Aricent Technologies (Holdings) Limited
Balance Sheet as at 31 March 2022
(All amounts in INR million, unless otherwise stated)

		Note	As at	
			31 March 2022	31 March 2021
I	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	1,236	840
	Right of use assets	4	1,104	1,694
	Capital work-in-progress	3	-	26
	Goodwill	5	7,803	7,803
	Other intangible assets	5	211	391
	Financial assets			
	(i) Investments	10	122	-
	(ii) Other financial assets	6	345	342
	Income tax assets (net)	15	1,287	1,144
	Deferred tax assets (net)	15	732	1,364
	Other non-current assets	7	800	785
	Total non-current assets		**13,640**	**14,389**
	Current assets			
	Financial assets			
	(i) Trade receivables	8	5,079	8,849
	(ii) Cash and cash equivalents	9	2,463	1,390
	(iii) Investments	10	12,872	9,035
	(iv) Other financial assets	6	1,733	786
	Other current assets	7	629	535
	Total current assets		**22,776**	**20,595**
	Total assets		**36,416**	**34,984**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	11	1,312	1,312
	Other equity	12	27,375	24,787
	Total equity		**28,687**	**26,099**
	LIABILITIES			
	Non-current liabilities			
	Financial liabilities			
	(i) Lease Liabilities	4	671	1,115
	Provisions	14	1,390	1,824
	Income tax liabilities (net)	15	1,056	842
	Other non-current liabilities	16	127	124
	Total non-current liabilities		**3,244**	**3,905**
	Current liabilities			
	Financial liabilities			
	(i) Trade payables			
	- Due to micro and small enterprises	17	54	-
	- Due to other than micro and small enterprises	17	1,243	1,554
	(ii) Lease liabilities	4	482	689
	(iii) Other financial liabilities	13	515	851
	Provisions	14	1,433	1,273
	Other current liabilities	16	758	613
	Total current liabilities		**4,485**	**4,980**
	Total equity and liabilities		**36,416**	**34,984**

The accompanying notes 1 to 40 are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
(Registration No. FRN 012754N/N500016)

JEETENDRA MIRCHANDANI
Digitally signed by JEETENDRA MIRCHANDANI
Date: 2022.07.13 19:17:44 +05'30'

Jeetendra Mirchandani
Partner
Membership No : 048125

Place:
Date: 13 July 2022

For and on behalf of the Board of Directors

KRISHNA CHANDRA REDDY
Digitally signed by KRISHNA CHANDRA REDDY
Date: 2022.07.13 16:07:29 +05'30'

Krishna Chandra Reddy
Managing Director
DIN – 07573071

Sujit Sircar
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Date: 2022.07.13 16:51:55 +05'30'

Sujit Sircar
Director
DIN – 00026417

PARVEEN JAIN
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Parveen Jain
Company Secretary

JITENDRA GROVER
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Jitendra Grover
Chief Financial Officer

Place:
Date: 13 July 2022

Aricent Technologies (Holdings) Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

	Note	For the year ended	
		31 March 2022	**31 March 2021**
INCOME			
Revenue from operations	**18**	26,785	25,466
Other income	**19**	1,792	634
Total income		**28,577**	**26,100**
EXPENSES			
Employee benefit expenses	**20**	18,542	17,047
Finance costs	**21**	177	209
Depreciation and amortisation expense	**22**	1,430	1,584
Other expenses	**23**	4,325	4,391
Total expenses		**24,474**	**23,231**
Profit before tax		**4,103**	**2,869**
Current tax	**15**	1,355	735
Deferred tax	**15**	123	174
Income tax expense		**1,478**	**909**
Profit for the year		**2,625**	**1,960**
Other comprehensive income			
A. Items that will be reclassified to profit or loss			
The effective portion of gain on hedging instruments in a cash flow hedge	**26**	7	159
(Loss)/gain reclassed to income statement	**26**	(159)	338
Income tax effect	**15**	53	(174)
Net other comprehensive (loss)/income that will be reclassified to profit or loss		**(99)**	**323**
B. Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit plans	**27**	40	434
Income tax effect	**15**	(14)	(152)
Net other comprehensive income that will not be reclassified to profit or loss		**26**	**282**
Other comprehensive (loss)/income for the year (A+B)		**(73)**	**605**
Total comprehensive income for the year		**2,552**	**2,565**
Earnings per equity share:			
(1) Basic (absolute value in INR)	**24**	20	15
(2) Diluted (absolute value in INR)	**24**	20	15

The accompanying notes 1 to 40 are an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
(Registration No. FRN 012754N/N500016)

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Date: 2022.07.13 19:19:18 +05'30'

Jeetendra Mirchandani
Partner
Membership No : 048125

Place:
Date: 13 July 2022

For and on behalf of the Board of Directors

KRISHNA CHANDRA REDDY
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Date: 2022.07.13 16:09:53 +05'30'

Krishna Chandra Reddy
Managing Director
DIN – 07573071

Sujit Sircar
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Sujit Sircar
Director
DIN – 00026417

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Date: 2022.07.13 16:09:09 +05'30'

Parveen Jain
Company Secretary

JITENDRA GROVER

Jitendra Grover
Chief Financial Officer

Place:
Date: 13 July 2022

Aricent Technologies (Holdings) Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

		For the year ended	
		31 March 2022	**31 March 2021**
A	**Cash flow from operating activities**		
	Profit before income tax	4,103	2,869
	Adjustment for:		
	Depreciation and amortisation expense	1,430	1,584
	Gain on disposal of property, plant and equipment and Right of use assets (net)	(53)	(4)
	Provision for doubtful receivables (written back) / created	(89)	53
	Gain on sale of current investment (net)	(109)	-
	Unrealised gain on current investments (net)	(338)	(85)
	Liabilities/provisions no longer required written back	(137)	(13)
	Unrealized foreign exchange fluctuation (gain)/loss (net)	(60)	(6)
	Interest income (including fair value change in financial instruments)	(20)	(15)
	Finance costs (including fair value change in financial instruments)	177	209
	Gain on sale of net assets of branches	(749)	-
	Employee stock compensation expense	36	-
	Operating cash flows before working capital changes	**4,191**	**4,592**
	Change in operating assets and liabilities:		
	Decrease in trade receivables	3,003	3,421
	(Increase) / Decrease in other assets and financial assets	(1,164)	1,604
	(Decrease) / Increase in trade payable and financial liabilities	(424)	199
	Increase in other liabilities and provisions	376	459
		1,791	**5,683**
	Cash generated from operations	5,982	10,275
	Income taxes paid	(839)	(716)
	Net cash inflow from operating activities (A)	**5,143**	**9,559**
B	**Cash flow from investing activities:**		
	Payments for purchase of property, plant and equipment	(940)	(465)
	Proceeds from sale of property, plant and equipment	18	3
	Payments for purchase of current investments	(9,400)	(8,950)
	Proceeds from sale of current investments	6,010	-
	Interest received on fixed deposits	8	-
	Payments for purchase of non current investments	(122)	-
	Consideration received on sale of net assets of branches	1,602	-
	Net cash outflow from investing activities (B)	**(2,824)**	**(9,412)**
C	**Cash flow from financing activities:**		
	Principal elements of lease payments	(718)	(847)
	Interest paid	(132)	(205)
	Net cash outflow from financing activities (C)	**(850)**	**(1,052)**
D	**Net Increase/(decrease) in cash and cash equivalents (A + B + C)**	**1,469**	**(905)**
	Effect of exchange differences on cash and cash equivalents held in foreign currency	60	6
	Cash and cash equivalents at the beginning of the year	**1,390**	**1,787**
	Addition on account of merger	-	502
	Decrease due to transfer of cash and cash equivalent as part of slump sale of net assets of branches	(456)	-
	Cash and cash equivalents at the end of the year	**2,463**	**1,390**

(continued)

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Aricent Technologies (Holdings) Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

Notes to the Statement of cash flows:

(a) Reconciliation of cash and cash equivalents as per the cash flow statement

	For the year ended	
	31 March 2022	**31 March 2021**
Components of cash and cash equivalents		
- in current accounts	1,942	370
- in EEFC accounts	118	384
- in deposits with original maturity of less than three months	403	636
Balances per statement of cash flows	**2,463**	**1,390**

(b) Non-cash financing and investing activities

	For the year ended	
	31 March 2022	**31 March 2021**
- Acquisition of right-of-use assets	292	739
- On account of merger		
- Reversal of investments	-	(5,609)
- Goodwill and other fixed assets	-	3,383

The accompanying notes 1 to 40 are an integral part of these financial statements.

This is the Statement of Cash Flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
(Registration No. FRN 012754N/N500016)

JEETENDRA MIRCHANDANI Digitally signed by JEETENDRA MIRCHANDANI Date: 2022.07.13 19:20:36 +05'30'

Jeetendra Mirchandani
Partner
Membership No : 048125

Place:
Date: 13 July 2022

For and on behalf of the Board of Directors

KRISHNA CHANDRA REDDY Digitally signed by KRISHNA CHANDRA REDDY Date: 2022.07.13 16:10:49 +05'30'

Krishna Chandra Reddy
Managing Director
DIN – 07573071

Sujit Sircar Digitally signed by Sujit Sircar Date: 2022.07.13 16:54:16 +05'30'

Sujit Sircar
Director
DIN – 00026417

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Parveen Jain
Company Secretary

JITENDRA GROVER

Jitendra Grover
Chief Financial Officer

Place:
Date: 13 July 2022

Aricent Technologies (Holdings) Limited
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

(a) Equity share capital

	Number of shares	INR in million
Equity shares of INR 10 each issued, subscribed and fully paid at 1 April 2020	**131,196,104**	**1,312**
Change during the year	-	-
At 31 March 2021	**131,196,104**	**1,312**
Change during the year	-	-
At 31 March 2022	**131,196,104**	**1,312**

(b) Other equity

For the year ended 31 March 2022:

	Reserves and surplus						Other reserves	Total
	Securities premium reserve	Retained earnings	Capital redemption reserve	Capital reserve	Deemed contribution from parent company	Share based payment reserve	Cash flow hedging reserve	
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	
As at 1 April 2021	**500**	**22,345**	**3,544**	**(1,738)**	**33**	**-**	**103**	**24,787**
Profit for the year	-	2,625	-	-	-	-	-	2,625
Employee stock compensation expense for the year	-	-	-	-	-	2	-	2
Employee stock compensation expense for performance share 2021 plan	-	-	-	-	-	34	-	34
Other comprehensive income	-	26	-	-	-	-	(99)	(73)
Total comprehensive income	**-**	**2,651**	**-**	**-**	**-**	**36**	**(99)**	**2,588**
At 31 March 2022	**500**	**24,996**	**3,544**	**(1,738)**	**33**	**36**	**4**	**27,375**

For the year ended 31 March 2021:

	Reserves and surplus						Other reserves	Total
	Securities premium reserve	Retained earnings	Capital redemption reserve	Capital reserve	Deemed contribution from parent company	Share based payment reserve	Cash flow hedging reserve	
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	
As at 31 March 2020	**500**	**19,778**	**3,544**	**-**	**33**	**-**	**(220)**	**23,635**
Add: Addition on account of merger	-	325	-	(1,738)	-	-	-	**(1,413)**
Restated balance as at 1 April 2020	**500**	**20,103**	**3,544**	**(1,738)**	**33**	**-**	**(220)**	**22,222**
Profit for the year	-	1,960	-	-	-	-	-	1,960
Other comprehensive income	-	282	-	-	-	-	323	605
Total comprehensive income	**-**	**2,242**	**-**	**-**	**-**	**-**	**323**	**2,565**
At 31 March 2021	**500**	**22,345**	**3,544**	**(1,738)**	**33**	**-**	**103**	**24,787**

The accompanying notes 1 to 40 are an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
(Registration No. FRN 012754N/N500016)

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Jeetendra Mirchandani
Partner
Membership No : 048125

Place:
Date:13 July 2022

For and on behalf of the Board of Directors

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Director
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Company Secretary

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Jitendra Grover
Chief Financial Officer

Place:
Date:13 July 2022

1 CORPORATE INFORMATION

The principal line of business of Aricent Technologies (Holdings) Limited ('the Company') has been, and its focus and core capability continue to be, software engineering services and solutions for the communications industry. The Company provides a comprehensive portfolio of innovation capabilities that combine customer insights, strategy, design, software engineering and systems integration that enables its clients to develop differentiated user experiences while at the same time accelerating time-to-market and optimising service operations.

