

**ARICENT TECHNOLOGIES (HOLDINGS) LIMITED**

Registered Office:

3rd floor, A Block, B - Wing IT1-IT2, Airoli Knowledge Park,  
Thane-Belapur Road, Airoli, Navi Mumbai,

Mumbai – 400708, Maharashtra

Tel No.: +91-22-71444283; Fax No.: +91-22-71412121

CIN: U72100MH2006PLC367638

Email Id: [all\\_cosec@capgemini.com](mailto:all_cosec@capgemini.com) Website: <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini-technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/>**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS  
PURSUANT TO THE ORDER DATED 10 JUNE 2022 OF THE HON'BLE  
NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

<b>TRIBUNAL CONVENED MEETING</b>		
Day	:	Saturday
Date	:	30 July 2022
Time	:	11:00 a.m.
Mode of Meeting	:	Through video conferencing/other audio-visual means
E-voting during the meeting	:	E-voting will remain open from the commencement of the NCLT convened meeting of equity shareholders of Aricent Technologies (Holdings) Limited and shall end 15 minutes after closure of the said meeting.

**REMOTE E-VOTING PRIOR TO THE MEETING**

Remote e-voting start date and time	<b>27 July 2022 (9:00 a.m.)</b>
Remote e-voting end date and time	<b>29 July 2022 (5:00 p.m.)</b>

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The Notice & Statement of the meeting, issued pursuant to Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with the annexures hereto constitute a single and complete set of documents and should be read together as the annexures form an integral part of this document.

**FORM NO. CAA-2**

[Pursuant to Section 230(3) of the Companies Act, 2013 and Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**

**MUMBAI BENCH**

**(COMPANY SCHEME APPLICATION NO.: 56 of 2022)**

**IN THE MATTER OF SECTIONS 230-232 AND OTHER APPLICABLE  
PROVISIONS OF THE COMPANIES ACT, 2013 AND THE COMPANIES  
(COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016  
AND**

**IN THE MATTER OF SCHEME OF AMALGAMATION OF ARICENT  
TECHNOLOGIES (HOLDINGS) LIMITED WITH CAPGEMINI TECHNOLOGY  
SERVICES INDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS.**

**Aricent Technologies (Holdings) Limited,**

bearing CIN – U72100MH2006PLC367638

having its registered office at 3<sup>rd</sup> floor,

A Block, B - Wing IT1-IT2, Airoli Knowledge Park,

Thane-Belapur Road, Airoli, Navi Mumbai,

Mumbai – 400708, Maharashtra.

**.....Applicant Company/ Transferor  
Company**

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS  
PURSUANT TO THE ORDER DATED 10 JUNE 2022 OF THE HON'BLE NATIONAL  
COMPANY LAW TRIBUNAL, MUMBAI BENCH**

To,

The Equity Shareholder(s) of Aricent Technologies (Holdings) Limited

Notice is hereby given that by an order dated 10 June 2022 ("**Order**"), in the Company Scheme Application No. 56 of 2022 ("**Application**") pertaining to a proposed scheme of amalgamation between Aricent Technologies (Holdings) Limited ("**ATHL / Transferor Company**") and Capgemini Technology Services India Limited ("**CTSIL / Transferee Company**") and their respective shareholders under the provisions of Sections 230 to 232 of the Companies Act, 2013 and the other applicable provisions thereof and applicable rules thereunder ("**Scheme**"), the Mumbai Bench of National Company Law Tribunal ("**NCLT**") has directed that a meeting of the equity shareholders of ATHL be held for the purpose of considering and, if thought fit, approving the Scheme, with or without modification(s) ("**Meeting**").

In pursuance of the Order and as directed therein, further notice is hereby given that the Meeting will be held on Saturday, 30 July 2022 at 11:00 a.m. through video conferencing / other audio-visual means ("**VC/OAVM**"), in compliance with the applicable provisions of the Companies Act, 2013 ("**Act**") and circulars issued thereunder, as amended from time to time, at which day and time the said equity shareholders of ATHL are requested to attend the Meeting.

At the Meeting, the Members are requested to consider the following resolution and if thought fit, to pass with or without modification(s), the following resolution under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions thereof with requisite majority:

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications issued thereunder, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and subject to the approval of Hon'ble jurisdictional National Company Law Tribunal ("**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate for the Scheme, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the Scheme of Amalgamation of Aricent Technologies (Holdings) Limited ("**ATHL / Transferor Company**") with Capgemini Technology Services India Limited ("**CTSIL / Transferee Company**") ("**Scheme**") and their respective shareholders, which was circulated along with the Notice convening this meeting, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board and any committee thereof be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the Scheme and to make and accept such



modifications, amendments, limitations and/or conditions, if any, which may be required by the Board and/or imposed by the NCLT while sanctioning the Scheme or by any authorities under law, including but not limited to passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper, and to settle any question, difficulty or doubt that may arise in respect of Scheme, without being required to seek any further consent or approval of the equity shareholders of ATHL or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** copies of the foregoing resolutions certified to be true by any of the director or company secretary of the Company be furnished to all concerned as may be necessary and they be requested to act thereon.”

**TAKE FURTHER NOTICE** that in compliance with the provisions of Section 230 read with Section 108 of the Act; Rule 6 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014, read with applicable circulars, issued in this regard, from time to time, the Company has provided the facility to vote through remote electronic voting (**“remote e-voting”**) and e-voting during the Meeting (**“Insta Poll”**) by way of facility offered by KFin Technologies Limited (formerly known as KFin Technologies Private Limited) (**“KFin”**) so as to enable the equity shareholders, to consider and approve the Scheme by passing aforesaid resolution.

**TAKE FURTHER NOTICE** that in terms of the said Order of the Hon’ble NCLT, in addition to the facility of voting through e-voting system during the Meeting i.e., Insta Poll, the persons entitled to attend and vote at the Meeting shall have the facility and option to cast vote(s) on the resolution, for approval of the Scheme through remote e-voting facility during the period commencing from 27 July 2022 at 9:00 a.m. to 29 July 2022 at 5:00 p.m. (**“remote e-voting period”**). The voting rights of equity shareholders shall be in proportion to their holding in the paid-up share capital of ATHL as on cut-off date i.e., 24 July 2022 (**“Cut-off Date”**). The instructions for remote e-voting and Insta Poll are appended to the Notice. In case of remote e-voting, the votes should be cast in the manner described in the instructions during the e-voting period. Remote e-voting module will be disabled by KFin thereafter.

