000.00
10,000,000 (March 31, 2016: 10,000,000; April 1, 2015: 10,000,000) 11% preference shares of INR 5 each	500.00	500.00	500.00
Issued, subscribed and paid-up			
102,120,754 equity shares of INR 5 each (March 31, 2016: 101,366,874; April 1, 2015: 99,914,624) equity shares of INR 5 each fully paid up	5,106.04	5,068.34	4,995.73
	5,106.04	5,068.34	4,995.73

All issued shares are fully paid up.

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

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	101,366,874	5,068.34	99,914,624	4,995.73
Shares issued on exercise of employee stock options	753,880	37.70	1,452,250	72.61
At the end of the period	102,120,754	5,106.04	101,366,874	5,068.34

Rights, preferences and restrictions attached to equity shares

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

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

Employee stock options

Terms attached to stock options granted to employees are described in Note 20.

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

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Equity shares of INR 5 each fully paid up held by holding company	76,081,069	3,804.05	53,133,703	2,656.69

Number of shares are in absolute numbers

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

	March 31, 2017		March 31, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Virtusa Consulting Services Private Limited	76,081,069	74.50%	53,133,703	52.42%
Citibank N.A	-	-	7,279,096	7.18%

Notes to the consolidated financial statements

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

18. Share capital (Contd...)

Shares reserved for issue under options:

	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
a. Under Associate Stock Option Plan, 2004: 98,988 equity shares (March 31, 2016: 106,548 equity shares) of INR 5 each (see Note 20)	98,988	4.95	106,548	5.33

19A. Other equity

(i) Securities premium

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

(ii) Share based payments reserve

The Group has established various equity-settled share-based payment plans for certain categories of employees of the Group. Refer to Note 20 for further details on these plans.

(iii) Treasury shares

Own equity instruments that are reacquired [treasury shares] are recognised at cost and deducted from equity.

19B. Analysis of accumulated OCI, net of tax.

a. Other items of OCI

	March 31, 2017	March 31, 2016	April 1, 2015
Remeasurements of defined benefit liability	64.05	60.14	38.48
Gain on sale of equity instruments classified as FVOCI	108.99	105.87	86.03
(i) Remeasurements of defined benefit liability			
	March 31, 2017	March 31, 2016	
Opening balance		60.14	38.48
Remeasurements of defined benefit liability		3.91	21.66
Closing balance		64.05	60.14
(ii) Gain on sale of equity instruments classified as FVOCI			
	March 31, 2017	March 31, 2016	
Opening balance		105.87	86.03
Changes in fair value		3.12	19.84
Closing balance		108.99	105.87

Notes to the consolidated financial statements

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

19B. Analysis of accumulated OCI, net of tax (continued)

b. Disaggregation of changes in items of OCI

	Attributable to the owners of the Company					Total
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Investments through OCI	Remeasure-ments of defined benefit liability (asset)	Gain on sale of equity instruments classified as FVOCI	
As at April 1, 2015	1,449.04	3,810.63	1,510.72	38.48	86.03	6,894.90
Exchange differences on translating financial statements of foreign operations	1,707.59	-	-	-	-	1,707.59
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	(3,111.85)	-	-	-	(3,111.85)
Equity investments through OCI - net change in fair value	-	-	(794.49)	-	-	(794.49)
Gain on disposal of equity shares by trust	-	-	-	-	19.84	19.84
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	-	(160.94)	-	-	(160.94)
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income, net of tax	-	-	(456.01)	-	-	(456.01)
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	21.66	-	21.66
Impact on deconsolidation of subsidiary	(128.86)	-	-	-	-	(128.86)
As at March 31, 2016	3,027.77	698.78	99.28	60.14	105.87	3,991.84
As at April 1, 2016	3,027.77	698.78	99.28	60.14	105.87	3,991.84
Exchange differences on translating financial statements of foreign operations	(2,910.88)	-	-	-	-	(2,910.88)
Effective portion of gains (losses) on hedging instruments in cash flow hedges, net of tax	-	1,866.56	-	-	-	1,866.56
Equity investments through OCI - net change in fair value	-	-	(121.31)	-	-	(121.31)
Gain on disposal of equity shares by trust	-	-	-	-	3.12	3.12
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income, net of tax	-	-	29.14	-	-	29.14
Remeasurement of defined benefit liability (asset), net of tax	-	-	-	3.91	-	3.91
As at March 31, 2017	116.89	2,565.34	7.11	64.05	108.99	2,862.38

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***19B. Analysis of accumulated OCI, net of tax (Contd...)*****Exchange differences on translation of foreign operations***

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

Effective portion of cash flow hedges

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

Investments through OCI

This comprises changes in the fair value of investments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant investments are derecognised.

Remeasurements of defined benefit liability (asset)

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

Gain on sale of equity instruments classified as FVOCI

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

20. Share-based payments**A. Description of share-based payment arrangements**

At March 31, 2017, the Group has the following share-based payment arrangements

Associate Stock Option Plan 2003

The Shareholders of the Company at the Extra-ordinary General Meeting (EGM) held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (SEBI) Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date. No options were granted under this plan during the year.

Associate Stock Option Plan 2004

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

Associate Stock Option Plan 2011

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

Notes to the consolidated financial statements

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

20. Share-based payments (Contd...)

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

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

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

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

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

Associate Stock Option Plan 2015

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***20. Share-based payments (Contd...)**

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

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

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

Associate Stock Option Plan (Trust) 2011

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

Restricted stock units

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

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

Notes to the consolidated financial statements

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

20. Share-based payments (Contd...)

B. Measurement of fair values

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

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

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

C. Reconciliation of outstanding share options

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

Associate Stock Option Plan 2003

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	124.13	292,300	133.89	946,100
Granted during the period	-	-	-	-
Forfeited during the period	114.86	(57,500)	129.40	(12,200)
Exercised during the period	123.63	(46,500)	113.67	(213,600)
Expired during the period	-	-	150.77	(428,000)
Outstanding at 31 March	127.07	188,300	124.13	292,300
Exercisable at 31 March	127.07	188,300	124.13	292,300

The options outstanding at March 31, 2017 have an exercise price in the range of INR 49.03 to INR 133.88 (March 31, 2016: INR 24.73 to INR 150.30) and a weighted average remaining contractual life of 2.06 years (March 31, 2016: 2.92 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 193.28 (2015-16: INR 187.15)

Associate Stock Option Plan 2004

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	130.35	82,100	148.53	373,700
Granted during the period	-	-	-	-
Forfeited during the period	133.75	(23,800)	131.44	(6,800)
Exercised during the period	130.74	(9,800)	128.63	(65,400)
Expired during the period	-	-	161.79	(219,400)
Outstanding at 31 March	128.64	48,500	130.35	82,100
Exercisable at 31 March	128.64	48,500	130.35	82,100

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***20. Share-based payments (Contd...)**

The options outstanding at March 31, 2017 have an exercise price in the range of INR 124.42 to INR 140.08 (March 31, 2016: INR 92.52 to INR 133.88) and a weighted average remaining contractual life of 2.20 years (March 31, 2016: 3.09 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 185.06 (2015-16: INR 200.07)

Associate Stock Option Plan 2011

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	105.55	2,517,700	103.79	4,174,650
Granted during the period	-	-	-	-
Forfeited during the period	134.54	(274,510)	106.38	(412,450)
Exercised during the period	100.64	(704,630)	99.42	(1,226,950)
Expired during the period	115.76	(68,730)	95.39	(17,550)
Outstanding at 31 March	106.35	1,469,830	105.55	2,517,700
Exercisable at 31 March	102.19	701,120	104.16	646,660

The options outstanding at March 31, 2017 have an exercise price in the range of INR 78.48 to INR 126 (March 31, 2016: INR 78.48 to INR 175) and a weighted average remaining contractual life of 5.44 years (March 31, 2016: 6.27 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 183.39 (2015-16: INR 204.70)

Associate Stock Option Plan 2015

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	147.08	1,062,900	-	-
Granted during the period	-	-	143.52	1,303,000
Forfeited during the period	146.54	(603,750)	127.62	(228,400)
Exercised during the period	130.22	(2,750)	131.20	(11,700)
Expired during the period	146.08	(191,950)	-	-
Outstanding at 31 March	149.20	264,450	147.08	1,062,900
Exercisable at 31 March	141.44	93,950	144.23	234,150

The options outstanding at March 31, 2017 have an exercise price of INR 130.22 to INR 179.95 (March 31, 2016: INR 130.22 to INR 168.56) and a weighted average remaining contractual life of 6.59 years (March 31, 2016: 7.53 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 was INR 181.55 (2015-16: INR 212.59)

Restricted stock units

	Weighted average exercise price March 31, 2017	Number of options March 31, 2017	Weighted average exercise price March 31, 2016	Number of options March 31, 2016
Outstanding at 1 April	-	-	-	-
Granted during the period	-	338,171	-	-
Forfeited during the period	-	(119,299)	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at 31 March	-	218,872	-	-
Exercisable at 31 March	-	69,650	-	-

The weighted average remaining contractual life of the restricted stock units is 1.99 years (March 31, 2016: Nil)

Notes to the consolidated financial statements

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

20. Share-based payments (Contd...)

D. Expense recognised in Statement of Profit and Loss

For details on the employee benefits expense, see Note 26.

21. Provision for employee benefits

	March 31, 2017	March 31, 2016	April 1, 2015
Net defined benefit liability - Gratuity plan	258.09	452.31	435.43
Liability for compensated absences	3,535.94	2,938.86	1,569.33
Others	153.53	73.43	0.17
	3,947.56	3,464.60	2,004.93
Non-current	-	-	-
Current	3,947.56	3,464.60	2,004.93
	3,947.56	3,464.60	2,004.93

For details about the related employee benefit expenses, see Note 26

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

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

The Company provides the gratuity benefit through annual contribution to Life Insurance Corporation of India (LIC).