The Company is a public limited company incorporated and domiciled in India. The address of its registered office is 3rd Floor, A Block, B-Wing, IT- 1 & IT-2, Airoli Knowledge Park, Thane-Belapur Road, Airoli, Navi Mumbai- 400708, Maharashtra, India. As at 31 March 2022, Capgemini Technology Services India Limited, the holding company owned 98.25% (31 March 2021: 98.25%) of the equity share capital of the Company. The Company has branches in Germany, Belgium, Finland, South Korea, Canada and United States of America.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation and measurement

a) Statement of compliance
The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with Section 133 of the Companies Act, 2013 ("the Act"), and other relevant provisions of the Act.

b) Basis of preparation and presentation
These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based in the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Balance Sheet corresponds to the classification provisions contained in Ind AS 1 Presentation of Financial Statements. For clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. These items are disaggregated separately in the Notes, where applicable.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except otherwise stated.

New Amendments issued but not effective
The Ministry of Corporate Affairs (MCA) vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting Standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Amendments to Schedule III
The Ministry of Corporate Affairs (MCA) amended the Schedule III of the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021. Consequent to the above, Company has made additional disclosures in these financial statements.

c) Basis of measurement
The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for certain financial assets and financial liabilities that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

2.2 Use of estimates
The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of contract costs to be incurred to complete software development project, provision for taxes, employee benefit plans, provision for doubtful debts and advances and estimated useful life of property, plant and equipment (including intangibles).

Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

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

An asset is classified as current when it satisfies any of the following criteria:
a) It is expected to be realised or intended to be sold or consumed in normal operating cycle
b) It is held primarily for the purpose of trading
c) It is expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

A liability is current when it satisfies any of the following criteria:
a) It is expected to be settled in normal operating cycle
b) It is held primarily for the purpose of trading
c) It is due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.3 Current versus non-current classification (continued)

Current liabilities include the current portion of non-current liabilities. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

2.4 Foreign currency transactions and balances

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Initial recognition
The Company is exposed to foreign currency transactions including foreign currency revenues, receivables, expenses, payables. Foreign exchange transactions during the year are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss for the year.

Translation
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 at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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 the Statement of Profit and Loss, except exchange differences arising from the translation of the following items which are recognised in OCI:
- equity investments at fair value through OCI (FVOCI); and
- qualifying cash flow hedges to the extent that the hedges are effective.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the following five step approach is applied:

(1) identify the contract with a customer,
(2) identify the performance obligations in the contract,
(3) determine the transaction price,
(4) allocate the transaction price to the performance obligations in the contract, and
(5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

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

a. Time and materials contracts
Revenues and costs relating to time and materials, transaction-based or volume-based contracts are recognized as the related services are rendered.

b. Fixed-price development contracts
Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project labour costs incurred to date as a percentage of total estimated project labour costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred for which recoverability is probable.

2.7 Revenue recognition (continued)

c. Products
Revenue on software product licenses where the customer obtains a “right to use” are recognized when the customer obtains control of the specified asset usually on delivery of the software license to the customer. However, where the delivery is subject to acceptance from the customer the revenue is recognized on receipt of acceptance from the customer. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed.

d. Maintenance contracts
With respect to fixed-price maintenance contracts, where services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

e. Others
Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price.

Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price. The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible considerations depending on which method better predicts the amount of consideration to which we may be entitled. Revenues are shown net of allowances/ returns, value added tax, goods and services tax and applicable discounts and allowances.

Revenue from services rendered to parent company, ultimate parent company and fellow subsidiaries is recognised on cost plus markup basis determined on arm's length principle as and when the related services are rendered

The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company’s historical experience.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.
Unbilled revenue on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

A contract liability is an entity’s obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.8 Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, and non-refundable taxes, duties or levies, and any other directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Property, plant and equipment acquired wholly or partly with specific grant / subsidy from government are recorded at the fair value as on the agreement date.

Property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

The Company capitalises the cost of equipment purchased for specific clients, which is reimbursed by clients over the period of a project and does not capitalise equipment for which the client has borne the cost.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Assets that will be recovered primarily through sale rather than through continuing use are classified as held for sale.

2.9 Intangible assets

Goodwill arising from business combination is measured at cost less accumulated impairment loss.

Other intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(All amounts in INR million, unless otherwise stated)

2.10 Depreciation and amortisation

Depreciation on property, plant and equipment is provided on the straight-line method over the estimated useful lives of the assets. If the management's estimate of the useful life of a property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged below, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

The Company has used the following useful lives to provide depreciation on its fixed assets:

Category	*Useful life estimated (Assets capitalised on or before 31 March 2021)*	*Useful life estimated (Assets capitalised post 01 April 2021)*
Buildings [1]	30	30
Plant and equipments		
Air conditioners	5	7
Others [1]	7	7
Computer equipments [1]	3	3-5
Furniture and fixtures [1]	5	7
Office equipments	2-5	7
Motor vehicles [1]	3	5
Software	3-5	3-5
Customer contract	1.5	1.5
Customer relationship	8	8
Trademark	3	3
Non-compete	5	5

(1) For these classes of assets based on technical advice taking into account the nature, the estimated usage, the operating conditions of the asset, past history of replacement, anticipated technological changes, and maintenance support, etc., the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, useful lives for these assets are different than the useful lives prescribed under the Companies Act, 2013.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided up to the date of sale, deduction or discardment as the case may be.

Cost of equipments purchased for specific clients is depreciated over the useful lives or the contract period, whichever is shorter.

Leasehold improvements are depreciated over the shorter of their useful life or the lease term.

2.11 Leases

The Company as a lessee

The Company primarily takes on lease office building and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognised a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognised the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.11 Leases (continued)

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right- of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.12 Financial instruments

(i) Recognition and initial measurement
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

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.

(ii) Classification and subsequent measurement

Financial assets

Initial recognition and measurement
On initial recognition, a financial asset is classified as measured at
- amortised cost;
- FVOCI - debt investment;
- FVOCI - equity
- 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.

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 the Statement of Profit and Loss.
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 the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the 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 the 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 the Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the 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 the 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 the 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 the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

2.12 Financial instruments (continued)

(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 the 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) Derivative instruments and hedge accounting
The Company uses derivative financial instruments (foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions.

The use of foreign currency forward contracts and options are governed by the Company's policies, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. The Company enters into derivatives instruments where the counter party is primarily a bank.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of the hedging instrument are expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

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 the Statement of Profit and Loss.

The Company designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity. For hedged forecast transactions, the amount accumulated in other equity is reclassified to the Statement of Profit and Loss in the same period or periods during which the hedged expected future `cash flows affect profit or 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, it is reclassified to the Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect profit or 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 the Statement of Profit and Loss.

Embedded foreign currency derivatives
Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:
• the functional currency of any substantial party to that contract,

• the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,

• a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit or loss. The Company currently does not have any such derivatives which are not closely related.

2.13 Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate fair value due to the short maturity of those instruments.

2.14 Impairment

a) Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Statement of Profit and Loss.

b) Non-financial assets
(i) *Goodwill*

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the Statement of Profit and Loss and is not reversed in the subsequent period.

(ii) *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.15 Employee benefits

(i) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(ii) Post-employment benefits
(a) Defined benefit plan - Provident fund (Upto 30 June 2021)

The provident fund plan is a post-employment benefit plan under which the Company pays specified monthly contributions to a separate Trust. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Additionally, under the plan described above, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the interest rate prescribed by the Government every year to be paid on the accumulated contributions. The Company measures this liability for any interest rate shortfall through actuarial valuation as a defined benefit obligation.

Further, based on the legal opinion obtained from an independent legal counsel, the Company is obligated to make good the loss incurred by the Trust in respect of bad investments. Based on the legal opinion, the Company considers the provident fund plan as a defined benefit plan. The liability, accordingly, is now being determined actuarially.

(b) Defined contribution plan - Provident fund

In respect of employees covered in (a) above, from 1 July 2021 onwards, monthly provident fund contributions are remitted to the Regional Provident Fund Commissioner, a Government authority.

In respect of certain other employees of the Company, monthly provident fund contributions are remitted to the Regional Provident Fund Commissioner, a Government authority. The Company has no further obligation to contribute other than the monthly contributions and, therefore, the plan is accounted as defined contribution plan.

2.15 Employee benefits (continued)

(c) Defined benefit plan - Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Such net obligation is recognized either as an asset or as a liability in the balance sheet. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified actuary using the Projected Unit Credit Method. The present value of the obligation under such benefit plan is determined based on an actuarial valuation using the Projected Unit Credit Method which recognised each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The discounted rates used for determining the present value are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur. All expenses related to defined benefit plan is recognised in employee benefits expense in the Statement of Profit and Loss. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring cost or termination benefits. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(d) Defined benefit plan - Pension

The Company maintains a defined benefit pension plan in respect of employees transferred from Lucent Technologies GmbH ('Lucent') in terms of an agreement executed on 18 February 2003 whereby certain pension benefit obligations were transferred to the Company. The annual contribution to the plan is based on an actuarial valuation and is charged to the Statement of Profit and Loss.

(iii) Other long-term employee benefit obligations
Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. The obligation in respect of compensated absences is provided on the basis of an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognised each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan is based on the market yields as at the balance sheet date on Government securities, having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur. To the extent the Company does not have an unconditional right to defer the utilization or encashment of the accumulated compensated absences, the liability determined based on actuarial valuation is considered to be a current liability.

2.16 Provisions

General

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

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

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Warranty provisions

Provisions for warranty-related costs are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Site restoration obligation

The Company records a provision for site restoration costs to be incurred for the restoration of leased building at the end of the lease period. Site restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Onerous Contracts

A contract is considered as 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 lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

2.17 Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.18 Taxes

a) Current tax

Current tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

The current income tax charge for current and prior periods is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its branches operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

b) Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

c) Minimum Alternate Tax (MAT)

MAT payable is recognised as an asset in the year in which credit in respect of MAT paid in earlier years becomes eligible and is set off in the year in which the Company becomes liable to pay income taxes at the enacted tax rates as indicated in the Income Tax Act, 1961. Further, a MAT credit is recognised only if there is a reasonable certainty that these assets will be realised in the future and their carrying values are reviewed for appropriateness at each balance sheet date.

d) Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii) When receivables and payables are stated with the amount of tax included

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

2.19 Earnings per share

Basic earnings per share is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, amalgamations, bonus element in a rights issue, buyback, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity shares considered to derive the basic EPS, and also the weighted average number of equity shares that could have been issued on conversion of all the dilutive potential equity shares which are deemed converted at the beginning of reporting period, unless issued at a later date.

2.20 Employee stock compensation

a) Performance and employment linked share plan

Capgemini SE, the ultimate parent company has also allocated performance and employment linked shares of the ultimate parent company to the employees of the Company. The grant of such performance and employment linked shares relate to the share capital of the ultimate parent company and has no impact on the Company's share capital. Upon vesting of these shares, the ultimate parent company may recharge the cost of acquisition of these shares to the Company.

In accordance with Ind AS 102 - Share-based payments the Company has recognised these compensation costs based on equity method. Accordingly, these employees stock-based awards' were valued at fair value as at grant date. The stock-based awards' compensation expenses are recognised under "Employee benefit expense" in the Statement of Profit and Loss on a straight-line basis over the vesting period with a corresponding credit to share-based payment reserve in other equity. On receipt of recharge invoice for a particular plan from the ultimate parent company, the Company utilises the credit available in share-based payment reserve against such plan. Any excess recharge by the ultimate parent company is adjusted in retained earnings.

b) Employee share ownership plan

Capgemini SE, the ultimate parent company, has set up an employee share ownership plan, where eligible employees of the Company were invited to subscribe to the shares of the ultimate parent company at a discount of 12.5% to the current market price of the ultimate parent company shares. The grant of such option relates to share capital of Group company and has no impact on the Company's share capital. Accordingly, expenses relating to these employee share ownership plan are recognised under "Employee Benefits Expense" in the Statement of Profit and Loss on a straight-line basis over the vesting period with a corresponding credit to Employee stock option reserve in other equity.