A copy of the Scheme, the Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other annexures as indicated in the Index are enclosed herewith. A copy of this notice and the accompanying documents as referred in the Notice or required under the Act will be placed on the CTSIL’s website viz. <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini-technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/>. The copy of the Scheme and other enclosed annexures can be obtained free of charge on all working days, from the registered office of ATHL between 10:00 A.M. to 5:00 P.M. or by sending email to ATHL at [all\\_cosec@capgemini.com](mailto:all_cosec@capgemini.com), up to the date of the Meeting.

**TAKE FURTHER NOTICE** that the Hon’ble NCLT has appointed, Mr. Harnam Singh, Retd. IAS as the Chairperson of the Meeting, including for any adjournment(s) thereof. Further, the

NCLT has appointed Mr. Jayant Gupta, (FCS 7288) to be the Scrutinizer for the Meeting, including for any adjournment(s) thereof.

The results of the Meeting shall be announced by the Chairperson within two (2) working days of the conclusion of the Meeting upon receipt of Scrutinizer's report and the same shall be displayed on the website of CTSIL viz. <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini-technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/> and on the website of KFin viz. <https://evoting.kfintech.com/>.

The Scheme, if approved by the equity shareholders, will be subject to the subsequent approval of the Hon'ble NCLT and such other approvals, permissions, and sanctions of regulatory or other authorities, as may be necessary.

In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be considered approved by the equity shareholders only if, the Scheme is approved by majority in number representing three fourths in value of the equity shareholders of ATHL, who voted validly during the Meeting or by way of remote e-voting.

Place: Mumbai

Date: 17 June 2022

For Aricent Technologies (Holdings) Limited

Sd/-

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Harnam Singh  
Chairperson appointed for the meeting

**Notes:**

1. Pursuant to the directions of the Hon'ble NCLT Order, the meeting of the equity shareholders of ATHL is being convened on Saturday, 30 July 2022, at 11:00 a.m. (IST) through VC/OAVM to transact the business set out in the Notice convening this Meeting, which does not require the physical presence of members at a common venue. In view of the same, the registered office of ATHL shall be the deemed venue for this Meeting.
2. Since the Meeting will be held through VC/OAVM, route map of the venue is not required and hence, not annexed to this notice.
3. Institutional/Corporate shareholders (i.e., other than individuals/HUF, NRI, etc.) are entitled to appoint authorized representative(s) to attend the Meeting through VC/OAVM and to cast their vote through remote e-voting/ e-voting at the Meeting. In this regard, they are required to send certified copy of the latest board resolution/ authorization letter/ power of attorney, etc. authorizing their representative(s) to attend the meeting and vote on their behalf, through e-voting at the Meeting. The said resolution/ letter/ power of attorney etc. shall be sent by them from their registered email ID to the Scrutinizer at [pcs.jga@gmail.com](mailto:pcs.jga@gmail.com) and a copy thereof marked to [all\\_cosec@capgemini.com](mailto:all_cosec@capgemini.com) and [evoting@kfintech.com](mailto:evoting@kfintech.com) with the subject line 'ARICENT TECHNOLOGIES (HOLDINGS) LIMITED' not later than 48 (forty-eight) hours before the time for holding the Meeting.
4. Since the Meeting will be held through VC/OAVM, which does not require physical attendance of the equity shareholders, the facility to appoint proxy by equity shareholders will not be available for this Meeting and therefore, Proxy Form and Attendance Slip are not annexed to this Notice.
5. The explanatory statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("**the Act**") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.
6. The equity shareholders can join the Meeting being held through VC/ OAVM, 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned herein below.
7. The quorum of the Meeting of the equity shareholders of ATHL shall be as prescribed under Section 103 of the Companies Act. The equity shareholders attending the Meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum.
8. The Notice of the Meeting, explanatory statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the Scheme and the other annexures as indicated in the Index are being sent to the equity shareholders whose names appear in the register of members/ list of beneficial owners maintained by the Depositories as on 17 June 2022 (i) through electronic mode to the equity shareholders whose e-mail IDs are registered with KFin/Depositories; and (ii) through

registered post or courier, physically, to the equity shareholders whose email IDs are not registered with KFin/Depositories.

9. The equity shareholders may note that the notice and accompanying documents are also available on the website of CTSIL at <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini-technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/>, and also on the website of KFin at <https://evoting.kfintech.com>.
10. In case of joint holders attending the meeting, the equity shareholder whose name appears as the first holder in the order of names as per the Register of Members/list of beneficial owners maintained by the Depositories will be entitled to vote.
11. All the documents referred to in this Notice and required to be disclosed under the Act shall be available electronically for inspection by the equity shareholders by sending a request at [all\\_cosec@capgemini.com](mailto:all_cosec@capgemini.com) on all days up to the date of the Meeting. The equity shareholders desirous to inspect these documents can access the same on the website of CTSIL at <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini-technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/>.
12. The Notice convening the Meeting in Form CAA 2 will be published through advertisement in 'Free Press Journal' (English Edition) and translation thereof in 'Navshakti' (Marathi Edition), having wide circulation in the district where the registered office of the Company is situated.

## E-VOTING AND PARTICIPATION IN THE MEETING

- a) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014, ATHL is providing the facility to its equity shareholders to exercise their right to vote on the resolutions set out in Notice by electronic means. The Company has engaged the services of KFin, ATHL's Registrar and Transfer Agent, to provide e-voting facility (remote e-voting and voting during the meeting).
- b) The equity shareholders may cast their votes remotely, using electronic voting system ("**remote evoting**") during the remote e-voting period as mentioned in para (c) hereinbelow. The facility of e-voting will also be available at the Meeting ("**InstaPoll**"), and equity shareholders who have not cast their vote(s) by remote e-voting, will be able to cast their vote at the meeting through InstaPoll. The members

who have cast their vote by remote e-voting prior to the meeting may also join the meeting through VC/OAVM but shall not be entitled to cast their vote again.

- c) The remote e-voting facility will be available during following period:

<b>Commencement of e-voting</b>	From 9:00 a.m. (IST) on 27 July 2022
<b>End of remote e-voting</b>	5:00 p.m. (IST) on 29 July 2022

Remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFin upon expiry of aforesaid period.