A. Reconciliation of the net defined benefit (asset) liability

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

Reconciliation of present value of defined benefit obligation

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	2,456.12	2,020.21
Benefits paid	(541.16)	(390.02)
Current service cost	346.89	600.70
Interest cost	167.07	137.18
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	76.43	-
- experience adjustments	(81.41)	88.05
Balance at the end of the year	2,423.94	2,456.12

Reconciliation of the present value of plan assets

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	2,003.81	1,584.61
Contributions paid into the plan	551.44	562.75
Benefits paid	(541.16)	(390.02)
Interest income	150.78	125.29
Actuarial gains (losses) recognised in other comprehensive income	0.98	121.18
Balance at the end of the year	2,165.85	2,003.81
Net defined benefit obligation	258.09	452.31

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***21. Provision for employee benefits****B. i. Expense recognised in profit or loss**

	March 31, 2017	March 31, 2016
Current service cost	346.89	600.70
Interest cost	167.07	137.18
Interest income	(150.78)	(125.29)
	363.18	612.59

ii. Remeasurements recognised in other comprehensive income

	March 31, 2017	March 31, 2016
Actuarial (gain) loss on defined benefit obligation	(4.98)	88.05
Actuarial gain (loss) on plan assets	0.98	121.18
	(5.96)	(33.13)

C. Defined benefit obligation**i. Actuarial assumptions**

Principal actuarial assumptions at the reporting date

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.75%	7.52%	7.74%
Return on plan assets	6.75%	7.52%	7.74%
Future salary growth	1.9 % - 8%	1.9 % - 8%	8.00%
Attrition rate	14.5% - 19.08%	14.5% - 19.08%	19.08%

ii. Sensitivity analysis

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

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points)	(50.20)	52.43	(42.59)	44.39
Future salary growth (50 basis points)	43.53	(42.90)	36.16	(35.71)
Withdrawal rate (100 basis points)	4.70	(5.92)	4.26	(5.32)

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

The weighted average duration of the defined benefit obligation was 4 years (March 31, 2016: 4 years)

22. Trade payables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables to related parties	4,771.06	-	2,723.76
Other trade payables	12,049.24	13,464.53	7,674.88
	16,820.30	13,464.53	10,398.64

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

As at March 31, 2017, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2016: Rs Nil; April 1, 2015: Nil). The list of Micro and Small enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)
23. Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Employee related payables	3,709.08	7,798.42	7,114.20
Liabilities for restricted stock units	2,345.54	-	-
Interim dividend payable	-	-	4,995.73
Superannuation payable	724.03	732.79	663.14
Unclaimed dividend	111.85	128.37	98.27
Others	-	-	43.93
	6,890.50	8,659.58	12,915.27

24. Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred revenue	3,779.08	6,676.89	9,458.71
Statutory tax payable	3,130.65	2,884.98	2,409.85
Others	243.42	44.20	46.93
	7,153.15	9,606.07	11,915.49

25. Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Cash and bank balances	261.66	459.75
Gain on sale of investments, net	651.81	498.22
Financial assets at FVTPL-net change in fair value:		
Mandatorily measured at FVTPL	22.92	190.18
Dividend income	179.94	278.00
Net gain on sale of property, plant and equipment	682.04	5.17
Net gain on foreign currency transactions	-	0.71
Miscellaneous income	287.97	484.28
	2,086.34	1,916.31

26. Employee benefits expense

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus		128,388.96	129,087.54
Contribution to provident fund and other funds		2,799.05	3,652.95
Gratuity	21	363.18	404.35
Share based payments	20	2,192.77	980.38
Staff welfare expense		4,699.95	9,289.43
		138,443.91	143,414.65

27. Depreciation and amortisation expense

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment	4	2,116.47	2,361.51
Amortisation of intangible assets	5	216.53	281.81
		2,333.00	2,643.32

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***28. Other expenses**

	Year ended March 31, 2017	Year ended March 31, 2016
Subcontracting expenses	23,436.15	17,577.74
Power and fuel	1,073.06	1,314.10
Rent	1,520.53	2,029.52
Repairs and maintenance	2,928.75	1,539.66
Rates and taxes	144.53	286.51
Travelling expenses	7,864.32	7,295.72
Legal and professional charges	3,526.43	3,662.65
Payment to the auditors (see note (i) below)	98.36	272.01
Business promotion	698.25	1,031.50
Expenditure on corporate social responsibility (see note (ii) below)	289.48	304.36
Communication expenses	1,494.65	856.62
Office maintenance	643.45	838.13
Impairment loss on financial assets	212.33	185.51
Insurance	543.37	325.07
Printing and stationery	17.42	112.48
Cost of software packages, consumable and maintenance	-	97.44
Directors' sitting fees	73.10	17.72
Net loss of foreign currency transactions	171.38	-
Cash discount	107.65	-
Miscellaneous expenses	852.28	614.40
	45,695.49	38,361.14

(i) Payments to auditors

	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Statutory audit	75.50	51.00
In other capacity	1.00	216.83
Reimbursement of expenses	21.86	4.18
	98.36	272.01

(ii) Details of corporate social responsibility expenditure

	Year ended March 31, 2017	Year ended March 31, 2016
Amount required to be spent by the Company during the year	288.48	304.36
Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	289.48	304.36

29. Exceptional items

	Year ended March 31, 2017	Year ended March 31, 2016
Transaction expenses (see note (a) below)	-	(1,517.55)
Loss on impairment of BPO business assets (refer note 37)	-	(666.03)
	-	(2,183.58)

Notes to the consolidated financial statements

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

29. Exceptional items (Contd...)

(a) Transaction expenses

On March 3, 2016, Virtusa Consulting Services Private Limited, a subsidiary of Virtusa Corporation, completed the acquisition of 52.9% of the outstanding share capital of Polaris from certain shareholders of the Company for approximately INR 113,642.83 lakhs (USD 174 million) in cash (the "Polaris SPA Transaction"). In addition, under applicable Securities and Exchange Board of India (Substantial acquisition and take over regulations) 2015, Virtusa India made an unconditional mandatory offer to the public shareholders of the Company to purchase up to an additional 26% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris for INR 220.73 per share (USD 3.25 per share) for an aggregate purchase price of INR 58,980 lakhs (USD 86.8 million). The mandatory open offer began on March 11, 2016 and closed on March 28, 2016 and was fully subscribed. As a result, Virtusa India now holds approximately 79% of the total outstanding share capital of Polaris. In connection with this transaction, Polaris incurred a costs of INR 1,517.55 lakhs for the year ended March 31, 2016 and the same is disclosed under exceptional items-others, being significant and non-recurring.

30. Earnings per share

A. Basic earnings per share

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

	March 31, 2017	March 31, 2016
Profit for the year, attributable to the equity holders	16,144.34	10,210.21
Weighted average number of equity shares for the year	101,567,946	100,235,574

B. Diluted earnings per share

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

i. Profit attributable to equity shareholders (diluted)

	March 31, 2017	March 31, 2016
Profit for the year, attributable to the equity holders	16,144.34	10,210.21

ii. Weighted average number of equity shares (diluted)

	March 31, 2017	March 31, 2016
Weighted average number of equity shares (basic)	101,567,946	100,235,574
Effect of dilutive equity shares - share options outstanding	684,901	1,181,896
Weighted average number of equity shares for the year	102,252,847	101,417,470
<i>Number of equity shares are in absolute terms</i>		

31. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

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

March 31, 2017

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Other financial liabilities	Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs				Level 1	Level 2	Level 3	
Financial assets												
Investments												
- Preference shares	-	2,130.00	-	-	-	-	-	2,130.00	2,130.00	-	-	2,130.00
- Mutual funds	-	11,861.98	-	-	-	-	-	11,861.98	11,861.98	-	-	11,861.98
- Equity instruments	-	-	-	109.26	-	-	-	109.26	109.26	-	-	109.26

Notes to the consolidated financial statements

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

31. Financial instruments - Fair values and risk management (Contd...)

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Other financial liabilities	Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs				Level 1	Level 2	Level 3	
Forward exchange contracts used for hedging	3,923.01	-	-	-	-	-	-	3,923.01	-	3,923.01	-	3,923.01
	3,923.01	13,991.98	-	109.26	-	-	-	18,024.25	14,101.24	3,923.01	-	18,024.25
Trade receivables	-	-	-	-	31,554.93	-	-	31,554.93				
Unbilled revenue	-	-	-	-	21,501.47	-	-	21,501.47				
Loans	-	-	-	-	630.66	-	-	630.66				
Cash and cash equivalents	-	-	-	-	32,124.24	-	-	32,124.24				
Other bank balances	-	-	-	-	7,590.34	-	-	7,590.34				
Other financial assets	-	-	-	-	1,496.66	-	-	1,496.66				
	-	-	-	-	94,898.30	-	-	94,898.30				
Financial liabilities												
Trade payables	-	-	-	-	-	16,820.30	-	16,820.30				
Other financial liabilities	-	-	-	-	-	6,890.50	-	6,890.50				
	-	-	-	-	-	23,710.80	-	23,710.80				

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

March 31, 2016

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Other financial liabilities	Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs				Level 1	Level 2	Level 3	
Financial assets												
Investments												
- Preference shares	-	2,743.50	-	-	-	-	-	2,743.50	2,743.50	-	-	2,743.50
- Bonds	-	-	2,918.43	-	-	-	-	2,918.43	2,918.43	-	-	2,918.43
- Mutual funds	-	11,430.44	-	-	-	-	-	11,430.44	11,430.44	-	-	11,430.44
- Equity instruments	-	-	-	231.43	-	-	-	231.43	231.43	-	-	231.43
- Depository receipts	-	313.70	-	-	-	-	-	313.70	313.70	-	-	313.70
Forward exchange contracts used for hedging	1,068.61	-	-	-	-	-	-	1,068.61	-	1,068.61	-	1,068.61
	1,068.61	14,487.64	2,918.43	231.43	-	-	-	18,706.11	17,637.50	1,068.61	-	18,706.11
Trade receivables	-	-	-	-	25,183.82	-	-	25,183.82				
Unbilled revenue	-	-	-	-	19,888.31	-	-	19,888.31				
Loans	-	-	-	-	1,408.86	-	-	1,408.86				
Cash and cash equivalents	-	-	-	-	25,176.12	-	-	25,176.12				
Other bank balances	-	-	-	-	1,867.94	-	-	1,867.94				
Other financial assets	-	-	-	-	3,347.69	-	-	3,347.69				
	-	-	-	-	76,872.74	-	-	76,872.74				
Financial liabilities												
Trade payables	-	-	-	-	-	13,464.53	-	13,464.53				
Other financial liabilities	-	-	-	-	-	8,659.58	-	8,659.58				
	-	-	-	-	-	22,124.11	-	22,124.11				

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

Notes to the consolidated financial statements

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

31. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015

	Fair value-hedging instruments	Mandatorily at FVT-PL-others	Carrying amount				Total carrying amount	Fair value			Total
			FVOCI - debt instruments	FVOCI - equity instruments	Other financial assets - amortised costs	Other financial liabilities		Level 1	Level 2	Level 3	
Financial assets											
Investments											
- Preference shares	-	2,590.00	-	-	-	-	2,590.00	2,590.00	-	-	2,590.00
- Bonds	-	-	10,553.88	-	-	-	10,553.88	10,553.88	-	-	10,553.88
- Mutual funds	-	809.16	-	-	-	-	809.16	809.16	-	-	809.16
- Equity instruments	-	-	-	1,031.57	-	-	1,031.57	1,031.57	-	-	1,031.57
- Depository receipts	-	308.11	-	-	-	-	308.11	308.11	-	-	308.11
Forward exchange contracts used for hedging	5,772.82	-	-	-	-	-	5,772.82	-	5,772.82	-	5,772.82
	5,772.82	3,707.27	10,553.88	1,031.57	-	-	21,065.54	15,292.72	5,772.82	-	21,065.54
Trade receivables	-	-	-	-	23,426.09	-	23,426.09				
Unbilled revenue	-	-	-	-	23,794.43	-	23,794.43				
Loans	-	-	-	-	1,420.36	-	1,420.36				
Cash and cash equivalents	-	-	-	-	12,385.28	-	12,385.28				
Other bank balances	-	-	-	-	7,171.03	-	7,171.03				
Other financial assets	-	-	-	-	8,961.18	-	8,961.18				
	-	-	-	-	77,158.37	-	77,158.37				
Financial liabilities											
Trade payables	-	-	-	-	-	10,398.64	10,398.64				
Other financial liabilities	-	-	-	-	-	12,915.27	12,915.27				
	-	-	-	-	-	23,313.91	23,313.91				

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

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable

C. Financial risk management

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

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

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***31. Financial instruments - Fair values and risk management (Contd...)****i. Risk management framework**

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

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

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

ii. Credit risk

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

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

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

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

	March 31, 2017	March 31, 2016
Revenue from top customer	77,530.93	87,969.99
Revenue from top five customers	129,818.40	117,636.22
	207,349.33	205,606.21

At March 31, 2017, the carrying amount of the Group's most significant customer is INR 5,849.54 lakhs (March 31, 2016: INR 11,444.63 lakhs).