2.21 Common control business combinations

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve. In the absence of the capital reserve, consideration in excess of carrying value of the net assets (including the reserves) taken over is adjusted to the Retained earnings.

2.22 Capital work in progress

The cost of property, plant and equipment not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding as at balance sheet date is disclosed under other non-current assets.

2.23 Segment reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Board of Directors of the Company assesses the financial performance and position of the Company and makes strategic decisions and has been identified as being the CODM.

2.24 Material events

Material adjusting events occurring after the balance sheet date are taken into cognizance.

2.25 Reclassification

Previous year's figures have been reclassified to confirm to this year's classification.

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Aricent Technologies (Holdings) Limited
Notes forming part of financial statements for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

3. Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvement - Owned	Plant and equipments	Computer equipments - Owned	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work-in-progress
Cost or deemed cost								
As at 1 April 2020	**1,050**	**314**	**2,603**	**249**	**267**	**8**	**4,491**	**4**
Addition on account of Merger	4	-	34	34	8	-	**80**	3
Additions	81	-	275	5	25	-	**386**	433
Disposals	-	2	9	-	-	-	**11**	-
Assets capitalised	-	-	-	-	-	-	**-**	414
As at 31 March 2021	**1,135**	**312**	**2,903**	**288**	**300**	**8**	**4,946**	**26**
Additions	2	-	830	5	109	-	**946**	950
Disposals	41	37	759	18	61	4	**920**	-
Assets capitalised	-	-	-	-	-	-	**-**	976
As at 31 March 2022	**1,096**	**275**	**2,974**	**275**	**348**	**4**	**4,972**	**-**
Accumulated depreciation								
As at 1 April 2020	**615**	**242**	**2,302**	**212**	**204**	**6**	**3,581**	**-**
Addition on account of Merger	2	-	33	34	8	-	**77**	-
Charge for the year	152	35	222	18	31	1	**459**	-
On disposals	-	2	9	-	-	-	**11**	-
As at 31 March 2021	**769**	**275**	**2,548**	**264**	**243**	**7**	**4,106**	**-**
Charge for the year	160	24	301	8	35	1	**529**	-
On disposals	29	37	752	16	61	4	**899**	-
As at 31 March 2022	**900**	**262**	**2,097**	**256**	**217**	**4**	**3,736**	**-**
Carrying value								
As at 31 March 2022	**196**	**13**	**877**	**19**	**131**	**-**	**1,236**	**-**
As at 31 March 2021	366	37	355	24	57	1	**840**	26

1. Refer note 29 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(All amounts in INR million, unless otherwise stated)

3. Property, plant and equipment and capital work-in-progress (continued)

Ageing of CWIP for 31 March 2021

	Amount in CWIP for a period of				
CWIP	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	26	-	-	-	**26**
Projects temporarily suspended	-	-	-	-	-
Total	**26**	**-**	**-**	**-**	**26**

4. Leases

This note provides the information for leases where the company is a lessee. The company leases various buildings, lease hold improvements and vehicles.

Right of use asset

Particulars	**Buildings**	**Lease hold improvements**	**Vehicles**	**Total**
Cost				
As at 1 April 2020	**2,601**	**49**	**-**	**2,650**
Additions	316	-	423	**739**
Disposals	74	-	103	**177**
As at 31 March 2021	**2,843**	**49**	**320**	**3,212**
Additions	198	-	94	**292**
Disposals	627	-	92	**719**
As at 31 March 2022	**2,414**	**49**	**322**	**2,785**
Amortisation				
As at 1 April 2020	**701**	**32**	**-**	**733**
Charge for the year	684	2	223	**909**
On disposals	47	-	77	**124**
As at 31 March 2021	**1,338**	**34**	**146**	**1,518**
Charge for the year	626	2	96	**724**
On disposals	477	-	84	**561**
As at 31 March 2022	**1,487**	**36**	**158**	**1,681**
Carrying amounts				
As at 31 March 2022	**927**	**13**	**164**	**1,104**
As at 31 March 2021	1,505	15	174	1,694

The following is the break-up of current and non-current lease liabilities as at:

	31 March 2022	**31 March 2021**
Current lease liabilities	482	689
Non-current lease liabilities	671	1,115
Total	**1,153**	**1,804**

The following is the movement in lease liabilities during the year ended:

	31 March 2022	**31 March 2021**
Balance at the beginning	1,804	1,966
Additions	292	739
Finance cost accrued during the year	133	205
Leases cancelled	(225)	(54)
Payment of lease liabilities	(851)	(1,052)
Balance at the end	**1,153**	**1,804**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as at:

	31 March 2022	**31 March 2021**
Less than one year	665	817
One to five years	727	1,109
More than five years	45	180
Balance at the end	**1,437**	**2,106**

Rental expense recorded for short-term and low value leases was INR 189 million during the year ended 31 March 2022 (31 March 2021: INR 165 million).

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset as at:

	31 March 2022	**31 March 2021**
Less than one year	15	19
One to five years	1	15
Balance at the end	**16**	**34**

Aricent Technologies (Holdings) Limited
Notes forming part of financial statements for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

5. Intangible assets

Particulars	Goodwill	Software	Trade name	Customer relationships	Non-compete	Customer contract	Total
Cost or deemed cost							
As at 1 April 2020	**4,874**	**525**	**-**	**-**	**-**	**-**	**5,399**
Addition on account of Merger	2,929	-	115	1,066	52	112	4,274
Additions	-	28	-	-	-	-	28
As at 31 March 2021	**7,803**	**553**	**115**	**1,066**	**52**	**112**	**9,701**
Additions	-	15	-	-	-	-	15
Disposals/adjustments	-	265	-	-	-	-	265
As at 31 March 2022	**7,803**	**303**	**115**	**1,066**	**52**	**112**	**9,451**
Amortisation							
As at 1 April 2020	**-**	**395**	**-**	**-**	**-**	**-**	**395**
Addition on account of Merger	-	-	115	621	48	112	896
Charge for the year	-	79	-	133	4	-	216
As at 31 March 2021	**-**	**474**	**115**	**754**	**52**	**112**	**1,507**
Charge for the year	-	44	-	133	-	-	177
On disposals	-	247	-	-	-	-	247
As at 31 March 2022	**-**	**271**	**115**	**887**	**52**	**112**	**1,437**
Carrying value							
As at 31 March 2022	**7,803**	**32**	**-**	**179**	**-**	**-**	**8,014**
As at 31 March 2021	7,803	79	-	312	-	-	8,194

Net Book Value

Particulars	As at 31 March 2022	As at 31 March 2021
Goodwill	7,803	7,803
Other intangible assets	211	391
Total	**8,014**	**8,194**

Impairment tests for goodwill

(i) Goodwill is monitored by management at the level of operating segments identified in note 31.

(ii) Significant estimate: Key assumptions used for value-in-use calculations.

The Company tests whether goodwill has suffered any impairment on annual basis. For the current and previous financial year, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions:

	As at 31 March 2022	As at 31 March 2021
Sales volume (annual growth rate)	8%	4%
Gross budgeted margin	30%	32%
Long-term growth rate	4%	3%
Pre-tax discount rate	12%	12%

(All amounts in INR million, unless otherwise stated)

5. Intangible assets (continued)

Assumption Approach used to determine values

Sales volume growth rate over the five-year forecast period: based on past performance and management's expectations of market development.

Budgeted gross margin: Based on past performance and management's expectations for the future.

Annual capital expenditure: This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.

Long-term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Pre-tax discount rates: Reflect specific risks relating to the relevant industry and the countries in which they operate.

6. Other financial assets

	Non-current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Other financial assets (at amortised cost)				
Unbilled revenue	-	-	1,673	561
Interest accrued on bank deposits but not due	-	-	2	2
Security Deposit	361	358	68	94
Less: Provision for doubtful deposit	(16)	(16)	(66)	(66)
Other	-	-	49	16
Total other financial assets (at amortised cost)	**345**	**342**	**1,726**	**607**
Derivative instruments at fair value through profit or loss				
Foreign exchange forward and option contracts	-	-	-	20
Total derivative instruments at fair value through profit or loss	**-**	**-**	**-**	**20**
Derivative instruments designated as hedging instruments at fair value through other comprehensive income				
Foreign exchange forward contracts	-	-	7	159
Total derivative instruments designated as hedging instruments fair value through other comprehensive income	**-**	**-**	**7**	**159**
Total	**345**	**342**	**1,733**	**786**

Break up of financial assets carried at fair value through profit or loss

	Non-Current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Foreign exchange forward and option contracts (Refer note 6)	-	-	-	20
Investments in mutual funds (Refer note 10)	-	-	12,872	9,035
Total	**-**	**-**	**12,872**	**9,055**

Break up of financial assets carried at fair value through other comprehensive income

	Current as at	
	31 March 2022	31 March 2021
Foreign exchange forward contracts (Refer note 6)	7	159
Total	**7**	**159**

Break up of financial assets carried at amortised cost

	Non-current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivable (Refer note 8)	-	-	5,079	8,849
Cash and cash equivalents (Refer note 9)	-	-	2,463	1,390
Investments (Refer note 10)	122	-	-	-
Other financial assets (Refer note 6)	345	342	1,726	607
Total	**467**	**342**	**9,268**	**10,846**

(All amounts in INR million, unless otherwise stated)

7. Other assets

	Non-current as at		Current as at	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Capital advances:				
Others	482	435	-	-
Advances (other than capital advances):				
Advance to suppliers	-	-	59	111
Advances to employee	-	-	106	21
	482	**435**	**165**	**132**
Balances with government authorities	318	322	26	13
Prepaid expenses	-	-	365	298
Unbilled revenue#	-	-	70	84
Security deposits	-	28	-	-
Others	-	-	3	8
Total	**800**	**785**	**629**	**535**

#Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestone.

8. Trade receivables

	As at	
	31 March 2022	**31 March 2021**
Unsecured		
Trade receivables - billed to related parties (Refer note 30)	2,456	6,703
Trade receivables - billed to others	2,683	2,295
Less: loss allowance	(60)	(149)
Total	**5,079**	**8,849**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies in which any director is interested.

Of the total trade receivables balance, 48% as at 31 March 2022 (76% as at 31 March 2021) is due from group companies. There is only one external customer who represents more than 10% of the total balance of the trade receivables.

In determining the allowance for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in provision matrix.