- d) Equity shareholders whose name appears in the Register of Members/list of Beneficial Owners maintained by the Depositories as on 24 July 2022 (“**Cut-off Date**”) shall be entitled to cast their vote by remote e-voting on the resolution set forth in this Notice or participating at the Meeting and vote through Insta Poll. Any person who is not an equity shareholder as on the Cut-off Date should treat this Notice for information purpose only.
- e) The Company is providing VC/OAVM facility to its members for joining/participating at the meeting. Members may join the meeting through desktops, laptops, smartphones, tablets and iPads. Further, Members are requested to use Internet with a good speed and bandwidth to avoid any disturbance during the meeting. Please note that participants connecting from mobile devices or tablets or through laptops using mobile hotspots may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any glitches.
- f) Once the vote on the resolution has been cast by an equity shareholder, whether partially or otherwise, the equity shareholder shall not be allowed to change it subsequently or cast the vote again.
- g) The Hon’ble NCLT has appointed Mr. Jayant Gupta, (FCS 7288) as Scrutinizer to scrutinize the remote e-voting process and Insta Poll in a fair and transparent manner.
- h) After the conclusion of e-voting at the Meeting, Scrutinizer will first count the votes cast via Insta Poll and thereafter unblock the votes cast through remote e-voting in presence of atleast two witnesses not in the employment of the Company and shall thereafter submit his consolidated Scrutinizer’s Report to the Chairperson of the Meeting.
- i) The result of e-voting (remote e-voting and Insta Poll) will be declared within two (2) working days of the conclusion of the Meeting and the same, along with the consolidated Scrutinizer’s Report, will be placed on CTSIL’s website viz. <https://www.capgemini.com/in-en/what-we-do/group-overview/capgemini->

[technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/](https://technology-services-india-limited-formerly-known-as-igate-global-solutions-limited/).

- j) The resolutions as set out in the Notice shall be deemed to be passed on the date of Meeting, subject to receipt of requisite number of votes in favour of the resolution.
- k) Any equity shareholder who is desirous to express his/her views or ask questions during the Meeting, may register themselves by logging on to <https://emeetings.kfintech.com> and click on the 'Speaker Registration'. Speaker Registration will be open from 27 July 2022 to 29 July 2022. Only those equity shareholders who have registered themselves as speaker will be allowed to express their views or ask questions at the Meeting. ATHL reserves the right to restrict the number of questions and speakers, depending upon availability of time as appropriate for smooth conduct of the Meeting.
- l) Equity shareholders are requested to send their queries, if any, via email to ATHL at [all\\_cosec@capgemini.com](mailto:all_cosec@capgemini.com), at least 7 days before the Meeting, so that the information can be compiled in advance.
- m) Individual members having demat account(s) would be able to cast their vote without having to register again with the e-voting service provider ("ESP"), i.e. KFin, thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process. Members are advised to update their mobile number and e-mail ID with their DPs to access the e-voting facility.
- n) The Helpline details of the person who may be contacted by the Member needing assistance with the use of technology, before or during the meeting are given herein below:  
  
Mr. Anandan K., Manager, KFin Technologies Limited, Selenium Tower- B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad, Telangana - 500 032, at the designated email id – [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or on the toll free number: 1- 800-309-4001.
- o) Equity shareholders are requested to carefully read the “**PROCEDURE TO CAST VOTE THROUGH REMOTE E-VOTING**” and “**PROCEDURE FOR JOINING THE MEETING THROUGH VC/OAVM AND VOTING AT THE MEETING**” given below:

**I) Method of login / access to Depositories (NSDL / CDSL) e-voting system in case of individual members holding shares in demat mode**

Type of member	Login Method
<u>Individual members holding securities in demat mode with NSDL</u>	<p><b>A. Instructions for existing Internet-based Demat Account Statement (“IDeAS”) facility Users:</b></p> <p>i) Visit the e-services website of NSDL <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a personal computer or on a mobile.</p>

Type of member	Login Method
	<p>ii) On the e-services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. Thereafter enter the existing user id and password.</p> <p>iii) After successful authentication, members will be able to see e-voting services under ‘Value Added Services’. Please click on “Access to e-voting” under e-voting services, after which the e-voting page will be displayed.</p> <p>iv) Click on company name, i.e. ‘ARICENT TECHNOLOGIES (HOLDINGS) LIMITED’, or e-voting service provider, i.e. KFin.</p> <p>v) Members will be re-directed to KFin’s website for casting their vote during the remote e-voting period and voting during the Meeting.</p> <p><b>B. Instructions for those Members who are not registered under IDeAS:</b></p> <p>i) Visit <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> for registering.</p> <p>ii) Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</p> <p>iii) Visit the e-voting website of NSDL <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a>.</p> <p>iv) Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section. A new screen will open.</p> <p>v) Members will have to enter their User ID (i.e. the sixteen digit demat account number held with NSDL), password / OTP and a Verification Code as shown on the screen.</p> <p>vi) After successful authentication, members will be redirected to NSDL Depository site wherein they can see e-voting page.</p> <p>vii) Click on company name, i.e. ARICENT TECHNOLOGIES (HOLDINGS) LIMITED, or e-voting service provider name, i.e. KFin, after which the member will be redirected to e-voting service provider website for casting their vote during the remote e-voting period and voting during the Meeting.</p> <p>viii) Members can also download the NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="671 1406 1145 1615" data-label="Image"> <p>The image shows a promotional banner for the NSDL Mobile App. It features the text 'NSDL Mobile App is available on' at the top. Below this, there are two logos: the Apple App Store logo and the Google Play logo. Under each logo is a QR code that users can scan to download the app.</p> </div>
<u>Individual members holding securities in demat mode with CDSL</u>	<p><b>A. Instructions for existing users who have opted for Electronic Access To Securities Information (“Easi / Easiest”) facility:</b></p> <p>i) Visit <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>ii) Click on New System MyEasi.</p> <p>iii) Login to MyEasi option under quick login.</p> <p>iv) Login with the registered user ID and password.</p> <p>v) Members will be able to view the e-voting Menu.</p> <p>vi) The Menu will have links of KFin e-voting portal and will be redirected to the e-voting page of KFin to cast their vote without any further authentication.</p>