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

March 31, 2017	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	0.87%	25,614.95	(222.99)
Amber (Moderate risk)	8.55%	5,961.05	(509.78)
Red (High Risk)	10.01%	790.83	(79.13)
		32,366.83	(811.90)
March 31, 2016	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	1.14%	21,057.71	(239.57)
Amber (Moderate risk)	10.30%	4,664.47	(480.24)
Red (High Risk)	13.48%	209.72	(28.27)
Specific provision	100.00%	237.87	(237.87)
		26,169.77	(985.95)

Notes to the consolidated financial statements

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

31. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance
Green (Low risk)	1.07%	18,658.85	(200.29)
Amber (Moderate risk)	10.45%	5,356.92	(559.59)
Red (High Risk)	19.24%	210.76	(40.56)
		24,226.53	(800.44)

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

	March 31, 2017	March 31, 2016
Balance as at April 1	985.95	800.44
Amounts written off	(386.38)	-
Net remeasurement of loss allowance	212.33	185.51
Balance as at March 31	811.90	985.95

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

iii. Liquidity risk

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

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

As of March 31, 2017, the Group had a working capital of INR 106,872.22 lakhs including cash and bank balances of INR 39,714.58 lakhs and investments of INR 14,101.24 lakhs. As of March 31, 2016, the Group had a working capital of INR 89,753.70 lakhs including cash and bank balances of INR 27,044.06 lakhs and investments of INR 17,637.51 lakhs.

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

March 31, 2017	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	16,820.30	(16,820.30)	(16,820.30)	-
Other financial liabilities	6,890.50	(6,890.50)	(6,890.50)	-
	23,710.80	(23,710.80)	(23,710.80)	-

March 31, 2016	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	13,464.53	(13,464.53)	(13,464.53)	-
Other financial liabilities	8,659.58	(8,659.58)	(8,659.58)	-
	22,124.11	(22,124.11)	(22,124.11)	-

Notes to the consolidated financial statements

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

31. Financial instruments - Fair values and risk management (Contd...)

April 1, 2015	Carrying amount	Contractual cash flows		
		Total	6 months or less	More than 6 months
Trade payables	10,398.64	(10,398.64)	(10,398.64)	-
Other financial liabilities	12,915.27	(12,915.27)	(12,915.27)	-
	23,313.91	(23,313.91)	(23,313.91)	-

iv. Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere. The Group holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

Exposure to currency risk

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

March 31, 2017	USD	GBP	EUR	Others	Total
Cash and cash equivalents	18,039.70	-	101.97	-	18,141.67
Other bank balances	4,860.00	-	-	-	4,860.00
Trade receivables	12,387.50	190.87	228.45	1,473.00	14,279.82
Unbilled revenue	10,194.07	44.59	53.42	138.05	10,430.13
Trade payables	(309.02)	(22.65)	(14.62)	(113.32)	(459.61)
Net exposure in respect of recognised assets and liabilities	45,172.25	212.81	369.22	1,497.73	47,252.01

March 31, 2016	USD	GBP	EUR	Others	Total
Cash and cash equivalents	8,106.22	71.95	62.11	-	8,240.28
Trade receivables	12,811.50	180.65	38.29	448.32	13,478.76
Unbilled revenue	9,021.50	34.33	41.65	111.06	9,208.54
Trade payables	(3,756.45)	-	-	(315.08)	(4,071.53)
Net exposure in respect of recognised assets and liabilities	26,182.77	286.93	142.05	244.30	26,856.05

Sensitivity analysis

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

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
INR / USD (1% movement)	594.76	(594.76)	451.72	(451.72)
INR / GBP (1% movement)	(8.51)	8.51	2.13	(2.13)
March 31, 2016				
INR / USD (1% movement)	725.53	(725.53)	261.83	(261.83)
INR / GBP (1% movement)	133.42	(133.42)	2.87	(2.87)

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)
31. Financial instruments - Fair values and risk management (Contd...)
Hedge accounting

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

Cash flow hedges

At March 31, 2017, the Group holds the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in lakhs of INR)	22,032.68	18,144.56	-
Average INR:USD forward contract rate	72.43	73.10	-

At March 31, 2016, the Group held the following instruments to hedge exposures to changes in foreign currency rates

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in lakhs of INR)	20,540.60	27,166.60	39,756.00
Average INR:USD forward contract rate	68.37	69.60	72.72

At April 1, 2015, the Group held the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in lakhs of INR)	25,000.00	31,250.00	88,750.00
Average INR:USD forward contract rate	69.51	71.39	70.88

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

	March 31, 2017 Equity head 'Effective portion of cash flow hedges'	March 31, 2016 Equity head 'Effective portion of cash flow hedges'
Balance as at April 1	1,068.61	5,772.82
Effective portion of changes in fair value		
Foreign currency risk – Sales	4,622.39	593.47
Amount reclassified to profit or loss:		
Foreign currency risk – Sales	(1,767.98)	(5,297.68)
Tax on movements in relevant items of OCI during the year	(987.85)	1,592.36
Balance as at March 31	2,935.17	2,660.97

31. Financial instruments - Fair values and risk management (contd...)

iv. Market risk (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

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

		March 31, 2017		During the period 2016-2017										
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss	Line item in profit or loss affected by the reclassification	
Foreign currency risk														
Forward exchange contracts - Sales	40,177.24	3,923.01	-	Derivative asset	4,622.39	Nil	Not applicable	-	-	-	1,767.98	-	Revenue	
		March 31, 2016		During the period 2015-2016										
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Cost of hedging recognised in OCI	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount transferred from equity head 'costs of hedging' to cost of inventory	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Amount reclassified from equity head 'costs of hedging' to profit or loss	Line item in profit or loss affected by the reclassification	
Foreign currency risk														
Forward exchange contracts - Sales	87,463.20	1,068.61	-	Derivative asset	593.47	Nil	Not applicable	-	-	-	5,297.68	-	Revenue	
		April 1, 2015		Line item in the balance sheet where the hedging instrument is included										
	Nominal amount	Assets	Liabilities	Line item in the balance sheet where the hedging instrument is included										
Foreign currency risk														
Forward exchange contracts - Sales	145,000.00	5,772.82	-		Derivative asset									

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***31. Financial instruments - Fair values and risk management (contd...)****D. Capital management**

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

There are no borrowings in the Company as at March 31, 2017, March 31, 2016 and April 1, 2015.

32. Operating leases**Leases as lessee**

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

i. Future minimum lease payments

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

	March 31, 2017	March 31, 2016	April 1, 2015
Payable in less than one year	910.96	1,399.28	1,462.38
Payable between one and five years	1,814.12	2,049.43	2,665.50
Payable after more than five years	771.86	1,541.54	844.29
	3,496.94	4,990.25	4,972.17

ii. Amounts recognised in profit or loss

	Year ended March 31, 2017	Year ended March 31, 2016
Rent	1,520.53	2,029.52

33. Contingent liabilities and commitments*(to the extent not provided for)*

	March 31, 2017	March 31, 2016
Contingent liabilities		
a. Claims against the Company not acknowledged as debts		
Income tax related matters (see Note (i) and (ii) below)	15,164.46	10,957.34
Excise duty, service tax and customs duty matters (see Note (i) and (ii) below)	777.42	657.64
Other matters including claims related to employees/ ex-employees, etc. (see Note (i) and (ii) below)	-	90.00
	15,941.88	11,704.98
Commitments		
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note (iii) below)	751.74	236.00

Notes

- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.
- The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- As at March 31, 2017, the Group is committed to spend INR 751.74 lakhs (March 31, 2016: 236 lakhs) under a contract to purchase property, plant and equipment.
- The Company is also involved in a law suit with and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***34. Related parties****A. Parent and ultimate controlling party**

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

List of related parties**Name of the related party and nature of relationship**

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

Fellow subsidiaries (from March 3, 2016)

Virtusa Technologies India Pvt. Ltd.
 Virtusa Software Services Pvt. Ltd
 Virtusa Australia GmbH
 Virtusa International BV, Netherlands
 Virtusa Malaysia Private Limited
 Virtusa Pvt.Ltd, Sri Lanka
 Virtusa Singapore Private Limited
 Virtusa UK Limited
 Virtusa AB, Sweden

Key Management Personnel

Arun Jain, Chairman (till March 2, 2016)
 Rama Sivaraman, Executive Director
 Jitin Goyal, Executive Director (till November 9, 2016)
 Vaidyanathan N M, Chief Financial Officer
 Christina Pauline Beulah, Company Secretary

Joint Venture

Intellect Polaris Design LLC, USA
 (subsidiary till December 31, 2015)

Enterprises over which Key Management Personnel is able to exercise significant influence (upto March 2, 2016)

Intellect Design Arena Pte Ltd, Singapore
 Intellect Design Arena Limited, UK
 Intellect Design Arena Limited SA, Switzerland
 Intellect Design Arena Limited FZ-LLC
 Polaris Enterprise Solutions Limited, India
 Polaris Software lab Chile Limitada , Chile
 Intellect Design Arena Inc.
 SEEC Technologies Asia Private Limited
 Laser Soft Infosystems Limited, India
 Indigo TX Software Pvt Ltd India
 Intellect Design Arena Co. Ltd, Vietnam
 SFL Properties Private Ltd, India
 Intellect Design Arena Philippines, Inc
 Sonali Polaris FT Limited, Bangladesh
 FT Grid Pte Ltd, Singapore
 Intellect Design Arena Limited, India
 Intellect Design Arena,PT Indonesia
 Polaris Banyan Holding Private Ltd
 Orbitech Limited

B. Transactions with key management personnel**i. Key management personnel compensation**

	Year ended March 31, 2017	Year ended March 31, 2016
Remuneration and other benefits	1,003.84	1,171.28
Termination benefits	523.76	-
	1,527.60	1,171.28

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 21).