Ageing of Trade receivables for 31 March 2022

		Outstanding for the following periods from the due date					
	Not due	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade receivables							
a) considered good	3,830	1,066	54	5	72	112	5,139
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables							
a) Considered good	-	-	-	-	-	-	-
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
	3,830	**1,066**	**54**	**5**	**72**	**112**	**5,139**
Less : Loss allowance							(60)
Total							**5,079**

Ageing of Trade receivables for 31 March 2021

		Outstanding for the following periods from the due date					
	Not due	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade receivables							
a) considered good	5,642	2,260	615	290	85	106	8,998
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables							
a) Considered good	-	-	-	-	-	-	-
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
	5,642	**2,260**	**615**	**290**	**85**	**106**	**8,998**
Less : Loss allowance							(149)
Total							**8,849**

(All amounts in INR million, unless otherwise stated)

9. Cash and cash equivalents

	As at	
	31 March 2022	**31 March 2021**
Balances with banks:		
- in current accounts	1,942	370
- in EEFC accounts	118	384
- in deposits with original maturity of less than three months	403	636
Total	**2,463**	**1,390**

10. Investments

	As at	
	31 March 2022	**31 March 2021**
Non Current Investments carried at cost		
Investment in Secured debentures		
28,000 units of INR 1,000 each (31 March 2021 : Nil) in 7.65% IL&FS Ltd	7	-
82,000 units of INR 1,000 each (31 March 2021 : Nil) in 7.70% IL&FS Ltd	21	-
24,000 units of INR 1,000 each (31 March 2021 : Nil) in 7.85% IL&FS Ltd	6	-
40,000 units of INR 1,000 each (31 March 2021 : Nil) in 7.88% IL&FS Ltd	10	-
28,400 units of INR 1,000 each (31 March 2021 : Nil) in 8.00% IL&FS Ltd	7	-
30,000 units of INR 1,000 each (31 March 2021 : Nil) in 8.23% IL&FS Ltd	8	-
34,500 units of INR 1,000 each (31 March 2021 : Nil) in 8.51% IL&FS Ltd	8	-
26,300 units of INR 1,000 each (31 March 2021 : Nil) in 8.60% IL&FS Ltd	7	-
45,000 units of INR 1,000 each (31 March 2021 : Nil) in 8.70% IL&FS Ltd	11	-
75,500 units of INR 1,000 each (31 March 2021 : Nil) in 8.75% IL&FS Ltd	19	-
35 units of INR 10,00,000 each (31 March 2021 : Nil) in 9.10% IL&FS Ltd	9	-
32 units of INR 10,00,000 each (31 March 2021 : Nil) in 9.15% IL&FS Ltd	8	-
Investment in Unsecured debentures		
1,22,000 units of INR 1,000 each (31 March 2021 : Nil) in 8.65% IL&FS Ltd	1	-
42,500 units of INR 1,000 each (31 March 2021 : Nil) in 8.68% IL&FS Ltd	*	-
Total	122	-

*Below rounding off norms, refer note 36.

Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate book value of unquoted investments	122	-
Aggregate market value of unquoted investments	122	-

	As at	
	31 March 2022	**31 March 2021**
Current Investments		
Investments in mutual funds - quoted carried at fair value through profit and loss		
748,387.59 (31 March 2021: 2,283,102.77) units in ABSL Liquid Fund - Growth - Direct	257	757
1,809,368.32(31 March 2021: 914,938.66) units in ABSL Low Duration Fund - Growth - Direct	1,046	505
2,366,719.00(31 March 2021: Nil) units in ABSL Money Manager Fund	707	-
99,822.88(31 March 2021: 304,383.01) units in IDFC Cash Fund - Growth - Direct	257	757
43,864,106.69 (31 March 2021: 16,465,774.22) units in IDFC Low Duration Fund - Growth - Direct	1,398	505
1,128,382.98(31 March 2021: 1,655,921.96) units in ICICI Prudential Liquid Fund - Growth - Direct	356	505
4,855,763.06 (31 March 2021: 3,927,461.53) units in ICICI Prudential Money Market Fund - Growth - Direct	1,491	1,160
75,906.95 (31 March 2021: 78,313.53) units in SBI Liquid Fund - Direct- Growth	253	252
33,918,076.24 (31 March 2021: 33,918,076.24) units in SBI Savings Fund - Direct Plan Growth	1,206	1,160
168,043.12 (31 March 2021: 174,028.14) units in Kotak Money Market Fund - Growth - Direct	608	606
11,646,861.19 (31 March 2021: 11,646,861.19) units in Kotak Savings Fund - Growth - Direct	420	404
361,048.40 (31 March 2021: 361,064.05) units in Nippon India Money Market Fund-Direct Plan Growth Plan Growth Option	1,210	1,163
12,119,659.37 (31 March 2021: Nil) units in Nippon India Floating Rate Fund - Growth - Direct	457	-
111,961.88 (31 March 2021: Nil) units in Nippon India Low Duration Fund - Growth - Direct	355	-
52,512.75(31 March 2021: 186,962.82) units in HDFC Liquid Fund - Growth - Direct	220	756
311,563.10(31 March 2021: 112,918.63) units in HDFC Money Market Fund - Direct Plan Growth Option	1,450	505
243,230.65 (31 March 2021: Nil) units in Tata Money Market Fund Direct Plan - Growth	930	-
43,470.75 (31 March 2021: Nil) units in Axis Money market fund -Direct Growth	50	-
79,210.23 (31 March 2021: Nil) units in Invesco India Money Market Fund - Direct Plan Growth	201	-
Current investments - carrying value	12,872	9,035
Total	**12,872**	**9,035**

Aggregate book value of quoted investments	**12,872**	**9,035**
Aggregate market value of quoted investments	**12,872**	**9,035**
Aggregate value of unquoted investments	**-**	**-**

11. Share capital

	As at	
	31 March 2022	**31 March 2021**
Authorised		
140,100,000 (31 March 2021: 140,100,000) equity shares of INR 10 each	1,401	1,401
1,500,000,000 (31 March 2021: 1,500,000,000) redeemable optionally convertible non-cumulative 0.001% preference shares of INR 10 each	15,000	15,000
100,000 (31 March 2021: 100,000) redeemable preference shares of INR 10 each	1	1
	16,402	**16,402**
Issued, subscribed and fully paid-up		
131,196,104 (31 March 2021: 131,196,104) equity shares of INR 10 each	1,312	1,312
Total	**1,312**	**1,312**

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

	As at 31 March 2022		As at 31 March 2021	
	Number	**INR in million**	**Number**	**INR in million**
Equity shares				
At the commencement of the year	131,196,104	1,312	131,196,104	1,312
At the end of the year	**131,196,104**	**1,312**	**131,196,104**	**1,312**

Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of INR 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	As at 31 March 2022		As at 31 March 2021	
	Number	**INR in million**	**Number**	**INR in million**
Equity shares of INR 10 each fully paid up held by				
(a) Capgemini Technology Services India Limited, the holding company*	128,906,056	1,289	128,906,056	1,289

*From 23 November 2020

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

	As at 31 March 2022		As at 31 March 2021	
	Number	**% of total shares in the class**	**Number**	**% of total shares in the class**
Equity shares of INR 10 each fully paid up held by				
(a) Capgemini Technology Services India Limited, the holding company*	128,906,056	98.25%	128,906,056	98.25%

There are no bonus issue and buy back of equity shares during the period of five years immediately preceding the reporting date.

*from 23 November 2020

Details of shareholding of promoters

	Number of shares	**% of total shares in the class**	**% of change during the year**
Capgemini Technology Services India Limited, the holding company	128,906,056	98.25%	-

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(All amounts in INR million, unless otherwise stated)

12. Other equity

	As at	
	31 March 2022	**31 March 2021**
Capital redemption reserve		
At the commencement of the year	3,544	3,544
At the end of the year	**3,544**	**3,544**
Securities premium reserve		
At the commencement of the year	500	500
At the end of the year	**500**	**500**
Retained earnings		
At the commencement of the year	22,345	19,778
Merger	-	325
Adjusted balance at the commencement of the year	**22,345**	**20,103**
Add: Profit for the year	2,625	1,960
Add: Other comprehensive income	26	282
At the end of the year	**24,996**	**22,345**
Cash flow hedge reserve		
At the commencement of the year	103	(220)
Changes during the year (net)	(99)	323
At the end of the year	**4**	**103**
Capital reserve		
At the commencement of the year	(1,738)	-
Merger	-	(1,738)
At the end of the year	**(1,738)**	**(1,738)**
Deemed contribution from parent		
At the commencement of the year	33	33
At the end of the year	**33**	**33**
Share based payment reserve		
At the commencement of the year	*	-
Employee stock compensation expense for the year	2	*
Employee stock compensation expense for performance share 2021 plan	34	-
At the end of the year	**36**	*
Total	**27,375**	**24,787**

* Amount is below rounding convention used in preparation of the financial statements. Refer note 36.

Nature of reserves

a. Capital redemption reserve

The Company has recognised capital redemption reserve on redemption of preference shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the preference share redeemed.

b. Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve.

c. Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to capital redemption reserve, dividends or other distributions paid to shareholders.

d. Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

e. Capital reserve

The Company has recorded excess of net assets over non-controlling interest and payment of differential value related to swap of investments under capital reserve.

f. Deemed contribution from the parent company

During previous years, certain banks have issued bank guarantees on behalf of the Company to various parties such as sales tax department, customers etc. Aricent Technologies, Cayman Islands (erstwhile intermediate holding company) and Aricent Technologies Mauritius Limited (group company) has issued stand-by letters of credit to these banks on behalf of the Company. As these companies did not charge any amount for issuing such letter of credit, the financial guarantee was fair valued and has been presented as deemed contribution from the parent company with a corresponding debit in finance cost.

g. Share based payment reserve

Capgemini SE, the ultimate parent company allocated performance and employment linked shares to certain employees of the Company. The grant of such performance and employment linked shares relate to the share capital of the ultimate parent company and has no impact on the Company's share capital. The Company determines the compensation cost based on grant date fair value method. This amount is recognised in employee benefit expense in the Statement of Profit and Loss on a straight-line basis over the vesting period, with a corresponding adjustment to share based payment reserve (refer note 28).

(All amounts in INR million, unless otherwise stated)

13. Other financial liabilities

	Current as at	
	31 March 2022	31 March 2021
Other financial liabilities at amortised cost		
Employee related liabilities	422	800
Payable towards purchase of property, plant and equipment	93	51
Total other financial liabilities at amortised cost	**515**	**851**
Total	**515**	**851**

Break up of financial liabilities carried at amortised cost

	Current as at	
	31 March 2022	31 March 2021
Trade payables (Refer note 17)	1,297	1,554
Other financial liabilities (Refer note 13)	515	851
Total	**1,812**	**2,405**

14. Provisions

	Non-current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Provision for employee benefits				
Gratuity (Refer note 27)	1,335	1,538	142	124
Pension plan (Refer note 27)	-	234	-	20
Provident Fund - defined benefit obligation (Refer note 27)	-	-	375	149
Compensated absences (Refer note 27)	-	-	877	943
	1,335	**1,772**	**1,394**	**1,236**
Other provisions				
Provision for warranty	-	-	33	31
Provision for site restoration	55	52	6	6
	55	**52**	**39**	**37**
Total	**1,390**	**1,824**	**1,433**	**1,273**

Movement in provision for warranty and site restorations

	Provision for warranty	Provision for site restoration
As at 1 April 2020	**27**	**55**
Addition on account of Merger	-	1
Provision made during the year	4	2
As at 31 March 2021	**31**	**58**
Provision made during the year	2	3
As at 31 March 2022	**33**	**61**

15. Income tax

The major components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

(a) Amounts recognised in profit and loss

	Year ended	
	31 March 2022	31 March 2021
Current income tax		
Current tax on profits for the year	1,320	929
Adjustments for current tax of prior years	35	(194)
	1,355	**735**
Deferred income tax liability / (asset), net		
Deferred tax charge /(credit)	93	(357)
MAT credit utilized	-	531
Adjustment of deferred tax for prior years	30	-
Deferred tax expense	**123**	**174**
Tax expense for the year	**1,478**	**909**

(b) Amounts recognised in other comprehensive income

Particulars	Year ended	
	31 March 2022	31 March 2021
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	14	152
Items that will be reclassified to profit or loss		
The effective portion of gains and loss on hedging instruments in a cash flow hedge	(53)	174
Income tax charged to OCI	**(39)**	**326**

(All amounts in INR million, unless otherwise stated)

15. Income tax (continued)

(c) Reconciliation of effective tax rate

Particulars	Year ended	
	31 March 2022	31 March 2021
Profit before tax	**4,103**	**2,869**
Tax using the Company's domestic tax rate (Current year and previous year 34.944%)	1,433	1,003
Tax effect of:		
Income taxes relating to prior year	65	(194)
Tax effect due to income tax holidays/deductions	(55)	(41)
Reversal of DTA on account of change in tax laws	73	(217)
Impact of indexation and lower tax rates on sale of branches / subsidiaries	(44)	-
Non-deductible tax expenses	11	-
Other items	(5)	358
Total	**1,478**	**909**

Deferred tax assets (net)

	As at	
	31 March 2022	31 March 2021
Deferred tax asset relates to the following:		
Provisions - employee benefits	861	869
Provision for doubtful trade receivables	21	82
Minimum alternate tax credit carried forward	854	1,402
Others	-	137
Total deferred tax asset (A)	**1,736**	**2,490**
Deferred tax liability relates to the following:		
Property, plant and equipment and intangible assets	925	1,071
Cash flow hedges	3	55
Others	76	-
Total deferred tax liabilities (B)	**1,004**	**1,126**
Deferred tax assets recognised (net) [C = (A-B)]	**732**	**1,364**

Income tax	Non-current as at	
	31 March 2022	31 March 2021
Income tax assets (net)*	1,287	1,144
Income tax liabilities (net)	1,056	842

* Includes deposits paid under dispute of INR 89 million (31 March 2021: INR 82 million)

The movement in net deferred tax asset has been recorded through the Statement of Profit and Loss, except deferred tax related to remeasurements of defined benefit plans, amounting to INR 14 million (31 March 2021: INR 152 million) created through OCI; and deferred tax related to cash flow hedge reserve, amounting to INR 53 million (31 March 2021: INR 174 million) created through OCI.