Type of member	Login Method
	<p><b>B. Instructions for users who have not registered for Easi / Easiest</b></p> <ul style="list-style-type: none"> <li>i) Visit <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a> for registering.</li> <li>ii) Proceed to complete registration using the DP ID, Client ID (BO ID), etc.</li> <li>iii) After successful registration, please follow the steps given in point no.1 above to cast your vote.</li> </ul> <p><b>C. Alternatively, instructions for directly accessing the e-voting website of CDSL</b></p> <ul style="list-style-type: none"> <li>i) Visit <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii) Provide demat Account Number and PAN</li> <li>iii) System will authenticate user by sending OTP on registered mobile and email as recorded in the demat Account.</li> <li>iv) After successful authentication, please enter the e-voting module of CDSL. Click on the e-voting link available against the name of the Company, viz., ‘<b>ARICENT TECHNOLOGIES (HOLDINGS) LIMITED</b>’ or select KFin.</li> <li>v) Members will be re-directed to the e-voting page of KFin to cast their vote without any further authentication.</li> </ul>
<u>Individual members login through their demat accounts / Website of Depository Participant</u>	<p><b>A. Instructions for login through Demat Account / website of Depository Participant</b></p> <ul style="list-style-type: none"> <li>i) Members can also login using the login credentials of their demat account through their DP registered with the Depositories for e-voting facility.</li> <li>ii) Once logged-in, members will be able to view e-voting option.</li> <li>iii) Upon clicking on e-voting option, members will be redirected to the NSDL / CDSL website after successful authentication, wherein they will be able to view the e-voting feature.</li> <li>iv) Click on options available against ARICENT TECHNOLOGIES (HOLDINGS) LIMITED or KFin.</li> <li>v) Members will be redirected to e-voting website of KFin for casting their vote during the remote e-voting period without any further authentication.</li> </ul>
<p><b><u>Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.</u></b></p>	
<p><b><u>Helpdesk for Individual members holding securities in demat mode for any technical issues related to login through NSDL / CDSL:</u></b></p>	
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022-23058738</b> or <b>022-23058542-43</b>



**II) Method of login / access to KFin e-voting system in case of members holding shares in physical and non-individual members in demat mode**

Type of member	Login Method
Members whose email IDs are registered with the Company / Depository Participants(s)	<p><b>A. Instructions for Members whose email IDs are registered with the Company / Depository Participants(s),</b>  Members whose email IDs are registered with the Company / Depository Participant(s) will receive an email from KFin which will include details of E-voting Event Number (EVEN), USER ID and password. They will have to follow the following process:</p> <ol style="list-style-type: none"> <li>i) Launch internet browser by typing the URL:  <a href="https://evoting.kfintech.com/">https://evoting.kfintech.com/</a></li> <li>ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 6655, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if a member is registered with KFin for e-voting, they can use their existing User ID and password for casting the vote.</li> <li>iii) After entering these details appropriately, click on “LOGIN”.</li> <li>iv) Members will now reach password change Menu wherein they are required to mandatorily change the password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt the member to change their password and update their contact details viz. mobile number, email ID etc. on first login. Members may also enter a secret question and answer of their choice to retrieve their password in case they forget it. It is strongly recommended that members do not share their password with any other person and that they take utmost care to keep their password confidential.</li> <li>v) Members would need to login again with the new credentials.</li> <li>vi) On successful login, the system will prompt the member to select the “EVEN” i.e., ‘ARICENT TECHNOLOGIES (HOLDINGS) LIMITED - EGM’ and click on “Submit”</li> <li>vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under “FOR/AGAINST” or alternatively, a member may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed the total shareholding as mentioned herein above. A member may also choose the option ABSTAIN. If a member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.</li> <li>viii) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.</li> <li>ix) Voting has to be done for each item of the Notice separately. In case a member does not desire to cast their vote on any specific item, it will be treated as abstained.</li> <li>x) A member may then cast their vote by selecting an appropriate option and click on “Submit”.</li> <li>xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once a member has voted on the resolution (s),</li> </ol>

Type of member	Login Method
	they will not be allowed to modify their vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
Members whose email IDs are not registered with the Company / Depository Participants(s)	<p><b>B. Instructions for Members whose email IDs are not registered with the Company / Depository Participants(s), and consequently the Notice of Meeting and e-voting instructions cannot be serviced</b></p> <ul style="list-style-type: none"> <li>i) Members, who have not registered their email address, thereby not being in receipt of the Notice of Meeting and e-voting instructions, may temporarily get their email address and mobile number submitted with KFin, by accessing the link: <a href="https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx">https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx</a>.</li> <li>ii) Members are requested to follow the process as guided to capture the email address and mobile number for receiving the soft copy of the Notice and e-voting instructions along with the User ID and Password. In case of any queries, members may write to <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>.</li> <li>iii) Alternatively, members may send an e-mail request at the email id <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> along with scanned copy of the request letter, duly signed, providing their email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice and the e-voting instructions.</li> <li>iv) After receiving the e-voting instructions, please follow all the above steps to cast your vote by electronic means.</li> </ul>

**III) Method / Access to join the Meeting on KFin system and to participate and vote thereat**

Type of member	Login Method
All shareholders, including Individual, other than Individual and Physical, for attending the Meeting of the Company through VC / OAVM and e-voting during the meeting	<p><b>Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the Meeting of the Company through VC / OAVM and e-voting during the meeting:</b></p> <ul style="list-style-type: none"> <li>i) Members will be able to attend the Meeting through VC / OAVM platform provided by KFin. Members may access the same at <a href="https://emeetings.kfintech.com/">https://emeetings.kfintech.com/</a> by using the e-voting login credentials provided in the email received from the Company / KFin.</li> <li>ii) After logging in, click on the Video Conference tab and select the EVEN of the Company.</li> <li>iii) Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that members who do not have the user id and password for e-voting or have forgotten the same may retrieve them by following the remote e-voting instructions mentioned above.</li> <li>iv) The procedure for e-voting during the Meeting is same as the procedure for remote e-voting since the Meeting is being held through VC / OAVM.</li> <li>v) The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the Meeting.</li> <li>vi) E-voting during the Meeting is integrated with the VC / OAVM platform and no separate login is required for the same.</li> </ul>

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**

**MUMBAI BENCH**

**(COMPANY SCHEME APPLICATION NO.: 56 of 2022)**

**IN THE MATTER OF SECTIONS 230-232 AND OTHER APPLICABLE  
PROVISIONS OF THE COMPANIES ACT, 2013 AND THE COMPANIES  
(COMPROMISES, ARRANGEMENTS, AND AMALGAMATIONS) RULES, 2016**

**AND**

**IN THE MATTER OF SCHEME OF AMALGAMATION OF ARICENT  
TECHNOLOGIES (HOLDINGS) LIMITED WITH CAPGEMINI TECHNOLOGY  
SERVICES INDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS.**

**ARICENT TECHNOLOGIES (HOLDINGS) LIMITED ,**

bearing CIN – U72100MH2006PLC367638

having its registered office at 3<sup>rd</sup> floor,

A Block, B - Wing IT1-IT2, Airoli Knowledge Park,

Thane-Belapur Road, Airoli, Navi Mumbai,

Mumbai – 400708, Maharashtra.