Executive officers also participate in the Group's share option plan (see Note 20).

As a result of the termination of the employment of one of the Group's executives in United Kingdom, the executive received an enhanced retirement benefit entitlement. Accordingly, the Group has recognised an expense of INR 523.76 lakhs during the year (2015-2016: Nil).

C. Related party transactions other than those with key management personnel

	March 31, 2017	March 31, 2016	April 1, 2015
Balance due from related parties			
Trade receivables (see note 10)			
Intellect Design Arena Limited, India	-	-	1,592.08
Intellect Design Arena Pte Ltd, Singapore	-	-	1,161.94
Intellect Design Arena Philippines, Inc	-	-	42.94
Intellect Design Arena Limited, UK	-	-	129.52

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***34. Related parties (Contd...)**

Intellect Design Arena Inc.	-	-	505.20
Virtusa AB, Sweden	5.97	-	-
Virtusa Australia GmbH	11.19	-	-
Virtusa Corporation	2,938.06	-	-
Virtusa International BV, Netherlands	14.51	-	-
Virtusa Malaysia Private Limited	0.89	-	-
Virtusa Pvt.Ltd, Sri Lanka	2.20	-	-
Virtusa Singapore Private Limited	300.22	-	-
Virtusa UK Limited	177.07	-	-
Virtusa Consulting Services Pvt. Ltd., India	170.52	-	-
	3,620.63	-	3,431.68

	March 31, 2017	March 31, 2016	April 1, 2015
Other financial assets			
Intellect Design Arena Limited, India	-	-	632.98
Intellect Design Arena Pte Ltd, Singapore	-	-	3,617.22
Polaris Software lab Chile Limitada , Chile	-	-	92.97
Intellect Design Arena Limited FZ-LLC	-	-	20.09
Intellect Design Arena Limited, UK	-	-	1,187.33
Intellect Design Arena Inc.	-	-	1,833.28
Indigo TX Software Pvt Ltd India	-	-	0.03
Laser Soft Infosystems Limited, India	-	-	4.15
Virtusa Corporation	13.10	-	-
Virtusa Malaysia Private Limited	1.17	-	-
	14.27	-	7,388.05

	March 31, 2017	March 31, 2016	April 1, 2015
Other current assets			
Virtusa Corporation	11.62	-	-
Virtusa Consulting Services Pvt. Ltd.	-	674.00	-
	11.62	674.00	-

	March 31, 2017	March 31, 2016	April 1, 2015
Balance due to related parties			
Trade payables (see note 22)			
Intellect Design Arena Limited, India	-	-	856.49
Intellect Design Arena Pte Ltd, Singapore	-	-	79.16
Intellect Design Arena Limited SA, Switzerland	-	-	774.40
Intellect Design Arena Philippines, Inc	-	-	6.27
Polaris Software lab Chile Limitada , Chile	-	-	60.79
Intellect Design Arena Limited FZ-LLC	-	-	902.00
Intellect Design Arena Limited, UK	-	-	44.65
Virtusa Corporation	1,581.34	-	-
Virtusa Consulting Services Pvt. Ltd.	1,903.58	-	-
Virtusa Pvt.Ltd, Sri Lanka	227.87	-	-
Virtusa Singapore Private Limited	14.58	-	-

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***34. Related parties (Contd...)**

Virtusa UK Limited	544.32	-	-
Virtusa Technologies India Pvt. Ltd.	214.14	-	-
Virtusa Software Services Pvt. Ltd	259.09	-	-
Virtusa AB, Sweden	26.14	-	-
	4,771.06	-	2,723.76

	March 31, 2017	March 31, 2016	April 1, 2015
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Other Financial Liabilities

Virtusa Corporation	116.12	-	-
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Other current liabilities

Polaris Enterprise Solutions Limited, India	-	-	6.22
Intellect Design Arena Limited SA, Switzerland	-	-	212.37
Virtusa Malaysia Private Limited	0.05	-	-
Virtusa Singapore Private Limited	0.17	-	-
	0.22	-	218.59

	Year ended March 31, 2017	Year ended March 31, 2016
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Transactions during the year**Advances/Loan given**

Intellect Design Arena Limited FZ-LLC	-	26.94
Intellect Design Arena Limited SA, Switzerland	-	7.21
Intellect Design Arena Limited, UK	-	1.18
	-	35.33

Revenue from operations

Intellect Design Arena Limited, India	-	2,543.88
Polaris Software lab Chile Limitada , Chile	-	114.84
Intellect Canada	-	2.96
Intellect Design Arena Pte Ltd, Singapore	-	17.25
Intellect Design Arena Limited, UK	-	(106.73)
Intellect Design Arena Philippines, Inc	-	1,272.57
Intellect Design Arena Limited FZ-LLC	-	257.94
Intellect Japan	-	7.62
Intellect Malaysia	-	0.01
Virtusa Corporation	12,120.99	-
Virtusa Consulting Services Pvt. Ltd.	93.33	674.00
Virtusa International BV Netherlands	15.06	-
Virtusa Pvt.Ltd, Sri Lanka	2.30	-
Virtusa Singapore Private Limited	297.30	-
Virtusa UK Limited	177.70	-
Virtusa AB, Sweden	6.08	-

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***34. Related parties (Contd...)**

Virtusa Technologies India Pvt. Ltd.	(4.41)	-
Virtusa Software Services Pvt. Ltd	2.47	-
Virtusa India Private Limited	36.93	-
Virtusa Australia GmbH	11.44	-
	12,759.19	4,784.34

	Year ended March 31, 2017	Year ended March 31, 2016
Software development expenses		
Intellect Design Arena Limited, India	-	2,591.44
Intellect Canada	-	(0.06)
Intellect Malaysia	-	(0.19)
Intellect Japan	-	(218.06)
Intellect Design Arena Pte Ltd, Singapore	-	719.73
Intellect Design Arena Limited, UK	-	213.72
Polaris Software lab Chile Limitada , Chile	-	179.72
Intellect Design Arena Limited FZ-LLC	-	1,412.55
Intellect Design Arena Limited SA, Switzerland	-	2,092.07
Intellect Design Arena Inc.	-	137.33
Virtusa Corporation	924.93	-
Virtusa Consulting Services Pvt. Ltd.	2,916.04	-
Virtusa Pvt.Ltd, Sri Lanka	213.33	-
Virtusa UK Limited	571.80	-
Virtusa Software Services Pvt. Ltd	258.93	-
Virtusa Technologies India Pvt. Ltd.	211.63	-
	5,096.66	7,128.25

	Year ended March 31, 2017	Year ended March 31, 2016
Reimbursement of expenses to the Company		
Intellect Design Arena Limited FZ-LLC	-	46.29
Intellect Design Arena Limited, India	-	591.77
Intellect UK Limited	-	2,740.24
Intellect Design Arena Limited SA, Switzerland	-	167.37
Virtusa Corporation	2,100.95	-
Virtusa Consulting Services Pvt. Ltd.	0.94	-
Virtusa Singapore Private Limited	13.89	-
Virtusa UK Limited	25.03	-
Virtusa Software Services Pvt. Ltd	0.18	-
Virtusa Technologies India Pvt. Ltd.	0.18	-
	2,141.17	3,545.67

Notes to the consolidated financial statements

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

34. Related parties (Contd...)

	Year ended March 31, 2017	Year ended March 31, 2016
Reimbursement of expenses by the Company		
Indigo TX Software Pvt Ltd India	-	0.03
Polaris Enterprise Solutions Limited, India	-	3.29
Laser Soft Infosystems Limited, India	-	1.41
Intellect Design Arena Limited, India	-	282.56
Intellect Design Arena Inc.	-	315.88
SEEC Technologies Asia Private Limited	-	6.31
Intellect Design Arena Limited FZ-LLC	-	1,284.67
Intellect Design Arena Pte Ltd, Singapore	-	26.20
Intellect Design Arena Limited, UK	-	984.96
	-	2,905.31

	Year ended March 31, 2017	Year ended March 31, 2016
Rental income		
Intellect Design Arena Limited, India	-	239.39
	-	239.39

	Year ended March 31, 2017	Year ended March 31, 2016
Rental expenses		
Intellect Design Arena Limited, India	-	314.75
Intellect Polaris Design LLC, USA	111.97	25.31
SEEC Technologies Asia Private Limited	-	25.03
	111.97	365.09

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

35. List of subsidiaries

Set out below is the list of subsidiaries

	Country of incorporation	Ownership interest		
		March 31, 2017	March 31, 2016	April 1, 2015
Polaris Consulting & Services Pte Ltd	Singapore	100.00	100.00	100.00
Polaris Consulting & Services Limited	United Kingdom	100.00	100.00	100.00
Polaris Consulting & Services kft.*	Hungary	100.00	100.00	100.00
Polaris Consulting & Services GmbH	Germany	100.00	100.00	100.00
Polaris Consulting & Services Pty Ltd	Australia	100.00	100.00	100.00
Polaris Consulting & Services Ireland Ltd	Ireland	100.00	100.00	100.00
Polaris Consulting and Services Japan K.K	Japan	100.00	100.00	100.00
Polaris Consulting & Services Inc**	Canada	100.00	100.00	100.00
Polaris Consulting & Services B.V.*	Netherlands	100.00	100.00	100.00
Polaris Software (Shanghai) company Limited#	China	100.00	100.00	100.00
Optimus Global Services Limited	India	100.00	100.00	100.00
Polaris Software Consulting and Services SDN.BHD#	Malaysia	100.00	100.00	100.00
Polaris Consulting and Services FZ-LLC	Dubai	100.00	100.00	-
Polaris Consulting & Services SA	Switzerland	100.00	100.00	-
Intellect Polaris Design LLC	USA	-	-	95.00

Notes to the consolidated financial statements

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

35. List of subsidiaries (Contd...)

* Subsidiaries of Polaris Consulting & Services Ltd, UK

Subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore

** 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore

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

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

36. Operating segments

A. Basis for segmentation

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

B. Geographical information

i. Revenue

	Year ended March 31, 2017	Year ended March 31, 2016
India	13,986.12	17,190.11
Americas	113,216.23	107,548.87
Europe	39,216.62	40,696.02
Rest of the World	41,555.26	39,700.16
Total	207,974.23	205,135.16

ii. Non-current assets*

	Year ended March 31, 2017	Year ended March 31, 2016
India	19,605.84	20,700.34
Americas	1,932.12	2,127.00
Europe	29.66	87.10
Rest of the World	238.71	226.79
Total	21,806.34	23,141.23

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

C. Major customer

Revenue from one customer of the Group is INR 77,530.93 lakhs (2015-2016: INR 87,969.99 lakhs) which is more than 40 percent of the Group's total revenue.