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The company has no tax losses which arose in India as of 31 March 2022 (31 March 2021: INR Nil) that are available for offsetting in the future years against future taxable profits.

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company would ensure documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by such date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Effective tax rate

The Company is eligible to claim income tax holiday on profits derived from the export of software services from divisions registered under Special Economic Zone ("SEZ") 2005 scheme. Profits derived from the export of software services from the divisions registered under the SEZ scheme are eligible for a 100% tax holiday during the initial five consecutive assessment years, followed by 50% for further five years and 50% of such profits or gains for the balance period of five years subject to fulfilment of certain conditions from the date of commencement of operations by the respective SEZ units. The total impact of tax holiday resulted in a tax benefit of INR 55 million (31 March 2021: INR 41 million). The tax holiday will expire in financial year 2029-30

(All amounts in INR million, unless otherwise stated)

15. Income tax (continued)

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('the Ordinance') issued on 20 September 2019 and which is effective 1 April 2019, domestic companies have an option to pay corporate tax rate at 22% plus applicable surcharge and cess (new tax rate) subject to certain conditions.

The Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax regime till the Company has utilised its accumulated Minimum Alternate Tax (MAT) Credit. However, in accordance with the accounting standards, the Company has evaluated the deferred tax asset balance as on 31 March 2022 and has reversed an amount of INR 73 million [31 March 2021: INR (217) million] through the Statement of Profit and Loss that is expected to reverse in the period subsequent to Company migrating to the new tax regime.

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The Company is required to update and put in place the information a month prior to the due date of filing its income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

16. Other liabilities

	Non Current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Statutory liabilities	-	-	505	327
Unearned revenue	-	-	229	141
Advances from customers	-	-	23	66
Other liabilities	127	124	1	79
Total	**127**	**124**	**758**	**613**

17. Trade payables

	As at	
	31 March 2022	31 March 2021
Trade payables		
- Due to micro and small enterprises	54	*
- Due to related parties (Refer note 30)	580	1,108
- Others	663	446
Total	**1,297**	**1,554**

* Below rounding off norms, refer note 36

Ageing of Trade Payables for 31 March 2022

	Accruals	Not due	Outstanding for the following periods from the due date: Less than 1 year	1-2 years	2-3 years	More than 3 year	Total
Undisputed Trade Payables							
Micro enterprises and small enterprises	-	8	46	-	-	-	54
Others	506	41	597	40	1	58	1,243
Disputed Trade Payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
	506	49	643	40	1	58	1,297

Ageing of Trade Payables for 31 March 2021

	Accruals	Not due	Outstanding for the following periods from the due date: Less than 1 year	1-2 years	2-3 years	More than 3 year	Total
Undisputed Trade Payables							
Micro enterprises and small enterprises	-	-	*	-	-	-	*
Others	302	423	425	32	327	45	1,554
Disputed Trade Payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
	302	423	425	32	327	45	1,554

* Below rounding off norms, refer note 36

(All amounts in INR million, unless otherwise stated)

17. Trade payables (continued)

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

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2022 is INR 54 million (31 March 2021: nil). The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the entrepreneur's memorandum number as allocated after filing of the memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at 31 March 2022 has been made in the financial statements based on the information received and available with the Company.

	As at	
	31 March 2022	**31 March 2021**
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	53	*
- Interest	1	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	76	9
The amount of interest accrued and remaining unpaid at the end of each accounting year	1	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	1	-

*Below rounding off norms, refer note 36.

18. Revenue from operations

	Year ended	
	31 March 2022	**31 March 2021**
Sale of services (revenue recognized over time)	26,726	25,383
Product sale (revenue recognized point in time)	59	83
Total	**26,785**	**25,466**

Revenue from sale of services includes INR 90 million (31 March 2021: INR 127 million) towards out of pocket expenses reimbursed by the customers.

Disaggregated Revenue Information

The table below presents disaggregated revenues from contracts with customers by contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended	
Type of Contracts	**31 March 2022**	**31 March 2021**
Fixed Price	3,318	3,829
Time and Material	23,408	21,554
Product License & maintenance	59	83
Total	**26,785**	**25,466**

Reconciliation of revenue recognized with the contracted price is as follows

	Year ended	
	31 March 2022	**31 March 2021**
Contracted price	26,835	25,569
Discounts	(50)	(103)
Total	**26,785**	**25,466**

The Company has presented contract assets as "unbilled revenues" in other current assets and contract liabilities as "unearned revenues" in other current liabilities in the balance sheet.

	Contract assets		Contract liabilities	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Balances as at the end of the year	70	84	229	141

Changes in contract assets and liabilities in respective financial years are due to the following factors:
- timing differences between revenue recognition, billing and collection, leading to the recognition of trade receivables and contract assets;
- the receipt of advances from customers, leading to the recognition of contract liabilities (advances from customers and billed in advance).

Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

(All amounts in INR million, unless otherwise stated)

18. Revenue from operations(continued)

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year, the Company recognized revenue of INR 141 million arising from opening unearned revenue as of beginning of the financial year (31 March 2021: INR 62 million).

During the year, INR 84 million of unbilled revenue pertaining to fixed price development contracts as of beginning of the financial year (31 March 2021: INR 132 million) has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in IND AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where revenue is equal to the invoicing to the customer. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialised and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2022, other than those meeting the exclusion criteria mentioned above, is INR 889 million (31 March 2021: INR 707 million). Out of this, the Company expects to recognize revenue of around 100% (31 March 2021: 100%) within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

19. Other income (net)

	Year ended	
	31 March 2022	**31 March 2021**
Liabilities/provisions no longer required written back	137	13
Gain on sale of net assets of branches (Refer note 35)	749	-
Export incentives	-	72
Interest income (Refer note (i) below)	20	48
Rent income (Refer note 30)	8	35
Fair value gain on mutual funds	338	85
Gain on sale of mutual funds	109	-
Gain on sale of property, plant and equipment (net)	-	3
Exchange gain (net)	395	377
Miscellaneous income	36	1
Total	**1,792**	**634**

Notes:

(i) Interest income comprises of:

	Year ended	
	31 March 2022	**31 March 2021**
Unwinding of discount on security deposits	12	15
Interest income on bank deposits	8	31
Interest on income tax refund	-	2
Total	**20**	**48**

20. Employee benefit expenses

	Year ended	
	31 March 2022	**31 March 2021**
Salaries, bonus and incentives	17,021	15,625
Contributions to provident and other funds	649	566
Retirement benefits expense (Gratuity and pension), Refer note 27	365	324
Compensated absences	238	326
Share based payments to employees (Refer note 28)	36	*
Staff welfare expenses	233	206
Total	**18,542**	**17,047**

* Below rounding off norms. Refer note 36.

Aricent Technologies (Holdings) Limited
Notes forming part of financial statements for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

21. Finance costs

	Year ended	
	31 March 2022	**31 March 2021**
Interest on finance lease arrangements	133	205
Interest on income tax	40	-
Interest accretion on security deposit received	-	1
Interest under MSMED Act 2006	1	-
Unwinding of discount		
- on asset restoration obligation	3	3
Total	**177**	**209**

22. Depreciation and amortisation expense

	Year ended	
	31 March 2022	**31 March 2021**
Depreciation of property, plant and equipment (Refer note 3)	529	459
Depreciation of right of use assets (Refer note 4)	724	909
Amortisation of intangible assets (Refer note 5)	177	216
Total	**1,430**	**1,584**

23. Other expenses

	Year ended	
	31 March 2022	**31 March 2021**
Sub-contracting expenses (Refer note 30)	1,519	1,554
Repairs and maintenance		
- Building	215	186
- Plant and equipments	794	663
- Others	9	1
Travelling and conveyance	163	314
Group management fees (Refer note 30)	310	315
Legal and professional charges	220	211
Power and fuel	179	183
Rent	189	165
Communication expenses	137	163
Housekeeping charges	111	152
Expenditure on corporate social responsibility (Refer note (i) below)	59	68
Recruitment expenses	116	60
Provision for doubtful trade receivables writen (back)/off	(89)	53
Loss on sale of property, plant and equipment (net)	14	-
Training expenses	49	43
Rates and taxes	13	29
Auditors' remuneration (Refer note (ii) below)	17	20
Insurance	10	14
Bank charges	12	9
Bad debt written off	154	-
Miscellaneous expenses	124	188
Total	**4,325**	**4,391**

(i) Details of corporate social responsibility expenditure

The gross amount required to be spent by the Company on CSR activities is INR 59 million (31 March 2021: INR 68 million). The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year is INR 31 million (31 March 2021: INR 57 million). The unspent amount of INR 28 million was spent by company on April 5, 2022, however the process for making the payment was initiated before the year end and delay was only due to administrative purposes.

	Year ended	
	31 March 2022	**31 March 2021**
Amount required to be spent as per section 135 of the Companies Act, 2013	59	68
Ongoing projects, other than construction/acquisition of any assets		
She Arise Off-campus Women Empowerment Program	-	11
Arise Trans(forming) Lives Program	-	7
Arise PwD Employability Enhancement Program	-	4
COVID relief support	-	32
STEM Tinkering and Coding Program	16	-
She Arise 2.0	10	-
The Apprentice Project	2	-
Other expenses	3	3
Total amount spent during the year	**31**	**57**

23. Other expenses (continued)

Details of ongoing CSR projects under Section 135(6) of the Act

Balance as at 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2022	
With the company	in Separate CSR unspent account		from company's bank account	from Separate CSR unspent account	With the company	in Separate CSR unspent account
-	11	59	31	11	28	-

(ii) Payments to the auditors comprises (net of input tax credit, where applicable):

	Year ended	
	31 March 2022	31 March 2021
Statutory audit fee	9	12
Tax audit fee	2	2
Other services	6	6
Out of pocket expenses	*	*
Total	17	**20**

*Below rounding off norms, refer note 36.

24. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended	
	31 March 2022	31 March 2021
Profit attributable to equity holders for basic earnings	2,625	1,960
Weighted average number of equity shares for basic and diluted EPS (in million)	131	131
Basic EPS (absolute value in INR)	20	15
Diluted EPS (absolute value in INR)	20	15

25. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Determination of functional currency

The determination of functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. In determining the functional currency, judgement is required to determine the currency that mainly reflects the economic substance of the underlying economic event.

(b) Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired, and liabilities and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

(c) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are combined together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companys of assets ('CGU').

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

25. Significant accounting judgements, estimates and assumptions (continued)

(d) Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 33 for further disclosures.

(e) Income taxes
The Company is subject to income tax laws as applicable in India and other countries. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Deferred taxes
In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.

The Company has an option to move to a lower tax rate subject to conditions attached to it. As per the assessment done by the Company, it has decided to continue with the current tax rate as at March 31, 2022 and it has planned to adopt the lower tax rate of 25.168% in the near future based on the estimated recoverability of Minimum Alternate Tax credit. Deferred tax as at the end of the year is accordingly calculated based on the above.