**..... Applicant Company/**

**Transferor Company**

**EXPLANATORY STATEMENT UNDER SECTIONS 230 AND 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 (“EXPLANATORY STATEMENT”)**

**1. MEETING OF EQUITY SHAREHOLDERS OF THE COMPANY**

This is an Explanatory Statement accompanying the Notice convening the meeting of the equity shareholders of ATHL for the purpose of their consideration and if thought fit, approving, the proposed Scheme of Amalgamation of ATHL, with CTSIL and their respective shareholders under Sections 230-232 of the Companies Act, 2013, and other applicable provisions of the Act, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, whereby and whereunder it is proposed to amalgamate ATHL with CTSIL, in the manner and on the terms and conditions stated in the said Scheme. A copy of the Scheme, which has been, *inter alia*, approved by the Board of Directors of ATHL and CTSIL at their respective meetings, held on 18 January 2022 and 10 January 2022, respectively, is enclosed as Annexure 1.

Capital terms not defined herein and used in the Notice and this Explanatory Statement shall have the meaning as ascribed to them in the Scheme.

**2. DATE, TIME AND VENUE OF MEETING**

Pursuant to an Order dated 10 June 2022, passed by the Hon’ble NCLT in Company Application No. 56 of 2022, this meeting of the equity shareholders of the Company is being held through VC/OAVM on 30 July 2022 at 11:00 a.m. (IST) for the purpose of considering and if thought fit, approving the said Scheme.

**3. PARTICULARS OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME**

**Transferor Company/ ATHL**

Sr. No.	Category	Particulars
1.	CIN	U72100MH2006PLC367638
2.	Permanent Account Number	AACCK8280B
3.	Name of the Company	Aricent Technologies (Holdings) Limited
4.	Date of Incorporation	14 June 2006
5.	Type of Company	Public Unlisted Company
6.	Registered Office of the company and email id	3rd Floor, A Block, B-Wing, IT- 1 & IT-2, Airoli Knowledge Park, Thane-Belapur Road, Airoli, Navi Mumbai- 400708, Maharashtra, India. <b>E-mail id:</b> <a href="mailto:all_cosec@capgemini.com">all_cosec@capgemini.com</a>

7.	Main Objects of the Company as per the Memorandum of Association	<ol style="list-style-type: none"> <li>1. To carry on the business of providing all kinds of information technology based and enabled services in India and abroad, electronic remote processing, eservices, including all types of internet based/web enabled services, transaction processing, fulfilment services, business support services including but not limited to providing software development and related services of all kinds and description including processing services, data base services, data entry business, marketing services, testing, analysis, business information and management services, maintenance, annuity, training and consultancy services to business, organizations, concerns, firms, corporations, local bodies, trusts, states, governments and other entities; to establish and operate service processing centers, offshore development centers for providing services for back office and processing requirements, contacting and communicating to and on behalf of customers by voice, data image, letters using dedicated national or international private lines; and to handle business process management, remote help desk management, remote management; remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/facsimile based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data.</li> <li>2. To carry on the business of developing, improving, designing, marketing, selling and licensing software programs and products of all kinds.</li> <li>3. To develop, establish, improve, design, market, export, maintain, revise and rework, sell, hire, license or transfer by any other manner the software programmes and programmed products of all description or to give out personnel on hire or otherwise on secondment to carry out any or all the aforesaid activities including to develop hardware, design and produce prototypes of electronic equipment and to manufacture electronic equipment and to import or export software, hardware and all types of equipment, to render all such services as are required by customers in relation to software procedures or processing of information and in relation to all inputs and use thereof in data processing equipment and in the interpretation,</li> </ol>
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		<p>application and use of output whether at the Company's establishments or elsewhere.</p> <p>4. To carry on the business of providing and supply of end-to-end information technology solutions, including turnkey solutions, systems integration of software, computers, peripherals, networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and broad-band wireless, wireline and optical communications equipment and to undertake all other related activities.</p> <p>5. To manufacture, purchase, sell or otherwise transfer, write, rewrite, create, develop, maintain, improve, enhance, engineer, re-engineer, reverse engineering, process, program, research, revise, convert, hire, rent, lease, subcontract, acquire, export, import, buy, operate, fabricate, make, assemble, design, charter, remake, recondition, work upon or otherwise deal in any information and communication technology, including computer hardware, software, electronics, semiconductors, internet, circuit boards, telecom equipment and e-commerce and information technologies associated product, machine, apparatus, appliance systems, software procedures, peripheral products, computers by whatever name called, tabulators, data recording, storing, processing and transmitting machine and systems thereof, products which possess an internal intelligence for recognizing and correlating any type of data or information, recognizing memory systems and optical scanning terminals, copying, reproducing and distributing machines, protecting and disbursing equipment, machine for facsimile reproduction and transmission, data processor, word processor, facilities, accessories equipments and devices of all kinds and for all purposes and any products or components thereof and to provide complete software or computer based solutions, data processing services, consultancy in information technology and information systems, selection of software and hardware, to design, develop, license and market software products and packages including software-related audio visual programs, computer graphics, chip design, computer aided design and computer aided manufacture packages and to deal in materials or articles used therewith and any or all machine, appliance, apparatus, devices,</p>
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		<p>material, substance, articles and things, business forms and supplies of any similar, identical or analogous nature or any other such articles or things used in relation or connection therewith.</p> <p>6. To act as information technology consultants, advisors, counsellors and to operate a high technology data processing center for providing information processing, analysis, development, accounting and business information to the customers in India and abroad; to carry on the business of gathering, collating, compiling, processing, analyzing, distributing, selling, publishing data and information and services and providing access to information; to establish, develop, maintain, organize, undertake, manage, operate and conduct in India and abroad, software development, testing and other allied activities; and to carry on the business of management consulting of all types providing information management and movement services, build advisory services of all types, installations, maintenance and supply services including providing associated hardware and software products.</p> <p>7. To develop, invent, design, manufacture, maintain, export, import, buy, sell, rent, hire or lease or otherwise acquire, dispose off or deal in all kinds of digital systems, numerical controller, flexible manufacturing systems, robots, communication systems, computers, computer peripherals, computer software, computer hardware, computer technology, machines, computer aided teaching aids, energy saving devices, electrical and electronics components, devices, instruments, equipments and controls for any engineering applications and all other related components, parts and products used in communication and computers.</p> <p>8. To carry on all kinds of research and development activities including research in the fields of computer technology, software technology, multimedia, semiconductors, networking, communications, design, architecture, artificial intelligence, and electronics in general and act as the technology holding Company of the group companies carrying on the business of information technology and information technology-enabled services.</p>
8.	Details of change of name, registered office	The Transferor Company has changed its registered office from 5, Jain Mandir Marg (Annex), Connaught