37. Disposal group held for sale

In February 2016, management committed to a plan to sell the Business Process Outsourcing (BPO) division. Accordingly, that part of the division is presented as a disposal group held for sale. Efforts to sell the disposal group were started post March 2016 and the sale consummated in the second quarter of the financial year ended March 31, 2017.

A. Impairment losses (write-down) relating to the disposal group held for sale

A loss of INR 666.03 lakhs in the financial year 2015-2016, for write down of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in 'Exceptional items' (see Note 29). The loss has been applied to reduce the carrying amount of property, plant and equipment and other non-current assets within the disposal group.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***B. Assets and liabilities of the disposal group held for sale**

At March 31, 2016, the disposal group has been stated at fair value less costs to sell (being lower of their carrying amount) and comprises the following assets and liabilities

	March 31, 2016
Loans	427.49
Unbilled revenue	146.67
Assets held for sale	574.16
Trade payables	337.50
Other current liabilities	3.46
Short-term provisions	33.20
Liabilities held for sale	374.16
Net carrying value	200.00

C. Measurement of fair values**i. Fair value hierarchy**

The non-recurring fair value measurement for the disposal group of INR 200 lakh has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

ii. Valuation technique and significant unobservable inputs

The pricing of the transaction has been determined by knowledgeable parties based on valuation of business, which has been arrived taking into consideration the forecasted growth, budgeted capital expenditure and risk adjusted discount rates.

38. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' of Division II of Schedule III**March 31, 2017**

	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Parent								
Polaris Consulting & Services Limited	68.23%	74,455.63	61.53%	9,933.77	100%	1,129.46)	58.64%	8,804.31
Subsidiaries								
<i>Indian</i>								
Optimus Global Services Limited	-0.08%	(86.69)	-0.04%	(6.31)	-	-	-0.04%	(6.31)
<i>Foreign</i>								
Polaris Consulting and Services GmbH, Germany	0.89%	968.12	0.03%	4.98	-	-	0.03%	4.98
Polaris Consulting & Services Pty Ltd, Australia	3.72%	4,065.00	3.63%	585.43	-	-	3.90%	585.43
Polaris Consulting & Services Ireland Limited	1.81%	1,980.49	0.11%	17.00	-	-	0.11%	17.00
Polaris Consulting and Services Japan K.K	1.95%	2,129.26	0.98%	158.81	-	-	1.06%	158.81
Polaris Consulting & Services Inc, Canada	4.81%	5,246.35	12.16%	1,962.63	-	-	13.07%	1,962.63
Polaris Consulting & Services Pte Ltd, Singapore	8.50%	9,278.17	2.82%	455.22	-	-	3.03%	455.22
Polaris Software Lab (Shanghai) Limited, China	0.07%	81.80	0.02%	3.66	-	-	0.02%	3.66

Notes to the consolidated financial statements

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

38. Additional information (Contd...)

Polaris Software Consulting & Services Sdn Bhd, Malaysia	0.53%	579.89	1.78%	288.17	-	-	1.92%	288.17
Polaris Consulting & Services Limited,UK	7.95%	8,677.81	13.04%	2,105.75	-	-	14.02%	2,105.75
Polaris Consulting & Services B.V, Netherlands	0.18%	191.25	0.33%	53.45	-	-	0.36%	53.45
Polaris Consulting & Services kft, Hungary	0.06%	66.98	0.07%	10.51	-	-	0.07%	10.51
Polaris Consulting and Services FZ-LLC, Dubai	0.98%	1,064.71	2.96%	477.17	-	-	3.18%	477.17
Polaris Consulting & Services SA, Switzerland	0.73%	799.17	0.97%	156.70	-	-	1.04%	156.70
Joint venture								
<i>Foreign</i>								
Intellect Polaris Design LLC, USA	1.35%	1,470.69	-0.39%	(62.60)	-	-	-0.42%	(62.60)
Eliminations	-1.68%	(1,838.36)	-	-	-	-	-	-
Total		109,130.27		16,144.34		1,129.46)		15,014.88

March 31, 2016

	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total OCI	Amount
Parent								
Polaris Consulting & Services Limited	68.15%	63,669.20	66.41%	6,780.49	100%	(2,774.20)	53.88%	4,006.29
Subsidiaries								
<i>Indian</i>								
Optimus Global Services Limited	-0.09%	(80.38)	0.02%	2.05	-	-	0.01%	2.05
<i>Foreign</i>								
Polaris Consulting and Services GmbH, Germany	1.12%	1,049.87	0.06%	6.20	-	-	0.04%	6.20
Polaris Consulting & Services Pty Ltd ,Australia	3.85%	3,601.41	4.87%	496.99	-	-	3.31%	496.99
Polaris Consulting & Services Ireland Limited	2.30%	2,151.46	1.36%	138.68	-	-	0.92%	138.68
Polaris Consulting and Services Japan K.K	2.16%	2,017.17	3.16%	322.91	-	-	2.15%	322.91
Polaris Consulting & Services Inc, Canada	3.74%	3,493.66	6.99%	713.52	-	-	4.75%	713.52
Polaris Consulting & Services Pte Ltd, Singapore	8.63%	8,063.87	4.27%	436.43	-	-	2.91%	436.43
Polaris Software Lab (Shanghai) Limited, China	0.09%	85.71	4.15%	423.62	-	-	2.82%	423.62
Polaris Software Consulting & Services Sdn Bhd, Malaysia	2.03%	1,896.71	6.36%	649.59	-	-	4.33%	649.59
Polaris Consulting & Services Limited ,UK	8.50%	7,938.13	7.16%	730.98	-	-	4.87%	730.98
Polaris Consulting & Services B.V, Netherlands	0.10%	92.11	0.38%	38.40	-	-	0.26%	38.40
Polaris Consulting & Services kft, Hungary	0.06%	57.13	0.33%	33.30	-	-	0.22%	33.30

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***38. Additional information (Contd...)**

Polaris Consulting and Services FZ-LLC, Dubai	0.66%	619.20	3.49%	356.45	-	-	2.37%	356.45
Polaris Consulting & Services SA, Switzerland	0.74%	689.80	0.00%	-	-	-	0.00%	-
Joint venture								
<i>Foreign</i>								
Intellect Polaris Design LLC, USA	-	-	-0.08%	(8.19)	-	-	-0.05%	(8.19)
Non-controlling interest	-	-	0.05%	5.32	-	-	0.04%	5.32
Eliminations	-2.05%	(1,918.20)	-8.98%	(916.53)	-	-	-	(916.53)
Total		93,426.85		10,210.21		(2,774.20)		7,436.01

39. Explanation of transition to Ind AS

As stated in Note 2(a)(i), these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2(b) - 2(r) have been applied in preparing these consolidated financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. April 1, 2015.

In preparing its consolidated Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed**1. Business combination**

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after the transition date. Accordingly, business combinations occurring prior to transition date have not been restated.

2. Property plant and equipment, intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index. The elections under (i) and (ii) above are also available for intangible assets that meet the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets and investment property also.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***39. Explanation of transition to Ind AS (Contd...)****3. Designation of previously recognised financial instruments**

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Group has opted to apply this exemption to designate its investments in equity instruments as FVOCI on the date of transition.

4. Share based payments

As per Ind AS 101, a first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind ASs. However, if a first-time adopter elects to apply Ind AS 102 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in Ind AS 102. If a first-time adopter modifies the terms or conditions of a grant of equity instruments to which Ind AS 102 has not been applied, the entity is not required to apply modification accounting as specified in paragraphs 26–29 of Ind AS 102 if the modification occurred, before the date of transition to Ind ASs.

The Group has elected to apply Ind AS 102 to equity instruments that remain unvested as at the date of transition. Also, for modifications that occurred before the date of transition to Ind ASs, the requirements of Ind AS 102 have been applied to the extent that the equity instruments remain unvested on the date of transition.

B. Mandatory exemptions**1. Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

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

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

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

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Notes to the consolidated financial statements

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

39. Explanation of transition to Ind AS (Contd...)

3. Hedge accounting

The Group had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 - First time adoption of Ind AS

	As at date of transition April 1, 2015			As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	23,047.54	(3,989.09)	19,058.45	22,582.46	(6,728.31)	15,854.15
Investment property	-	3,989.09	3,989.09	-	5,309.09	5,309.09
Other intangible assets	420.22	-	420.22	275.66	-	275.66
Equity accounted investees	-	-	-	-	1,533.47	1,533.47
Financial assets						
Investments	11,488.22	2,687.23	14,175.45	5,137.07	254.29	5,391.36
Other bank balances	374.09	-	374.09	19.83	-	19.83
Derivative financial instruments	244.26	-	244.26	554.62	-	554.62
Loans	646.61	(411.67)	234.94	467.90	(239.66)	228.24
Other financial assets	1,065.66	-	1,065.66	1,053.58	-	1,053.58
Income tax asset	7,344.00	17.97	7,361.97	5,893.54	21.43	5,914.97
Deferred tax assets (net)	845.18	61.41	906.59	1,426.97	459.49	1,886.46
Other non-current assets	158.48	-	158.48	168.86	-	168.86
Total non-current assets	45,634.26	2,354.94	47,989.20	37,580.49	609.80	38,190.29
Current assets						
Financial assets						
Investments	1,050.40	66.87	1,117.27	11,365.22	880.93	12,246.15
Trade receivables	23,821.16	(395.07)	23,426.09	25,587.16	(403.34)	25,183.82
Unbilled revenue	23,794.43	-	23,794.43	19,888.31	-	19,888.31
Cash and cash equivalents	12,383.59	1.69	12,385.28	24,884.90	291.22	25,176.12
Other bank balances	6,367.67	429.27	6,796.94	1,493.85	354.26	1,848.11
Derivative financial instruments	5,528.56	-	5,528.56	513.99	-	513.99
Loans	1,729.96	(544.54)	1,185.42	1,719.83	(539.21)	1,180.62
Other financial assets	7,895.52	-	7,895.52	2,294.11	-	2,294.11
Other current assets	1,528.59	117.85	1,646.44	2,926.79	-	2,926.79
	84,099.88	(323.93)	83,775.95	90,674.16	583.86	91,258.02
Disposal group - assets held for sale	-	-	-	574.16	-	574.16
Total current assets	84,099.88	(323.93)	83,775.95	91,248.32	583.86	91,832.18
Total assets	129,734.14	2,031.01	131,765.15	128,828.81	1,193.66	130,022.47

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)
39. Explanation of transition to Ind AS (Contd...)