(g) Estimation of defined benefits and compensated leave of absence
The present value of the provident fund, gratuity, pension and leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity and leave encashment obligations are given in Note 27.

(h) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. The use of the percentage of completion method requires the Company to estimate the costs expended to date as a proportion of the total costs to be expended.Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

(i) Allowance for trade receivables

The Company follows a ‘simplified approach’ (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

(j) Leases
Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no material changes are required to lease period relating to the existing lease contracts.

(k) Provisions and contingent liabilities
Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

26. Derivatives

The Company manages foreign currency exchange rate risk through the use of derivative financial instruments comprised of forwards contracts. All such derivative financial instruments are reported in the balance sheets at fair value with the changes in fair value of the derivative financial instrument recognised in the Statement of Profit and Loss for derivatives not designated as hedging instruments; and in other comprehensive income for derivatives designated as hedging instruments. The Company does not use derivative financial instruments for trading or speculative purposes.

The underlying hedged transactions for balance in cash flow hedge reserve as at 31 March 2022 are expected to occur and reclassified to the Statement of Profit and Loss within 12 months.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging investment, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The total gross notional amount by type of derivative financial instruments as of 31 March 2022 is as follows:

Forward Contracts Outstanding (in million)

	Currency to Sell	Notional Coverage	Foreign Currency
US dollar (contracts to sell USD/buy INR)			
- designated as hedging instruments	USD	INR 1,421	18

The total gross notional amount by type of derivative financial instruments as of 31 March 2021 is as follows:

Forward Contracts Outstanding (in million)

	Currency to Sell	Notional Coverage	Foreign Currency
US dollar (contracts to sell USD/buy INR)			
- designated as hedging instruments	USD	INR 7,745	102
- not designated for hedge instruments	USD	INR 5,624	76
Euro (contracts to sell Euro/buy INR)			
- designated as hedging instruments	EUR	INR 399	4
- not designated for hedge instruments	EUR	INR 224	3

The movement in cash flow hedging reserve for derivatives designated as hedging instruments is as follows:

	31 March 2022	31 March 2021
Balance at the beginning of the year - Asset/(liability)	103	(220)
Change in the fair value of effective portion of cash flow hedges - gain/(loss)	7	159
Deferred tax on fair value of effective portion of cash flow hedges	(2)	(56)
Gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions	(159)	338
Deferred tax on gain / (loss) transferred to profit and loss on occurrence of forecasted hedge transactions	56	(118)
Balance at the end of the year - asset / (liability)	**5**	**103**

Net foreign exchange gains include loss of INR 159 million and gain of INR 338 million transferred from cash flow hedging reserve for the years ended 31 March 2022 and 2021, respectively.

Net gain on derivative instruments of INR 7 million recognised in cash flow hedging reserve as at 31 March 2022, is expected to be transferred to the Statement of Profit and Loss by 31 March 2023. The maximum period over which the exposure to cash flow variability has been hedged is through 31 March 2023.

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(All amounts in INR million, unless otherwise stated)

27. Employee benefits

a) Defined Contribution Plan

In respect of the defined contribution plan as explained in accounting policy 2.15 (ii)(b), the Company has contributed INR 352 million for the year (31 March 2021: Nil). These contributions are charged to the Statement of Profit and Loss as they accrue.

b) Defined benefit obligation

(i) Provident fund

The Company makes contributions to the Aricent Employees Provident Fund Trust (“the Trust”), under the rules of this scheme, the Company is required to contribute a specified percentage of payroll costs to the fund. During the year, the Company’s contribution under this scheme amounted to INR 100 million (31 March 2021: INR 339 million).

The Company had a defined benefit plan for provident fund through Aricent Employees Provident Fund Trust ("the Trust"). During the year, the Company filed an application for surrender of exemption granted from the EPF Scheme, 1952 w.e.f. 1 July 2021 for the trust. The surrender application was filed with Regional Provident Fund Commissioner (RPFC) Delhi. The applications were accepted by the RPFC and the Company surrendered its trust with effect from 1 July 2021. All the assets and the liabilities of the trusts were transferred to the RPFC and the net deficit of INR 48 million was funded by the Company during the year.

As on 30 June 2021, the Company determined its liability at INR 423 million in respect of provident fund based on actuarial valuation. Post the surrender of the trusts, and funding the deficit of INR 48 million , the Company is carrying a liability of INR 375 million as on 31 March 2022.

In respect of the defined benefit plan, as explained in accounting policy, the following tables set forth the movement in plan liabilities, assets, etc.

		As at	
		30 June 2021	**31 March 2021**
Present value of defined benefit obligation			
Balance as at the beginning of the year		8,482	7,258
Current service cost		141	342
Employee Contribution		194	530
Interest cost on the DBO		135	471
Acquisitions (credit)/ cost		67	317
Actuarial loss/(gain) - experience		(45)	130
Actuarial loss - financial assumptions		-	63
Benefits paid from plan assets		(248)	(629)
Balance as at the end of the year	**(A)**	**8,726**	**8,482**
Fair value of plan assets			
Balance as at the beginning of the year		8,333	6,681
Acquisition adjustment		67	317
Interest income on plan assets		132	451
Contribution to Fund (Employer)		127	330
Employee Contribution		194	530
Return on plan assets greater/(lesser) than assumed		(302)	653
Benefits paid		(248)	(629)
Balance as at the end of the year	**(B)**	**8,303**	**8,333**
Deficit funding post surrender	**(C)**	**48**	**-**
Amount recognized in balance sheet	**(A-B-C)**	**375**	**149**

Net cost recognized during the year ended

	30 June 2021	31 March 2021
Amount recognized in Statement of Profit and Loss		
Service cost	141	342
Net interest on net defined benefit liability / (asset)	3	20
Amount recognized in Other Comprehensive Income		
Actuarial (gain)/loss recognized in OCI	257	(460)
Net Defined benefit cost	**401**	**(98)**

The principal assumptions used in determining the defined benefit obligation are as follows:

	As at	
	30 June 2021	**31 March 2021**
Discount rate	6.30%	6.30%
Expected return on exempt provident fund	7.90%	7.90%
Expected return on EPFO	8.50%	8.50%

Plan asset category as at

	As at	
	30 June 2021	**31 March 2021**
Government of India Securities (Central and State)	25.99%	63.96%
High quality corporate bonds (including Public Sector Bonds)	22.66%	29.23%
Cash (including Special Deposits)	49.55%	5.43%
Mutual Funds	1.80%	1.38%
Total	**100.00%**	**100.00%**

(All amounts in INR million, unless otherwise stated)

27. Employee benefits (continued)

(ii) Other defined benefit obligation

The components of the Gratuity plan and Pension plan benefit obligations are shown below:

Present value of defined benefit obligation

	Gratuity plan as at		Pension plan as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Balance as at the beginning of the year	1,706	1,424	254	236
Current service cost	237	212	1	2
Interest cost	114	104	2	3
Benefits paid	(280)	(150)	(2)	(3)
Prior service cost	-	7	-	-
Addition on account of merger and acquisitions	-	103	-	-
Exchange gain/(loss)	-	-	(5)	8
Actuarial loss/(gain)	(282)	6	(15)	8
Liabilities transferred to other group company	-	-	(235)	-
Balance as at the end of the year	**1,495**	**1,706**	**-**	**254**

Fair value of plan assets

	Gratuity plan as at		Pension plan as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Balance as at the beginning of the year	44	55	-	-
Expected return on plan assets	4	4	-	-
Contributions	250	100	-	-
Benefits paid	(280)	(143)	-	-
Addition on account of merger and acquisitions	-	28	-	-
Actuarial gain/(loss)	-	*	-	-
Balance as at the end of the year	**18**	**44**	**-**	**-**

* Amount is below rounding convention used in preparation of the financial statements. Refer note 36.

The reconciliation of the present value of obligations and the fair value of plan assets to the assets and liabilities is as below:

	Gratuity plan as at		Pension plan as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Fair value of plan assets as at the end of the year*	18	44	-	-
Present value of defined benefit obligations as at end of the year	1,495	1,706	-	254
Liability recognised in the Balance Sheet as at the end of the year	**1,477**	**1,662**	**-**	**254**
Non-current	1,335	1,538	-	234
Current	142	124	-	20

* Plan assets are invested in bank balances and under schemes of insurance.

The net gratuity and pension cost for the below mentioned years is as follows:

	Gratuity plan year ended		Pension plan year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current service cost	237	212	1	2
Interest cost	114	104	2	3
Expected return on plan assets	(4)	(4)	-	-
Net actuarial loss/(gain)	(282)	6	(15)	8
Total	**65**	**318**	**(12)**	**13**

Amount recognised in the Statement of Profit and Loss:

	Gratuity plan year ended		Pension plan year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current service cost	237	212	1	2
Prior service cost	-	7	-	-
Net interest expense	110	100	2	3
Total	**347**	**319**	**3**	**5**

Amount recognised in other comprehensive income:

	Gratuity plan year ended		Pension plan year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Actuarial loss/(gain) on obligations	(282)	6	(15)	8
Return on plan assets (excluding amounts included in net interest expense)	*	*	-	-
Total	**(282)**	**6**	**(15)**	**8**

* Amount is below rounding convention used in preparation of the financial statements. Refer note 36.

(All amounts in INR million, unless otherwise stated)

27. Employee benefits (continued)

Actuarial assumptions

	Gratuity plan as at		Pension plan as at	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Discounting rate	6.80%	6.25%	1.36%	0.80%
Future salary increase	7.00%	8.00%	2.25%	2.25%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity as at	
	31 March 2022	**31 March 2021**
Within the next 12 months (next annual reporting period)	173	182
Between 2 and 5 years	885	916
Between 5 and 10 years	1,424	1,387
Total	**2,482**	**2,485**

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

	Discount rate as at		Salary escalation rate as at	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
DBO (decreased by) / increased by due to increase in rate by 0.25%	(26)	(33)	27	33
DBO increased by / (decreased by) due to decrease in rate by 0.25%	27	34	(26)	(32)

(iii) Compensated absences

Compensated absences as at the Balance Sheet date, determined on the basis of actuarial valuation based on the "projected unit credit method" is as below:

	31 March 2022	**31 March 2021**
Discounting rate	6.80%	6.25%
Future salary increase	7.00%	8.00%

The compensated absences obligation cover the Company’s liability for earned leave which are classified as other long-term benefits.

The entire amount of the provision of INR 877 million (31 March 2021: INR 943 million) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

	Year ended	
	31 March 2022	**31 March 2021**
Compensated absences obligations not expected to be settled within the next 12 months	127	126

28. Employee stock compensation plan

(i) Table below sets out the stock option activity of the various share-based payment plans under which Capgemini SE granted stock options to the Company's employees.

In accordance with Ind AS 102 - Share based payments, the Company has recognised these compensation costs based on equity method. Consequent to this, the Company has recognised a share-based payment reserve of INR 34 million as on 31 March 2022 (31 March 2021 : Nil)

Particulars	**31 March 2022**
	2021 Plan
Grant Date	6-Oct-21
Performance assessment dates	Three years for the four performance conditions
Vesting Period	4 years as from the grant date
Total numbers of options outstanding at opening date	-
Total numbers of options granted during the year	23,465
Options forfeited or cancelled during the year	830
Total number of options outstanding at closing date	22,635
Weighted average remaining contractual life (in years)	3.5
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions
Fair values of performance conditions (Euro)	112.77
Main market conditions at grant date:	
Volatility	30.97%
Risk free interest rate	-0.4246% - 0.2605%
Expected dividend rate	1.60%
Charge for the year	34
Share based payment reserve	34

(All amounts in INR million, unless otherwise stated)

28. Employee stock compensation plan (continued)

(ii) Capgemini SE, the ultimate parent company, has set up an employee share ownership plan, where eligible employees of the Group were invited to subscribe to the shares of the ultimate parent company at a discount of 12.5% to the current market price of the ultimate parent company shares. 17 December 2020 and 16 December 2021 the ultimate parent company issued shares for 2020 and 2021 employee ownership plan respectively. The charge for the year for these plans are as below:

Particulars	ESOP 2020		ESOP 2021	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Number of shares	5,374	5,374	4,412	-
Charge for the year	1	*	**	-
Employee stock option reserve	2	*	**	-

* Amount in absolute value INR 306,357 is below rounding convention used in preparation of the financial statements.
** Amount in absolute value INR 443,092 is below rounding convention used in preparation of the financial statements.