	and objects of the Company during the last five years	Place, New Delhi 110001 TO 3rd floor, A Block, B - Wing IT-1, IT-2, Airoli Knowledge Park, Thane-Belapur Road, Airoli, Navi Mumbai – 400708, Maharashtra with effect from 16 September 2021.  With respect to objects of the Transferor Company, memorandum of association was amended, vide special resolution passed through postal ballot by the members on 22 December 2017.																		
9.	Name of stock exchanges (s) where securities of the Company are listed, if applicable	As on the date of this notice, the securities of the Transferor Company are not listed on any stock exchange.																		
10.	Details of the capital structure of the Company	<table><tr><th>Particulars</th><th>Amount (in Rs)</th></tr><tr><td colspan="2"><b>Authorized Share Capital</b></td></tr><tr><td>14,01,00,000 equity shares of Rs.10 each</td><td>1,40,10,00,000</td></tr><tr><td>1,50,00,00,000 redeemable optionally convertible non-cumulative 0.001% preference shares of Rs. 10 each</td><td>15,00,00,00,000</td></tr><tr><td>1,00,000 redeemable preference shares of Rs. 10 each</td><td>10,00,000</td></tr><tr><td><b>TOTAL</b></td><td><b>16,40,20,00,000</b></td></tr><tr><td colspan="2"><b>Issued, subscribed and paid-up Share Capital</b></td></tr><tr><td>13,11,96,104 equity Shares of INR 10 each</td><td>1,31,19,61,040</td></tr><tr><td><b>TOTAL</b></td><td><b>1,31,19,61,040</b></td></tr></table>	Particulars	Amount (in Rs)	<b>Authorized Share Capital</b>		14,01,00,000 equity shares of Rs.10 each	1,40,10,00,000	1,50,00,00,000 redeemable optionally convertible non-cumulative 0.001% preference shares of Rs. 10 each	15,00,00,00,000	1,00,000 redeemable preference shares of Rs. 10 each	10,00,000	<b>TOTAL</b>	<b>16,40,20,00,000</b>	<b>Issued, subscribed and paid-up Share Capital</b>		13,11,96,104 equity Shares of INR 10 each	1,31,19,61,040	<b>TOTAL</b>	<b>1,31,19,61,040</b>
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11.	Name of the promoter and the director along with their address	<table><tr><th>Sr. No.</th><th>Name</th><th>Address</th></tr><tr><td colspan="3"><b>Promoters –</b></td></tr><tr><td>1.</td><td>Capgemini Technology Services India Limited</td><td>Office at No 14, Rajiv Gandhi Infotech Park, Hinjawadi, Phase – III, MIDC-SEZ, Village Man, Taluka Mulshi, Pune – 411057, Maharashtra, India.</td></tr></table>	Sr. No.	Name	Address	<b>Promoters –</b>			1.	Capgemini Technology Services India Limited	Office at No 14, Rajiv Gandhi Infotech Park, Hinjawadi, Phase – III, MIDC-SEZ, Village Man, Taluka Mulshi, Pune – 411057, Maharashtra, India.									
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12.	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate companies.	<p>Transferor Company (ATHL) and the Transferee Company (CTSIL) are part of the Capgemini Group.</p> <p>CTSIL holds 98.25% of the share capital of ATHL making it a subsidiary of CTSIL and the remaining 1.75% of share capital of ATHL is held by the public shareholders.</p>																											
13.	The date of the board meeting at which the scheme was approved by the board of directors	The board of directors of the Transferor Company approved the Scheme on 18 January 2022.																											

	including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/ participate on such resolution.	<p>All the directors of the Transferor Company were present in the board meeting of the Transferor Company dated 18 January 2022 as listed below:</p> <ol style="list-style-type: none"> <li>1. Sanjeev Kumar Handa,</li> <li>2. Ashwani Lal,</li> <li>3. Jean-Philippe BOL</li> <li>4. Krishna Chandra Reddy</li> <li>5. Shweta Bharti</li> <li>6. Sujit Sircar</li> <li>7. William ROZE</li> </ol> <p>All the directors present in the said board meeting have voted in favour of the resolution.</p> <p>None of the directors present in the said board meeting have voted against the resolution.</p>
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### **TRANSFeree COMPANY/ CTSIL**

Sr. No	Category	Particulars
1.	CIN	U85110PN1993PLC145950
2.	Permanent Account Number	AABCM4573E
3.	Name of the Transferee Company	Capgemini Technology Services India Limited
4.	Date of Incorporation	27 December 1993
5.	Type of company	Unlisted Public Company
6.	Registered Office of the Transferee Company and email id	<p>Office at No 14, Rajiv Gandhi Infotech Park, Hinjawadi, Phase – III, MIDC-SEZ, Village Man, Taluka Mulshi, Pune – 411057, Maharashtra, India.</p> <p>Email id: cgcompanysecretary.in@capgemini.com</p>
7.	Main Objects of the Transferee Company as per the Memorandum of Association	<p>1. To develop, establish, improve, design, market, export, maintain, revise and rework, sell, hire, license or transfer by any other manner, train personnel in software programmes and programmed products of all description or to give out personnel on hire or otherwise on secondment to carry out any or all the aforesaid activities, to develop hardware, design and produce prototypes of electronic equipment and to manufacture electronic equipment and to import or export software, hardware and all types of equipment, to render all such services as are required by customers in relation to processing of</p>