	As at date of transition April 1, 2015			As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES						
Equity						
Equity share capital	4,995.73	-	4,995.73	5,068.34	-	5,068.34
Other equity	80,086.74	7,936.46	88,023.20	91,179.27	(2,820.76)	88,358.51
Equity attributable to owners of the parent	85,082.47	7,936.46	93,018.93	96,247.61	(2,820.76)	93,426.85
Non-controlling interest	148.23	-	148.23	-	-	-
Total equity	85,230.70	7,936.46	93,167.16	96,247.61	(2,820.76)	93,426.85
Liabilities						
Non-current liabilities						
Deferred tax liabilities (net)	250.63	-	250.63	1,127.84	(979.45)	148.39
Total non-current liabilities	250.63	-	250.63	1,127.84	(979.45)	148.39
Current liabilities						
Financial liabilities						
Trade and other payables	10,396.90	1.74	10,398.64	12,350.80	1,113.73	13,464.53
Other financial liabilities	12,871.34	43.93	12,915.27	8,574.86	84.72	8,659.58
Current tax liabilities	621.34	491.69	1,113.03	(130.12)	1,008.41	878.29
Provision for employee benefits	14,029.61	(12,024.68)	2,004.93	3,464.60	-	3,464.60
Other current liabilities	6,333.62	5,581.87	11,915.49	6,819.06	2,787.01	9,606.07
	44,252.81	(5,905.45)	38,347.36	31,079.20	4,993.87	36,073.07
Disposal group – liabilities directly associated with assets held for sale	-	-	-	374.16	-	374.16
Total current liabilities	44,252.81	(5,905.45)	38,347.36	31,453.36	4,993.87	36,447.23
Total equity and liabilities	129,734.14	2,031.01	131,765.15	128,828.81	1,193.66	130,022.47

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

Reconciliation of total comprehensive income for the year ended March 31, 2016

	As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
Revenue from operations	202,348.74	2,786.42	205,135.16
Other income	1,535.20	381.11	1,916.31
Total income	203,883.94	3,167.53	207,051.47
Expenses			
Employee benefits expense	139,188.30	4,226.35	143,414.65
Depreciation and amortisation expense	2,655.40	(12.08)	2,643.32
Other expenses	37,892.96	468.18	38,361.14
Total expenses	179,736.66	4,682.45	184,419.11
Profit before exceptional items, share of profit of equity accounted investee and income tax	24,147.28	(1,514.92)	22,632.36
Exceptional item	(2,183.58)	-	(2,183.58)
Profit before share of profit of equity accounted investees and income tax	21,963.70	(1,514.92)	20,448.78

Notes to the consolidated financial statements

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

39. Explanation of transition to Ind AS (Contd...)

	As at March 31, 2016		
	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
Share of loss from joint venture	-	(8.19)	(8.19)
Profit before income tax	21,963.70	(1,523.11)	20,440.59
Current tax	7,526.41	137.15	7,663.56
Provision for taxes relating to earlier years	1,832.45	-	1,832.45
Deferred tax	(97.24)	836.93	739.69
Income tax expense	9,261.62	974.08	10,235.70
Profit after tax	12,702.08	(2,497.19)	10,204.89
Attributable to:			
Owners of the Company	12,707.40	-	10,210.21
Non-controlling interest	(5.32)	-	(5.32)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)	-	33.13	33.13
Equity investments through other comprehensive income - net change in fair value	-	(794.49)	(794.49)
Gain on disposal of equity shares	-	19.84	19.84
Income tax relating to items that will not be reclassified to profit or loss	-	(11.47)	(11.47)
Net other comprehensive income not to be reclassified subsequently to profit or loss	-	(752.99)	(752.99)
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	1,707.59	1,707.59
Effective portion of gains (losses) on hedging instruments in cash flow hedges	-	(4,704.21)	(4,704.21)
Gain/(Loss) on securities classified as fair value through other comprehensive income	-	(160.94)	(160.94)
Reclassification of gain/(loss) on securities classified as fair value through other comprehensive income	-	(691.53)	(691.53)
Income-tax relating to items that will be reclassified to profit or loss	-	1,827.88	1,827.88
Net other comprehensive income to be reclassified subsequently to profit or loss	-	(2,021.21)	(2,021.21)
Other comprehensive income for the year, net of income tax	-	(2,774.20)	(2,774.20)
Total comprehensive income	12,702.08	(5,271.39)	7,430.69

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

Notes to the consolidated financial statements
(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)
39. Explanation of transition to Ind AS (Contd...)
Notes to the reconciliations
A. Reconciliation of Equity

	Note	As at April 1, 2015	As at March 31, 2016
Equity under previous GAAP attributable to the shareholders		85,230.70	96,247.61
Impact on account of proposed dividend	H	12,024.68	-
Difference on account of revenue recognition	C	(5,581.72)	(2,795.30)
Fair valuation of investments	D	1,099.29	(357.49)
Effect of consolidation of employee welfare trusts	E	1,201.06	268.72
Impact of applying expected credit loss model on financial assets	I	(395.05)	(397.42)
Income tax adjustments		(411.80)	460.73
Equity under Ind AS attributable to the shareholders		93,167.16	93,426.85

39. Explanation of transition to Ind AS (Contd...)
B. Reconciliation of Total Comprehensive Income

	Note	Year ended March 31, 2016
Profit as per previous GAAP		12,702.08
Difference on account of revenue recognition	C	2,786.42
Mark to market adjustments on investments	D	190.18
Actuarial gain on employee defined benefit plans recognised in OCI	F	(33.13)
Increase in compensation cost due to fair value accounting of share based payments	G	(1,379.19)
Effect of consolidation of employee welfare trusts	E	(3,244.10)
Other		136.01
Income tax impact on above adjustments		(953.38)
Net profit for the year as per Ind AS (A)		10,204.89
Other Comprehensive Income (OCI):		
Re-measurement gains on defined benefit plans	F	33.13
Exchange differences on translation of foreign operations		1,707.59
Net movement on cash flow hedges		(4,704.21)
Mark to market adjustments on investments	D	(1,627.12)
Income tax impact on above adjustments		1,816.41
Sub-total (B)		(2,774.20)
Total Comprehensive Income as reported under Ind AS (A + B)		7,430.69

C. Difference on account of revenue recognition

Difference on account of revenue recognition is primarily due to difference in timing of revenue recognition under Ind AS as compared to the previous GAAP.

D. Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and joint venture as well as debt securities, preference shares and mutual funds have been fair valued. The Group has designated certain investments classified as fair value through profit or loss with certain others designated as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

Notes to the consolidated financial statements*(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)***E. Consolidation of trusts**

As detailed in Note 35A, Associate Stock Option Plan (ASOP) Trust and Orbitech Employee Welfare Trust (OEWT) are consolidated as part of the Group under Ind AS. These entities were not consolidated under the previous GAAP. Accordingly, the assets and liabilities of the trusts and the profit or loss items have been consolidated as part of the Group's financial statements.

F. Actuarial gain / loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Group recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on April 1, 2015 or as on March 31, 2016.

G. Share-based payments measurement

The Group granted equity-settled share-based payments to certain employees. The Group accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments.

H. Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

I. Allowance for credit loss

On transition to Ind AS, the Group has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109. Consequently, trade receivables has been reduced with a corresponding decrease in retained earnings on the date of transition.

The notes from 1 to 39 are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

S Sethuraman

Partner

Membership No.: 203491

Chennai

May 15, 2017

Hari Raju Mahadevu

Director

DIN: 03262516

Rama Sivaraman

Executive Director

DIN: 07425519

Vaidyanathan N M

Chief Financial Officer

Christina Pauline Beulah

Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Polaris is a niche software Service Provider in FinTechspace, serving global customers in BFS sector. Through a strong understanding of banking industry, the company employs robust software engineering skills and has a sharp focus on customer delight. Currently, Polaris serves customers in more than 30 countries, demonstrating execution excellence and improving productivity for clients. In 2016, Virtusa Consulting Services Private Limited acquired 52.94% of the Share capital of the company to enable the organization to increase its footprint in BFS sector. Virtusa currently holds 74.50% stake in Polaris. Polaris' competence in corporate banking, payment systems and capital markets, combined with Virtusa's leadership position in retail banking and investment banking provides synergies thereby enabling wide ranging solutions to clients.

Polaris's business philosophy involves adoption of "ASSESS-ADOPT-GROW" strategy to transform experience, operations and technology processes of customers, through a continuous culture of innovation. Polaris is well equipped to execute this strategy, as it possesses various Quality Accreditations including CMM L-5, ISO 9001, IS14001, OHSAS and ISO/IEC 27001, showcasing a strong culture of process orientation and relevant competencies to build Disruptive Business models.

Polaris continues to focus on digital banking transformation to leverage its capabilities to provide unmatched service to its clients and enable them to serve their customers better.

In line with the Chairman's statement in the last Annual General Meeting, the company has consistently invested in Digital Enterprise 360 initiative to deliver compelling customer experiences. Digital services was a focus area for revenue generation during 2017 and positive feedback from clients has resulted in many new initiatives being developed with top Banking clients. Additionally, several initiatives across retail banking, Corporate Banking, Regulatory & Compliance and Capital Markets are expected to solve critical problems in areas including payments transformation, PSD2 compliance, fraud and AML Management.

TECHNOLOGY & IT INDUSTRY - GLOBAL OUTLOOK

Global technology industry is expected to grow at 4% led by artificial intelligence, robotics and driverless cars. IT industry is expected to grow at the slowest pace in FY18 since FY10. Export market is expected to grow between 7% and 8% in constant currency as against 8.6% growth during last year. IT-BPM market size is expected to be USD 1.2 trillion, with companies investing in business technologies to enhance stickiness with customers and sustain competitiveness. In FY2017, IT-BPM's growth was around 4%, and less than packaged software business. Global software sourcing markets in 2016 reached USD 173-178 billion and India continues to be the market leader with a market share of 55%.

At constant currency levels, USD 154 billion reserves are expected from IT-BPM segment for Indian companies. This would amount to 49% of total service exports and contributes to 7.7% of country's GDP. Of this total revenue, close to 76 % (USD 117 billion) is expected from exports and balance from domestic business.

Domestic IT-BPM business is expected to grow at 10-11% during FY2018. Domestic business is expected to be driven by rapid digitalization of payments, booming internet economy and GST implementation. IT spends by banking and security firms in India are expected revenues of USD 7.8 billion.

Global Technology Trends

Gartner's Strategic Review of Technology Trends, expected to dominate through 2017, include Artificial Intelligence and Machine Learning; Digital Convergence related technologies and Digital Eco system based technologies.