The Company has used fair value method for accounting of the above share-based payments.

29. Commitments and contingencies

a. Capital commitments: The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to INR 110 million (31 March 2021: INR 77 million).

b. Other commitments: The Company has other commitments for purchase/sale orders which are issued after considering requirements in accordance with the operating cycle, for purchase/sale of goods and services and for employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts for purchases/sale orders which might have a material impact on the financial statements.

Commitments given on leases consist primarily of the common area maintenance charges of the Company's non-cancellable leases

	31 March 2022	31 March 2021
Not later than one year	5	5
Later than one year but not later than five years	5	10
Later than five years	-	-
Total	10	15

c. Claims disputed by the Company:

	As at	
	31 March 2022	31 March 2021
Income tax matters [gross of INR Nil (31 March 2021: INR 82 million) paid under protest]	-	15
Other claims		
Sales tax matters [gross of INR Nil (31 March 2021: INR 7 million) paid under protest]	-	7

d. Bangalore campus matters

The Company in 2003 had executed an Agreement with a landowner and a developer ("Developer"), for the development, lease and purchase of land facility ("Property") at Bangalore. Under said Agreement, the Company had an option to purchase the Property, after completion of two years of lease term. The Company took possession of the Property, but formal lease deed was not executed between the parties. In 2005, the Developer filed a suit to evict the Company and to recover arrears of rent and damages (2005 Suit). In 2007, the Company filed suit for specific performance for acquisition of property (2007 Suit) as per terms of the original Agreement. In 2010, the Developer filed another eviction suit and claimed damages (2010 Suit) related to portion of property acquired by it from landowner in 2010. All these suits were consolidated by the City Civil Court, Bangalore and underwent trial for many years of protracted litigation and were adjudicated against Company on each of the 2005, 2007 and 2010 suits vide Orders dated April 13, 2016. In these rulings, the City Civil Court held that the Company was not entitled to specific performance of the purchase option in the Agreement and also ordered to pay arrears of rent and damages and to vacate the Property.

Against the said Orders dated April 13, 2016 in 2005 suit, 2007 suit and 2010 suit, the Company filed three Appeals at the Hon'ble High Court of Karnataka. In the two appeals against the Orders in 2005 Suit and 2010 Suit, the Company sought protection against Eviction Order and also against the damages awarded against the Company. Third appeal was filed against the Order in 2007 suit, wherein Company's suit for specific performance for execution of sale deed in favour of the Company was dismissed. The Hon'ble High Court admitted Company's all appeals and also granted an interim injunction (stay) against impugned eviction Orders dated April 13, 2016, subject to payment of an amount as ordered by the City Civil Court to the Developer. The Company paid INR 331 Million to the Developer as per the Orders of the Hon'ble High Court. In compliance of Hon'ble High Court Orders, the Company is also making monthly payment of an amount equivalent to INR 2 Million to the Developer. However, all the amount paid/payable to the Developer (i.e. initial amount and the monthly payments) are subject to final outcome of the Appeals filed by the Company. In August 2018, the Company has received copies of the cross Appeals filed by the Developer against the Orders dated April 13, 2016 passed in 2005 suit and 2010 suit, seeking damages at the higher rate as against the rate granted by the City Civil Court in the Orders dated April 13, 2016.

Based on legal opinion, the Company believes that it has a good case and possibility of resolution of the matter against the Company is remote. Further, the Company does not believe that the resolution of these matters will have a material adverse effect on the Company's Balance Sheet or Statement of Profit and Loss, or Statement of Cash Flow.

e. Service tax matters

On October 20, 2011, the Company received a show cause notice from the service tax department of India demanding service tax on reimbursements made by the Company to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for Company's employees traveling abroad from fiscal year 2007 through 2010. Additionally, in the above notices the service tax authorities have included all amounts incurred in the foreign currency by Company, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, the Company has received similar notices covering the period April 2010 to June 2017. The total tax for such years stands at INR 2,548 million, which does not include interest liability exposure thereon, if any.

29. Commitments and contingencies (continued)

For years upto 2014 the Company has also received orders from Commissioner of Service Tax confirming above tax demand and also imposing interest and a penalty on service tax demanded. The Company has filled Appeal with the tribunal (CESTAT) against the above order from Commissioner of Service Tax.

In April 2017, the CESTAT has issued order granting stay of demand for the fiscal years 2007 to 2012 till disposal of appeal. In respect of demand determined for FY13 and FY14, pursuant to amendment in law the Company made a mandatory pre-deposit of INR 49 million before filing appeal before the CESTAT. The recovery of balance amount is stayed till disposal of appeal.

For the period April 2014 to June 2017 the Service tax authorities have only issued show cause notice and the Company has filed response before the Commissioner of Service Tax against the same. The proposed tax demands in such notice is for INR 373 million which is included in total tax mentioned above.

The service tax department claims these services in above mentioned years qualify as an import of service and that under Section 66A/66B of the Finance Act of India, a service tax is due and owing. The Company believes that Section 66A/66B is not applicable and accordingly no service tax and consequently no interest is due on these particular services. Since the Company has not suppressed any facts, it is the Company’s position based on legal advice that tax authorities case for penalty would not sustain. Based on legal advice, judicial precedents and reply being filed by legal counsel which supports the Company’s position, the Company is of the view that outcome of this matter will not have a material adverse effect on the Company’s Balance Sheet, Statement of Profit and Loss or Statement of Cash Flow.

f. Others

The Hon’ble Supreme Court of India (“SC”) by their order dated 28 February 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Further, there are interpretative challenges and considerable uncertainty, including estimating the amount retrospectively. Pending directives from the EPFO, the impact for past periods, if any, is not ascertainable reliably and consequently no financial effect has been provided for in the financial statements. The Company has complied with the order of the Hon'ble SC prospectively effective 1 March 2019 by including such allowances for PF contribution calculations.

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(All amounts in INR million, unless otherwise stated)

30. Related party transactions

In the normal course of business, the Company enters into transactions at arm's length with affiliated companies, its ultimate holding company and key managerial personnel.

The names of the related parties of the Company and the nature of relationship is as follows:

S.No.	Nature of relationship	Name of the party
a.	Holding company	Capgemini Technology Services India Limited (with effect from 23 November 2020) Aricent Holdings Mauritius Limited (till 22 November 2020)
b.	Ultimate holding company	Capgemini S.E.
c.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company	Aricent Holdings Mauritius India Limited Aricent Technologies Mauritius Ltd. Altran Technologies Australia Pvt Ltd Capgemini Technology Services India Limited (till 22 November 2020) Aricent Holdings Mauritius Limited (with effect from 23 Novemebr 2020) Altran Technologies S.A. (with effect from 1 April 2020) Altran ACT, France Altran UK Altran Sverige AB Lohika Systems Inc (merged with Capgemini America Inc with effect from 1 Oct 2021) Altran US Corp (merged with Capgemini America Inc with effect from 1 Oct 2021) Aricent Mauritius Engineering Services PCC Aricent N.A. Inc.(merged with Capgemini America Inc with effect from 1 Oct 2021) Altran Deutschland S.A.S & Co. KG Altran Technologies India Pvt. Ltd Aricent Technologies Malaysia SDN BHD frog Design BV frog Design Group UK Ltd frog Design Srl frog Design, Inc. (merged with Capgemini America Inc with effect from 1 Oct 2021) Aricent Technologies UK Limited Altran Software US Inc. (merged with Capgemini America Inc with effect from 1 Oct 2021) Aricent Holdings Luxembourg S.a.r.l. Aricent Technologies Sweden AB frog Business Consultancy Limited frog Design Europe GmbH Aricent Belgium SPRL Aricent Japan Limited Altran Israel Ltd. (Formerly known as Aricent Israel Ltd.) Aricent Spain S.L.U., Spain Altran Italia S.p.A. Altran Netherlands Altran Canada Solutions (Corp) (merged with Capgemini Canada Inc with effect from 1 Oct 2021) Altran Connected Solutions Altran Engineering Solutions Inc Global Edge Software Limited Aricent Technologies (Cayman) Altran Solutions De Mexico (merged with Capgemini Mexico S. de R.L. de C.V. with effect from 1 Oct 2021) Sogeti USA LLC (with effect from 1 April 2020) Capgemini Service S.A.S. Altran Belgium Altran Innovacion Espanola Capgemini America Inc Capgemini Australia Pty Ltd. Capgemini Canada Inc Capgemini Deutschland Holding GmbH Capgemini Hong Kong Ltd. Capgemini Italia spA Capgemini Nederland B.V. Capgemini Sverige AB Capgemini Technology Services S.A.S Capgemini Uk plc Tessella (UK) Tessella (USA) Altran Technology & Engineering Center Capgemini Deutschland GmbH Capgemini Finland Oy Capgemini Mexico S. de R.L. de C.V. Capgemini Singapore Pte. Ltd. Sogeti Nederland B.V. Altran Switzerland Aricent US Inc.(merged with Capgemini America Inc with effect from 1 Oct 2021) Aricent Technologies Services Kft Information Risk Management Limited Altran Portugal S.A.

(All amounts in INR million, unless otherwise stated)

30. Related party transactions (continued)

S.No.	Nature of relationship	Name of the party
d.	Key managerial personnel	**Whole time directors** Ashwani Lal Krishna Chandra Reddy **Independent directors** Sanjeev Handa (appointed with effect from 14 January 2021) Shweta Bharti (appointed with effect from 15 March 2021) Vinay Mittal (retired with effect from 10 April 2020) Nipun Gupta (retired with effect from 22 June 2020) **Directors:** Sujit Sircar (appointed with effect from 14 January 2021) Lydia Gayle Brown (retired with effect from 14 January 2021) Jean Philippe Bol (appointed with effect from 19 July 2021) William Pierre Victor Roze (appointed with effect from 19 July 2021) **Others:** Parveen Jain (Company Secretary) Jitendra Grover (CFO)
e.	Trusts set-up by the Company	Aricent Employees Provident Fund Trust Aricent Technologies Gratuity Trust Aricent Technologies Superannuation Trust

Disclosure of transactions between the Company and related parties and the status of outstanding balances are as under:

		For the year ended and as at	
		31 March 2022	**31 March 2021**
a.	Holding company		
	Transactions during the year		
	Revenue from operations	34	2
	Expenses (sub-contracting expenses)	81	22
	Sale of fixed assets	18	-
	Purchase of fixed assets	25	-
	Balance outstanding at the year end		
	Trade payables	24	22
	Trade receivables	50	-
	Other financial assets (unbilled revenue)	1	1
b.	Fellow subsidiaries and other companies which do not exercise control or significant influence over the Company		
	Transactions during the year		
	Revenue from operations	17,804	16,989
	Rent income	8	17
	Liabilities no longer required written back	143	12
	Expenses (sub-contracting expenses)	1,123	1,350
	Group management fees / recharges	310	315
	Trade receivable written off	80	2
	Expenses incurred by related parties on behalf of the Company	9	53
	Expenses incurred by the Company on behalf of related parties	24	52
	Balance outstanding as at the year end		
	Trade payables	556	1,086
	Trade receivables	2,411	6,703
	Other financial assets (unbilled revenue)	725	45
	Other liabilities (unearned revenues)	8	61
	Other current assets (Prepaid expense)	38	22
	Other financial assets (other receivable)	23	-

(All amounts in INR million, unless otherwise stated)

30. Related party transactions (continued)

		For the year ended and as at	
		31 March 2022	**31 March 2021**
c	Ultimate holding company		
	Transactions during the year		
	Deemed contribution in relation to equity share subscription plan	36	*
d	Trusts set-up by the Company		
	Transactions during the year		
	Contributions made during the year	584	950
	Purchase of financial assets during the year	122	-
	Balance outstanding as at the year end		
	Contributions payable at the year end	-	79
e	Key managerial personnel		
	Compensation during the year		
	Short-term employee benefits	74	86
	Post-employment gratuity and medical benefits	5	6
	Other long-term benefits	1	31
	Fee for attending board committee meetings	*	*
	Balance outstanding as at the year end		
	Employee related liabilities	4	8

* Amount is below rounding convention used in preparation of the financial statements. Refer note 36.