		<p>information and in relation to all inputs and use thereof in data processing equipment and in the interpretation, application and use of output whether at the Company's establishments or elsewhere.</p> <p>2. To manufacture, purchase, sell or otherwise transfer, write, rewrite, create, develop, maintain, improve, enhance, engineer, re-engineer, reverse engineer, process, program, research, revise, convert, hire, rent, lease, subcontract, acquire, export, import, buy, operate, fabricate, make, assemble, design, charter, remake, recondition, work upon or otherwise deal in any electronic or electrical, electromechanical product, machine, apparatus, appliance systems, software procedures, peripheral products, computers by whatever name called, tabulators, data recording, storing, processing and transmitting machine and systems thereof, components, electronic calculators, electrical and electromechanical accounting systems, electronic technical produce and systems, machines for data printing, products which possess an internal intelligence for recognizing and correlating any type of data or information, recognizing memory systems and optical scanning terminals, copying, reproducing and distributing machines, check signing, protecting and disbursing equipment, machine for facsimile reproduction and transmission, data processor, word processor, facilities, accessories equipments and devices and all kinds and for all purposes and any products or components thereof and to provide complete software or computer based solutions, data processing services, consultancy in information technology and information systems, selection of software and hardware, to design, develop, license and market software products and packages including software-related audio visual programs, computer graphics, computer aided design and computer aided manufacture packages and to deal in materials or articles used therewith and any or all machine, appliance, apparatus, devices, material, substance, articles and things, business forms and supplies of any similar, identical or analogous nature or any other such articles or things used in relation or connection therewith.</p> <p>3. To render technical and associated services and maintenance of or in connection with any machine, equipment, device, appliance apparatus, article or thing and any machine for data or information</p>
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		<p>preparation, recording, registering, perforating, processing, transmitting, tabulating and printing to provide consultancy related to preparation and maintenance of accounting, statistical, mathematical, scientific, production, planning, budgeting, marketing, distribution human resources and other programmes, collecting and processing information and reports in connection therewith, systems analysis and machine servicing, for solving all problems relating to management of business and advising in connection therewith and to give on hire, sell either on installment any product or service related to data processing such as hardware, software, personnel time and other related facilities, services supplies etc. in connection with the business referred to in sub clauses (1) and (2) above and to carry on all types of information Technology enabled services including back office operations like Accounting, Finance, Information Technology Solutions, Software Development, Call Centres, Remote processing of claims and policies, Human Resources, Legal and Secretarial and the like related to any business whether in India or overseas commonly known and referred to as Business Process Outsourcing activities.</p> <p>4. To establish, maintain or conduct training schools, courses and programmes and bureaus in connection with software programmes and programme products of all description and the use, purchase, sale, remake, recondition, repair, maintenance, hire or otherwise deal in any electronic, electrical, electromechanical product, machine, appliance, apparatus, equipment such other article or thing or any machine for data or information preparation, recording, registering, perforating, processing, transmitting, tabulating and printing in connection with the business referred to in sub clause (1) and (2) above.</p> <p>5. To carry on business of consultants, advisors and counsellors and to provide consulting, advisory and counselling services in all sectors of industry, trade, business and commerce including but not limited to information technology, automotive products, food products, chemicals, dyes, pharmaceuticals, oils and gas, petroleum products, consumer electronics, defense, telecommunications, lasers, machine tools, software, steel, core sector, industries, power generation and electricity, finance, banking,</p>
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		<p>insurance, factoring, satellite distribution systems, and in all areas and spheres, including Businessre-engineering and re-structuring; Corporate Planning; Cost reduction; Custodial services; Development of Business Strategies; Information Systems Planning; Environment Auditing and safety and health management; Low – orbit satellite development; Management training and development; Market assessment; Mergers and Acquisitions; New Product creation; outsourcing in general, process outsourcing including business, legal, organization development; securities and issue management; strategic alliances; Strategy development; Technology assessment; Enterprise Resource Planning Package strategy, and implementation of various technologies and systems including hardware and software and to providesuch services to Indian and foreign governments, states, dominions, sovereigns, public authorities or bodies schools, colleges, universities, or any person, firm, company corporation, body corporate, society, association of persons, body, forum whether in corporate or not, whether in the private or public sector and whether profit oriented or not.</p> <p>6. To carry on the business of financial consultants, advisors and counsellors, to advise and assist in preparation of all revenues and capital budgets deployment of funds, long term planning of utilization of resources for rehabilitation, renewal and expansion leverage and financial restructuring, amalgamation diversification and modernization, to assess the need for short term and long term funds and assist in the raising of resources.</p> <p>7. To conduct, establish and operate technology parks and centers for development of software and hardware and all types of electronic equipment and to equip such parks and centers with satellite communication facilities, digital communication facilities, power systems terminals, uninterrupted power and all other facilities and infrastructure and to allow their use on any time sharing or other basis.</p> <p>8. To establish, develop, maintain, organize, undertake, manage, operate and conduct in India or abroad, software development, testing and other allied activities for any person, association of persons or bodies corporate.</p>
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		<p>9. To establish, run, or give licenses to third parties for establishing franchisees and institutes where general information technology, scientific, commercial, engineering or any other type of education and training in computers and electronics may be imparted, subject to such regulations as may be laid down by the appropriate authorities from time to time.</p> <p>10. To carry on all kinds of research and development activities including research in the fields of computer technology, software technology, artificial intelligence and electronics in general.</p> <p>11. To undertake all types of Information Technology activities either through or not through a STP Unit which inter alia include:</p> <ul style="list-style-type: none"> <li>a) carrying on all types of Information Technology services including, providing back-office support services like Information Technology Solutions, Software Development, Call centres and the like related to any business including insurance business whether in India or overseas</li> <li>b) promoting, encouraging, establishing developing, maintain, organizing, undertaking, managing, operating, conducting and running in India or abroad, Network, including but not limited to LAN and WAN, Software Development, testing and other allied activities for all sorts of services relating to computers, their maintenance, repairs, programmes, operations and the like for any Person, Association of Persons or Bodies Corporate whether belonging to the Group or otherwise.</li> <li>c) carrying on in India or elsewhere the business to develop, manufacture, export, import, buy, sell, distribute, transfer, lease, hire, license, use, dispose off, operate, fabricate, assemble, record, maintain, repair, recondition, work, after, convert, improve, install, modify and to act as a consultant, agent, broker, franchiser, job worker, representative, advisor or otherwise to deal</li> </ul>
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		<p>in all kinds of computers, micro processors, key boards, system mother boards, add on cards, switch mode power supply, floppy drives, CD ROMS, hard discs, monitors of all types, printers of different kinds, mini computers, main frame computers, peripherals, modules, auxiliary instruments, tools, plants, machines, works, systems, spare parts, accessories connected with or used in the manufacture of computer hardware in general and which may be used in Industry, Service Sector, Agriculture, Research Centres, Universities, Colleges and other establishments in India or elsewhere.</p> <p>d) carrying on the business as technical consultants, software development consultants, resource consultants and to provide other support services in the field of information technology.</p> <p>e) carrying on the business of providing solutions for software development and other activities relating to back office support services, research, design and development, licensing, installing, servicing and maintenance, including call centres related to business, computer programmes, systems and application software, web based or internet software, networks, visual graphics, internet / intranet security products, security systems.</p> <p>f) carrying on the business of providing business solutions, in the field of business process outsourcing activities in India and abroad including data processing, back office services, account processing data centres, web based / e-mail based customer support, technical help desk services, and to provide customer care services for requests received by telephone, fax, email, web, kiosk, post or any other mode through which any customer can communicate, and in the business of providing technical services, networking services on site and off shore consultancy and establishing database management centres, data processing</p>
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		<p>centres, back office service centres and customer support service centres.</p> <p>12.</p> <p>a) To carry on anywhere in India or abroad the business as consultants, assemblers, jobworkers, service providers, makers, designers, developers, importers, exporters, franchises, distributors, investors, agents and dealers in any electronic and electrical items, gadgets, equipments and accessories particularly those pertaining to telecommunications, computers, computer aides system/communication, related tool, equipment and parts, computer hardwares and softwares, internet, internet related/based services, e-commerce network, multimedia products, and systems, information technology services, providing v-sat implementation services, virtual private networks, undertake development of markets of any new products, explore new avenues and potentials of existing markets of existing products, develop and improve new marketing techniques for any client concerns, undertake facilities management and network management undertake research programmes and business surveys, act as data banks, data processors, offer any business or other marketing or technical consultancy services in any traditional or nontraditional fields and provide such business and other utilities services as may be required by any client concerns.</p> <p>b) To do business research and development of new computer software and hardware products, including computer – aided communication, network and multimedia products and systems.</p> <p>c) To do business of maintenance, support and services of computer software, hardware network and computer – aided communication and multimedia products and systems, internet services providers by way opening direct work centres of giving franchise or network to others for the same.</p>
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		<p>d) To train and send computer software technicians, developers and agents on a professional service basis to domestic market or abroad to foreign markets, with those sent abroad as on export of technical manpower service.</p> <p>e) To do business of giving technical training in computer software, hardware and networks, and Computer aided communications, internet and multimedia products and systems, opening and running technical training centres including computer education institute, polytechnic and any other institution in the fields of computer education, and development either on its own or franchise centres, in any part of the Country or abroad.</p> <p>f) To translate operational manuals, technical guidebooks, catalogues, and test materials related to computer software and hardware along with any kind of manuscript, published books and articles on electronic media or otherwise.</p>						
8.	Details of the change of name registered office and objects of the Transferee Company during the last five years	<p>The Transferee Company's name was not changed during the last five years.</p> <p>With respect to objects of the Transferee Company, the memorandum of association of the Transferee Company was amended, vide special resolution passed through postal ballot by the members on 24 April 2017. Further, the object clause has been amended pursuant to the order of the NCLT while sanctioning various scheme of amalgamations filed by CTSIL vide order dated 24 January 2018, 22 October 2019, 8 June 2021 24 June 2021 and 6 April 2022.</p>						
9.	Name of stock exchanges (s) where securities of the Transferee Company are listed, if applicable	As on the date, the securities of the Transferee Company are not listed on any stock exchange.						
10.	Details of the capital structure of the Transferee Company	<table><tr><th>Particulars</th><th>Amount (in Rs)</th></tr><tr><td colspan="2"><b><u>Authorized Share Capital</u></b></td></tr><tr><td>25,61,10,000 equity shares of Rs. 10 each</td><td>2,56,11,00,000</td></tr></table>	Particulars	Amount (in Rs)	<b><u>Authorized Share Capital</u></b>		25,61,10,000 equity shares of Rs. 10 each	2,56,11,00,000
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12.	If the scheme of compromise or arrangement relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or arrangement, including holding, subsidiary or of associate companies.	<p>Transferor Company (ATHL) and the Transferee Company (CTSIL) are part of the Capgemini Group.</p> <p>CTSIL holds 98.25% of the share capital of ATHL making it a subsidiary of CTSIL and the remaining 1.75% of share capital of ATHL is held by the public shareholders.</p>															
13.	The date of the Board meeting at which the scheme was approved by the Board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote/ participate on such resolution.	<p>The board of directors of the Transferee Company approved the Scheme on 10 January 2022.</p> <p>The directors of the Transferee Company present in the board meeting of the Transferee Company dated 10 January 2022 are as listed below:</p> <ol style="list-style-type: none"> <li>1. Mr. Ashwin Yardi,</li> <li>2. Mr. R Ramaswamy,</li> <li>3. Ms. Kalpana Rao,</li> <li>4. Mr. Srinivasa Rao Kandula,</li> <li>5. Ms. Aruna Jayanthi,</li> <li>6. Mr. Aiman Ezzat,</li> <li>7. Mr. Hubert Giraud,</li> <li>8. Ms. Maria Pernas,</li> </ol> <p>All the directors present in the said board meeting have voted in favour of the resolution.</p> <p>None of the directors present in the said board meeting have voted against the resolution.</p>															