2017 would mark a year where Artificial Intelligence and Machine Learning Research will continue as dominating trends resulting in advances in Deep Learning, Neural Networks and Natural Language Processing enabling understanding, learning, predicting and adaptive systems for users. Additionally, Intelligent Software Applications (Apps) and Intelligent Things (Internet of Things) would progress to deliver advanced analytics, Automated / Self Learning business processes and development of Computing Devices and IoT sensors that build on Artificial Intelligence and Advanced Machine Learning.

Secondly, Digital Convergence related technologies would continue to develop. These include transformational interactions between Software Systems and users through Virtual and Augmented Reality. Digital Software models of physical things or systems are expected to combine data provided by sensors and foster analysis through Software.

A significant emerging trend in BFS sector is the emergence of Block Chain Technology, a concept where distributed ledgers are created in which value exchange transactions are sequentially grouped into Blocks. This enables process efficiencies and cost saving for organizations and greater levels of security in transactions.

The company has significantly invested in developing & executing several POCs for banking clients using Blockchain technology and are additionally collaborating with leading clients to solve for regtech and compliance issues using data sciences. The company has also developed the first Cloud Based Open Banking API Framework, which has a strong traction in the market. The company continues to focus on BFSI, which enables itself to be a differentiated player in the market.

Finally, digital ecosystem based technologies would show greater progress in 2017. Conversational systems, digital technology platforms and Mesh App and Service Architecture(MASA) is expected to improve customer experience, combine information systems, enhance analytics and intelligence, integration with business ecosystems and IoT.

Geo Political Development & its impact on business

During 2017, two major geo-political events were expected to affect the IT-BPM companies in India, viz., Brexit & Revised H1B Visa Regulations announced by the US Government.

Brexit, exit of UK from the European Union, is expected to trigger uncertainty in terms of citizenship, Visa Regulations and Border controls. However this event is complex and significant changes are expected to unfold over many months or years. For the year 2018, the company does not foresee any impact on its relationship with EU and UK clients. The company will continue to work from its existing establishments in the UK and look for opportunities to assist its clients to adapt to changes with new European structures including legislation, regulations and compliance norms. The company is also committed to taking care of employees while managing the change.

The Executive Order on H1B Visa Processing Regulations is not expected to change the current legal environment significantly. The revised Regulations delve on compliance with specific focus on Wage equivalence and protection of employment rights of the domicile workforce. The regulations are expected to benefit highly skilled and highly paid beneficiaries.

INDIAN TECHNOLOGY INDUSTRY - REVIEW AND OUTLOOK

Indian companies are well poised to maintain their leadership position in global sourcing markets with a market share of 55%. Indian companies rank among top five countries in terms of digitalization maturity (source: Accenture's Platform Readiness Index).

Leading IT firms are diversifying offerings and showcasing leading ideas in block chain and artificial intelligence to differentiate themselves. FY2017 will see industry revenue touching USD 154 billion, up from USD 143 billion in FY2016 and showing a growth of 8 per cent. In addition, eCommerce will fetch USD 33 billion. In its contribution to the national exchequer, IT- continues to fare favorably on several parameters - share in total service exports is estimated at 49% and it contributes 7.7% to India's GDP. Overall, the industry is estimated to employ nearly 3.9 million people, an addition of 170,000 people (approximately) over FY2016.

In FY2017, IT-BPM exports from India is expected to reach USD 117 billion, a 7.6% Y-o-Y growth. ER&D continues to be the fastest growing segment at 10.5%, driven by global OEMs increasingly embedding software & services into their products. IT services growing at 7% is driven by growth in software testing and ISO. BPM exports, at 7.5% Y-o-Y growth is being driven by cloud (BPaaS), mobility and advanced analytics. The trend and the factors contributing to growth are similar to global markets, and encouragingly, at a faster rate. Domestic IT-BPM business is expected to grow at 10-11% during FY2018. Domestic business is expected to be driven by rapid digitalization of payments, booming internet economy and GST implementation.

With more than 375 million Internet subscribers, India has the 2nd largest user base after China. It is most aggressive in global market shares across segments, be it the number of internet users, smartphone users, app downloads, and online payments. There is significant push from the government to go digital. Government in its union budget is expected to spend Rs. 10,000 crores for Bharat Net project to provide high speed broadband to more than 1,50,000 gram panchayats during 2017-18. It has also launched Bharat Interface for money (BHIM), an Aadhar based mobile payment app to make digital payments to increase digitalization in payments. Additionally, licenses were issued for pure-play payment banks (source: Nasscom's Strategic review of IT-BPM sector, 2017)

Despite the slower growth, IT industry is expected to add 130-150K jobs in FY18 (170K jobs in FY17). On the whole, opportunities exist in the market place for your company to achieve its objectives.

Internal Analysis

Strengths and Opportunities:

Polaris, being an established mid-sized player in the BFSI segment, has focused on providing niche software services to banking and financial institutions globally. Following the merger with Virtusa, Polaris is expected to benefit from Virtusa India's strong consulting capabilities. Further, integrated marketing efforts will result in synergies related to revenue generation and cost optimization.

Polaris delivers services across sub-segments in the BFSI segments including corporate banking, retail banking, treasury and capital markets, and insurance to more than 100 clients across the world. It has established strong relationships with large international banks providing critical IT services to their business centres worldwide, providing opportunities for sustained revenue and increase share of wallet.

Polaris has a healthy financial risk profile driven by its healthy capital structure with no debts and a net-worth of Rs.1091 crore as on March 31, 2017. Moreover, Polaris has strong liquidity, marked by cash and cash equivalents of around Rs.537.04 crore as on March 31, 2017.

Weakness and Threats:

Polaris has a high dependence on BFSI segment, which is susceptible to volatility and business cyclicality in the global financial sector. Besides, our top 10 clients account for more than 75% of revenue, which increases client concentration risk.

In an Industry where scale gives competitive advantage, Polaris has chosen to be a mid-size player with operating profitability at 10-12% over the last three years and was 11.6% during fiscal 2017.

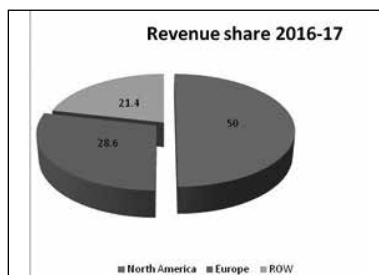
Polaris operates in an industry which is highly competitive and dynamic in nature driven by rapidly evolving technologies and changing technology consumption patterns. Growing protectionist tendencies in key markets like US pose a threat to mobility and availability of skilled resources and can lead to higher costs and margin pressures.

Business Performance Review – 2016-17**Revenue**

Consolidated revenue grew by 1.38 % during the fiscal year 2016-17. The consolidated revenue increased by 2.3% in constant currency compared to same period last year.

There was an overall growth of 3% in revenues of 2016-17 (USD 232.10 mn vs 224.10 in the previous year), from top 10 clients. However a growth of 12% was achieved during 2016-17 from the top 5 clients (USD 208.10 mn vs 185.90 mn in the previous year) indicating entrenched relationships leading to higher share of the wallet.

In terms of Geographical distribution of revenue, North America continued to be the largest revenue contributor (50% of revenues) in 2017.

**Business Operations**

Manpower utilization was higher during 2016-17 by 3% although attrition rates were higher and manpower count was lower than the previous year. DSO levels were marginally up (81 days vs 78 days) due to migration to a new ERP system in the latter part of the year. Company continued to maintain high liquidity levels with Cash, Cash Equivalents and Investments at Rs. 537.04 Crores.

Internal Control System Review

The CEO and CFO certification provided in the Corporate Governance report of the Annual Report certifies the adequacy of our internal control systems and procedures.

The Internal Auditors and SOX Auditors periodically review operating effectiveness of Internal Financial Control and report the findings to the Audit Committee. As a measure of good corporate governance all matters of significant importance or relevance have been reported to the Audit Committee and the Company's auditors.

Risk Analysis & Mitigation Measures

Business is about managing risks even as business risk profile evolves in line with altering dynamics.

Business risk profile is susceptible to protectionist policies such as those recently announced by the US, which accounts for more than half of total revenue.

The Company's risk are evaluated under the following major categories:

- Market risk
- Functional and Operational Risk
- Exchange risk
- Compliance risk

Risks	Impact	Mitigation
Market risk	• Competition • Rapidly Evolving Technologies • Client policies such as consolidation • Global Political and Economic environment	• We focus on domain led solutions which are largely unaffected by competition and makes it possible for us to win projects despite competition from large players. • We continue to make investments in Digital through training and reskilling, solutions development, external hiring and leverage of deep domain expertise • We plan to reduce our dependency on work permits through increased local hiring and training across major geographies we operate.
Functional and Operational risk	• Arising out of various operational processes	• Risk Control Matrices (RCMs) are designed for all critical business processes which are tested for design and operating effectiveness throughout the year under the SOX and IFC programs • We also have a robust internal audit program under the supervision of Audit committee in place which also undertakes audit of specific areas and theme based assessments.
Exchange risk	• Currency fluctuation	• We have hedging policy in place which is aligned with best market practices to limit impact to our earnings and cash flows from unfavorable currency fluctuations
Compliance risk	• Government regulations • Information/System/data security	• We have a dedicated information security team which monitors IT security requirements of our customers • We conduct awareness and training programs across the company on Information security and compliance • Internal and External audits • We have a regular monitoring process of compliances across various locations of the Company

Financial Performance Analysis

The consolidated financials of your Company, its subsidiaries, Orbitech Employee Welfare Trust and share of interest in the joint venture Intellect Polaris Design LLC (Group) has been prepared in accordance with Ind AS, notified under the Companies (Indian Accounting Standards), Rules, 2015. Upto the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, (Indian GAAP) which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statements and the date of transition to Ind AS is April 1, 2015. Accordingly all the comparative and corresponding figures have been regrouped/reclassified in line with the requirement of all applicable Ind AS.

Segment-wise Performance Analysis

Your Company has identified Segment Reporting in the Consolidated Financials based on the "Management Approach" as defined in Ind AS Operating Segments. The Group Operating Decision Maker evaluates the Group performance as a single business segment, viz., Software and Consultancy Services.

Analysis on the Consolidated Financial Performance

Revenue

Consolidated revenue grew by 1.38 % during the fiscal year 2016-17. The consolidated revenue increased by 2.3% in constant currency compared to same period last year.

India operations fell by 4.15 % while overseas operations grew by 19.75%. The significant increase in revenue from Overseas Operations was due to new contract wins from few large overseas banking customers.

Employee Costs

Employee cost decreased by 3.47% during the financial year 2016-17. This reduction is primarily on account of reduction in Employee cost out of Indian Operations and increased onsite subcontracting activities.