31. Segment information

The Company develops software products and provides software consulting services for use in the telecommunications industry. Out of the total revenue of the Company, 67% (31 March 2021: 67%) of the revenue is generated from inter-company transactions. For the purpose of making decisions about resource allocation and performance assessment, the Chief Operating Decision Maker (the Board of Directors) monitors the operating results in totality on the Company-level basis. Hence, the Company constitutes a single segment.

As the Company also exports its products and services, the secondary segment for the Company is based on the location of its customers.

Information on the geographic segments is as follows:

	Revenue for year ended	
Location	**31 March 2022**	**31 March 2021**
Domestic	7,730	6,148
Americas	1,535	2,543
Europe	16,817	16,274
Rest of the world	703	501
Total	**26,785**	**25,466**

Information on operating income, net income, assets and liabilities cannot be provided by location of customers as such information is not realistically allocable and identifiable.

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(All amounts in INR million, unless otherwise stated)

32. Fair values

The carrying values of the financial instruments by categories are as follows:

	Carrying amount as at	
	31 March 2022	**31 March 2021**
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Trade receivables	5,079	8,849
Cash and cash equivalents	2,463	1,390
Investment	122	-
Other financial assets	2,071	949
Financial assets measured at fair value through profit or loss		
Investments in mutual funds	12,872	9,035
Foreign exchange forward and option contracts	-	20
Financial assets - derivative (cash flow hedge designated for hedge accounting)		
Foreign exchange forward contracts	7	159
Total	**22,614**	**20,402**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Trade payables	1,297	1,554
Lease liabilities	1,153	1,804
Other financial liabilities	515	851
Total	**2,965**	**4,209**

Fair values

Ind AS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Ind AS are described below:

Level 1 — inputs are based upon quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible as of the measurement date.

Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations for the asset or liability that are derived principally from or corroborated by market data for which the primary inputs are observable, including forward interest rates, yield curves, credit risk and exchange rates.

Level 3 — inputs for the valuations are unobservable and are based on management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques such as option pricing models and discounted cash flow models.

The following table summarises the financial assets and financial liabilities measured at fair value on recurring basis:

	Level 1	**Level 2**	**Level 3**
As of 31 March 2022			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	7	-
Investments in mutual funds	12,872	-	-
As of 31 March 2021			
Financial assets at fair value			
Foreign exchange forward and option contracts	-	179	-
Investments in mutual funds	9,035	-	-

The following methods and assumptions were used by the Company in estimating the fair value of its financial assets and liabilities:

(i) The Company classifies all forward contracts in Level 2 as quoted prices can be corroborated based on observable market transactions of spot currency rate and forward currency prices.

(ii) Short-term investments in mutual funds are fair valued based on the Net Asset Values (NAVs). The Company classifies the fair value under Level 1 as the NAVs of mutual fund are quoted on a daily basis.

(All amounts in INR million, unless otherwise stated)

33. Financial risk management objectives and policies

The Company's business activities are exposed to a variety of financial risks, namely market risks, liquidity risk, and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management policy and framework. These are periodically reviewed by the senior management of the Company to identify and assess key risks and formulate strategies for mitigation of those risks. The Audit Committee provides the overall direction on risk management and oversees the Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.

The Company has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely. The Company has taken all necessary actions to mitigate the risks identified basis the information and situation present.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from the changes in foreign currency exchange rates, interest rates, credit, liquidity and price risks. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(i) Foreign currency exchange rate risk

In the normal course of business, the Company is exposed to market risk arising from changes in currency exchange rates. The Company uses derivative financial instruments to manage exposures to foreign currency. The Company's objective for utilizing derivative financial instruments is to mitigate the risks from these exposures.

The following table analyses foreign currency risk from financial instruments as of 31 March 2022:

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	1,633	631	2,264
Total financial liabilities	397	269	666

The following table analyses foreign currency risk from financial instruments as of 31 March 2021:

Particulars	U.S. Dollars	Other currencies	Total
Total financial assets	7,818	702	8,520
Total financial liabilities	673	561	1,234

The Company is mainly exposed to changes in U.S. Dollars. 5% appreciation / depreciation of U.S. Dollars with respect to INR would result in increase / decrease in the Company's profit by approximately INR 62 million (31 March 2021: INR 358 million).

(ii) Price risk

The Company's exposure to mutual funds price risk arises from investments held by the Company and classified in the balance sheet as fair value through profit or loss.

To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The impact of 5% increase/decrease of the net asset values of mutual fund, with all other variables held constant, would be increase / decrease in profits by approximately INR 643 million (31 March 2021: INR 452 million).

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company does not have any significant items related to interest rate risk therefore it is not impacted by interest rate risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, since the majority of the Company's revenue is generated from group companies. All trade receivables other than from group companies are reviewed and assessed for default on a regular basis. Historical experience of the Company for collecting receivables is that credit risk is low. Refer note 2.14 for accounting policy on impairment of trade receivables.

The Company maintains exposure in cash and cash equivalents, money market liquid mutual funds and derivative instrument with financial institutions. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc.

The Company's maximum exposure to credit risk as at 31 March 2022 and 31 March 2021 is the carrying value of each class of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2022 and 31 March 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury function reviews the liquidity position on an ongoing basis.

33. Financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2022					
Trade payables	1,297	1,297	1,297	-	-
Lease liabilities	1,153	1,437	665	727	45
Other financial liabilities	515	515	515	-	-
	2,965	**3,249**	**2,477**	**727**	**45**

Particulars	Carrying amount	Contractual cash flow	0-1 year	1-5 years	More than 5 years
As at 31 March 2021					
Trade payables	1,554	1,554	1,554	-	-
Lease liabilities	1,804	2,106	817	1,109	180
Other financial liabilities	851	851	851	-	-
	4,209	**4,511**	**3,222**	**1,109**	**180**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

34. Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maximise stakeholders' value.

As of 31 March 2022, the Company has only one class of equity shares and no debt. Therefore, there are no externally imposed capital requirements.

35. Sale of branches (Net assets)

During the year, Net assets of Company's US, Canada and Germany branches were sold to Capgemini US Inc, Capgemini Canada Inc and Altran Deutschland S.A.S & Co. KG respectively on slump sale basis. For US and Canada Branches, Net assets excluding cash were transferred. For Germany branch, Net assets excluding Cash, tax assets and liabilities were transferred. There was gain as a result of these transactions as per below table:

Branch	Amount
US branch	350
Canada branch	81
Germany branch	318
Total	**749**

36. Rounding off

The financial statements are presented in INR million. Those items which are required to be disclosed and which are not represented in the financial statements due to rounding off to nearest million are given as follows:

Note No.	Description	31 March 2022	31 March 2021
10	**Investments**		
	Investment in 42,500 units of INR 1,000 each in 8.68% IL&FS Ltd	0.14	-
17	**Trade payables**		
	- Due to micro and small enterprises	-	0.01
20	**Employee benefit expenses**		
	Share based payments to employees	-	0.31
27	**Employee benefits**		
	Actuarial gain/(loss) on plan assets	0.30	0.45
23(ii)	**Payments to the auditors**		
	Out of pocket expenses	0.15	0.03
12 & 28	**Share ownership plan**		
	Charge for the year	-	0.31
	Employee stock option reserve	-	0.31
30	**Related party transactions**		
	Deemed contribution in relation to equity share subscription plan	-	0.31
	Fee for attending board committee meetings	0.20	0.15

Aricent Technologies (Holdings) Limited
Notes forming part of the financial statements for the year ended 31 March 2022
(All amounts in INR million, unless otherwise stated)

37. Code on social security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

38. Merger schemes pending with National Company Law Tribunal, Mumbai (NCLT)

The Holding company (Capgemini Technology Services India Limited) filed an application with the NCLT on 31 January 2022 for merger of Aricent Technologies (Holdings) Limited with it under sections 230 to 232 of the Companies Act, 2013. The merger scheme was admitted by the Company's Board of Directors on 10 January 2022. The appointed date for the merger is 1 October 2021. The matter is pending before the NCLT and approval is still awaited.

39. Additional information

(a) Financial Ratios:

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	Variance %
Current ratio	Current Assets	Current Liabilities	5.08	4.14	23%
Debt-equity ratio*	Total Debt	Shareholder's Equity	0.04	0.07	-42%
Debt service coverage ratio*	Earnings available for debt service	Debt service	3.19	3.50	-9%
Return on equity ratio*	Net Profits after taxes	Average Shareholder's Equity	2.40%	1.92%	25%
Trade receivables turnover ratio*	Revenue	Average Trade Receivable	3.85	2.43	58%
Trade payable turnover ratio	Purchases of other expenses and services	Average Trade Payables	3.20	2.83	13%
Net capital turnover ratio	Revenue	Working Capital	1.46	1.63	-10%
Net profit ratio*	Net Profit	Revenue	9.80%	7.70%	27%
Return on capital employed*	Earnings before interest and taxes	Capital Employed	14.34%	11.03%	30%
Return on Investment					
Mutual funds*	Return on Mutual fund	Average Investment	4.08%	0.94%	334%
Fixed deposit*	Interest on fixed deposit	Average Investment	3.85%	6.90%	-44%

Note:
1. Total Debt represents only lease liabilities
2. Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses + Interest + other adjustments like loss on sale of Fixed assets etc.
3. Debt service represents Lease payments for the year
4. Capital employed = Tangible net worth + deferred tax liabilities + Lease Liabilities

***Reason for variation of more than 25%**

i) Debt equity ratio- Reduction in lease liabilities during the year due to principal payout resulted in improvement in debt equity ratio.
ii) Return on equity ratio -Due to improvement of companies overall position and Growth in Net profit available for shareholders result in improvement of return.
iii) Trade receivables turnover ratio - Improved collection during the year with growth in overall sales resulted in improvement in trade receivables turnover ratio
iv) Net profit ratio - Growth in sales , gain on sale of branch net assets and income from investment of surplus funds resulted in improvement in net profit ratio
v) Return on capital employed- Due to improvement of companies overall position and increased earning before interest and tax resulted improved ratio.
vi) Return on investment -mutual funds - Change in investments strategy from Investment in fixed deposits to mutual funds resulted in increase in return on investment in mutual funds
vii) Return on investment -fixed deposit - Change in investments strategy from Investment in fixed deposits to mutual funds resulted in decline in return on investment in fixed deposits

40. Regrouping

Previous year's figures have been regrouped or reclassified as detailed below to conform to current year's presentation.

Account head transferred from	Account head transferred to	Amount
Other liabilitites	Other assets	139

For Price Waterhouse Chartered Accountants LLP
(Registration No. FRN 012754N/N500016)

JEETENDRA MIRCHANDANI
Digitally signed by JEETENDRA MIRCHANDANI
Date: 2022.07.13 19:24:21 +05'30'

Jeetendra Mirchandani
Partner
Membership No : 048125

Place:
Date: 13 July 2022

For and on behalf of the Board of Directors

KRISHNA CHANDRA REDDY
Digitally signed by KRISHNA CHANDRA REDDY
Date: 2022.07.13 16:16:35 +05'30'

Krishna Chandra Reddy
Managing Director
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Sujit Sircar
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Sujit Sircar
Director
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Parveen Jain
Company Secretary

JITENDRA GROVER
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Jitendra Grover
Chief Financial Officer

Place:
Date: 13 July 2022