Other Expenses

Other expenses increased by 19.12% during the fiscal year 2016-17. This increase is primarily on account of increase in onsite subcontracting expenses.

PBT

Growth in PBT before exceptional items is 4.22% in financial year 2016-17. The growth was essentially on account of increase in revenue from Overseas Operations and reduction in Employee Costs and subcontracting costs out of Indian Operations.

The Company will strive to improve capital efficiency and grow revenues in order to generate higher return on capital employed.

Cash Flow Statement

Cash flows are reported by adjusting net profit before tax for effect of non-cash transactions, changes in working capital. Income taxes paid, cash transactions of capital nature and cash transactions relating to investing and financing activities. Cash flows from operating, investing and financing activities were identified and reported separately.

Cash Flow Chart*Cash Flow from operating activities:*

Net Cash generated from operating activities stood at Rs.99.96 Cr in FY 17 (Rs.296.46 Cr in FY16). Net cash provided by operating activities was following the utilization of cash for tax and working capital requirements, driven by business needs in the current year.

Cash flow from investing activities:

In FY 17, the company used Rs.(25.88) Cr in investing activities. The net cash utilized in current & non-current investments during the year was Rs.6.23 Cr and for the purchase of fixed assets Rs.19.65Cr.

Cash Flow from financing activities:

In FY17, the company used Rs.7.67 Cr in financing activities. Cash equivalents of Rs.321.24 Cr were reported after considering the cash flow from operating activities, financing activities and investing activities and short term investment balances at the end of the year.

Dividend

The Company has not declared dividend during the year 2016-17. The other details pertaining to dividend policy are provided elsewhere in the Annual report.

Earnings per Share

Basic Earnings per share increased by 56.04 % from Rs. 10.19 per share to Rs. 15.90 per share for the year ended March 31, 2017 as compared to the previous fiscal year.

Diluted Earnings per share increased by 56.80 % from Rs. 10.07 per share to Rs. 15.79 per share for the year ended March 31, 2017 as compared to the previous fiscal year.

NOTICE

Notice is hereby given that the 24th Annual General Meeting of members of the Company will be held on Monday, September 25, 2017 at 10:00 a.m. at No.34 IT Highway, Navallur, Chennai – 600 130 India to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt :

(i) the audited standalone financial statements of the Company for the Financial year ended 31st March, 2017 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, 2017 along with the auditors report thereon

2. To appoint a Director in place of Mrs. Rama Sivaraman, (DIN 07425519) who retires by rotation and being eligible, has offered herself for re-appointment as a Executive Director, to the extent that she is required to retire by rotation.

3. To ratify the appointment of Auditors of the Company who were appointed at the 23rd Annual General Meeting to hold office for a period of 5 years (i.e) till the conclusion of Annual General Meeting of the company to be held in the calendar year 2021, and to authorize the Board of Directors to fix their remuneration and to pass the following thereof as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions of the Companies Act, 2013, the appointment M/s. B S R & Co., LLP Chartered Accountants (Registration No.101248 W/W-100022 who were appointed as auditors of the Company at the 23rd Annual General Meeting, to hold office till the conclusion of the Annual General Meeting of the company to be held in the calendar year 2021, be and is hereby ratified, and that they shall be paid a remuneration as may be fixed by the Board of Directors of the Company.”

Special Business:

4. Adoption of the new set of Articles of Associations of the Company as per the Companies Act, 2013

To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, (including statutory modification or re-enactment thereof) the new set of regulations as submitted to this meeting be and are hereby adopted as the Articles of Association of the Company in substitution, and to the exclusion, of the entire set of regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such actions as may be necessary, desirable or expedient and to do all such necessary acts, deeds and things that may be incidental or pertinent to give effect to the aforesaid resolution, including but not limited to printing of the new Articles of Association and filing of the same with Registrar of Companies & other authorities as may be required.”

By Order of the Board
For **Polaris Consulting & Services Limited**

Place: Chennai
Date: May 15, 2017

Christina Pauline Beulah
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 this behalf in the meeting and such person can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (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.

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.

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 SEBI (Share Based Employee Benefits) Regulations, 2014 as applicable and in accordance with the resolution of the Members in the General Meeting is 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 14th September 2017 to 25th September 2017 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.
10. 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 the 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.
11. 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.
12. Annual Report 2017 with Attendance Slip and Proxy form are being sent by electronic mode only to all the members whose email address are registered with the Company/Depository Participant (s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017 are being sent by the permitted mode.
13. Pursuant to the provisions of Section 123 of the Companies Act, 2013 dividends which remained unclaimed after the prescribed period of 7 years shall be transferred to the Investor Education Protection Fund (IEPF) of the Central Government. Members who have not encashed their dividend warrants are requested to correspond with RTA. It is requested to note that once unclaimed dividend is transferred to IEPF pursuant to Section 125 of the Companies Act, 2013, no further claim shall be entertained. Information in respect of such unclaimed dividend when due for transfer to IEPF of Government of India including the unclaimed amount since 2009, are given in Corporate Governance Report.
14. Members may note that the Notice of the 24th Annual General Meeting and the Annual Report 2017 will also be available on the Company's website www.polarisft.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at shareholderquery@virtusapolaris.com or companysecretary@virtusapolaris.com.
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. The Company has provided e-voting facility to the shareholders to enable them to vote on the resolutions listed in the notice and e-voting platform will be open from 22nd September 2017 to 24th September 2017. The Company shall be making arrangements for the members to cast their votes in respect to the businesses either through electronic voting system or through poll, for members attending the meeting who have not cast their vote by remote voting and voting by way of InstaPoll also will be provided at the venue of the Annual General Meeting in accordance with the Circular issued by MCA, pursuant to Section 102 (1) of the Companies Act, 2013.

By Order of the Board
For **Polaris Consulting & Services Limited**

Place: Chennai
Date: May 15, 2017

Christina Pauline Beulah
Company Secretary & Compliance Officer

Explanatory Statement pursuant to Section 102 (1) of Companies Act, 2013**Resolution No.4**

The Articles of Association (AOA) of the Company which is currently in force is as per the requirements of the Companies Act 1956. The references to specific sections of the Companies Act, 1956 in the existing AOA may no longer be in conformity with the provisions of Companies Act, 2013 (the Act).

Considering that substantial sections of the Act which deals with the general functioning of companies stands notified, it is proposed to amend the existing AOA to align it with the provisions of the Act, including the Rules framed thereunder based on Table F to Schedule I to the Companies Act, 2013 which sets out the model AOA for a company limited by shares.

Certain salient alterations in the new draft AOA of the Company include the following:

1. Incorporation of references of new provisions/sections of the Act.
2. Incorporation of provisions relating to Independent Directors of the Company.
3. The Company is now allowed under the Act, to have a maximum of 15 directors on its Board. Hence, it is proposed to amend the AOA for allowing the Company to have maximum number of 15 Directors on its Board.
4. Provisions with respect to Key Managerial Personnel is incorporated to align the AOA in line with the Act.
5. The participation of the Directors in meetings can be in person or through video conferencing or other audio-visual means as permitted in the Act. Accordingly the provisions in this regard are incorporated.
6. Removal of the matters contained in the AOA, which had reference to the agreement entered between the erstwhile promoters and then institutional investor.

As per the provisions of Section 14 of the Companies Act, 2013, alteration of the AOA needs to be approved by the shareholders of the Company.

The Board of Directors in its meeting held on 15th May 2017 has accorded its approval for adoption of a new set of regulations as AOA in substitution, and to the entire exclusion, of the set of regulations contained in the existing AOA.

The Board of Directors recommends the special resolution for approval of the shareholders.

A copy of the proposed set of new draft AOA of the Company would be available for inspection at the registered office of the Company during the business hours on any working day up to the date of the annual general meeting and the same will be placed also at the venue of the annual general meeting. The proposed new draft AOA is also placed on the Company's website at www.polarisft.com.

None of the Directors / Managers / Key Managerial Personnel of the Company and their relatives is concerned or interested in any way, in the resolutions proposed to be passed at the ensuing annual general meeting.

By Order of the Board
For **Polaris Consulting & Services Limited**

Christina Pauline Beulah
Company Secretary & Compliance Officer

Place: Chennai

Date: May 15, 2017

Details of Director eligible for reappointment at Annual General Meeting

Name of the Director	Rama Sivaraman
Date of Birth	28/09/1966
Age	50
Date of first appointment	04/03/2016
Experience in specific functional areas	She has served as Head of Corporate Quality and Global Head of Quality , Chief Delivery Assurance Officer-FT Services , Global Head of Performance Excellence at Polaris Financial Technology Limited and Global Head of Operations – FT Services in Polaris Consulting & Services Ltd. Prior to Polaris, she has served as SEPG Manager of DSQ Software.
Number of shares held in the company	39,280
Qualification	B.E.(Elec), M.B.A.
List of Companies in which directorship held (Indian Companies)	Nil
Chairman / Members of the Committee of the Board of Companies in which she is a director (excluding Polaris)	NA

ROUTE MAP



POLARIS CONSULTING & SERVICES LIMITED

CIN: L65993TN1993PLC024142

Registered Office: No. 34, IT Highway, Navallur, Chennai – 600 130

Email id: companysecretary@virtusapolaris.com, Website: www.polarisft.com;

Tel No.:91-44-3987 3000 Fax: 91-44-2743 5128

24th Annual General Meeting to be held on Monday, 25th September 2017 at 10:00 AM

No. 34 IT Highway, Navallur, Chennai – 600 130

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: L65993TN1993PLC024142

Name of the Company: Polaris Consulting & Services Limited

Registered office: No. 34 IT Highway, Navallur, Chennai – 600 130

Name of the Member (s)

Registered Address

E-mail ID

Folio No./ Client Id & DP. ID

I/We being the Member(s) of _____ shares of the above named Company, hereby appoint

1.Name: _____

Address: _____

E-mail ID : _____

Signature: _____, or failing him _____

2.Name: _____

Address: _____

E-mail ID : _____

Signature: _____, or failing him _____

3.Name: _____

Address: _____

E-mail ID : _____

Signature: _____, or failing him _____

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 **Monday, the 25th September 2017 at 10.00 a.m. at No. 34 IT Highway, Navallur, Chennai – 600 130** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

1. Adoption of Financial Statements.

2. To appoint a Director in place of Mrs. Rama Sivaraman (DIN 07425519) who retires by rotation and being eligible has offered herself for re-appointment

3. Ratification of Appointment of Statutory Auditors

4. Adoption of new set of Articles of Association

Signed this _____ day of _____ 2017.

Affix Revenue Stamp

Signature of shareholder(s)

Re.1 Revenue stamp

Signature of Proxy holder(s)

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.



POLARIS
A Virtusa Company

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Polaris Consulting & Services Ltd.
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