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### STATEMENT TO BE ANNEXED TO THE NOTICE

Pursuant to Rule 6(3)(v) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

Following are the details disclosing the Scheme:

Sr. No.	Category	Particulars
1.	Parties involved in such compromise or arrangement	<p><b>The scheme of arrangement involves:</b></p> <p>Aricent Technologies (Holdings) Limited (being the Transferor Company)</p> <p>Capgemini Technology Services India Limited (being the Transferee Company)</p> <p>And their respective shareholders.</p>
2.	In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any	<p><b>Appointed Date:</b> 1 October 2021</p> <p><b>Effective Date:</b> The date on which the certified / authenticated copies of the orders of the NCLT sanctioning the Scheme under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 are filed with the Registrar of Companies by the Transferee Company and/or the Transferor Company, whichever is later.</p> <p><b>Share Exchange Ratio / Consideration:</b> As per the valuation report dated 10 January 2022 obtained from M/s. SSPA &amp; Co., Chartered Accountants, the share exchange ratio is arrived as of 1:17 (i.e., 1 equity share of Rs. 10 each of the Transferee Company for every 17 equity shares of Rs. 10 each of the Transferor Company).</p>
3.	Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any; and the declaration that the valuation reports is available for inspection at the registered office of the company;	<p>As per the valuation report dated 10 January 2022 obtained from M/s. SSPA &amp; Co., Chartered Accountants, the value of the equity share of the Transferor Company and the Transferee Company is arrived on basis of Income approach through the Discounted Cash Flow Method.</p> <p>The share exchange ratio of 1:17 (i.e., 1 equity share of Rs. 10 each of the Transferee Company for every 17 equity shares of Rs. 10 each of the Transferor</p>

		Company) is as per the share exchange ratio arrived under the valuation report dated 10 January 2022 obtained from M/s. SSPA & Co., Chartered Accountants.
4.	Details of capital/ debt restructuring, if any;	<div><div><div><div><div>Particulars</div><div>Amount (in Rs)</div></div><div>Authorized Share Capital</div><div><div>14,01,00,000 equity shares of Rs.10 each</div><div>1,40,10,00,000</div></div><div><div>1,50,00,00,000 redeemable optionally convertible non-cumulative 0.001% preference shares of Rs. 10 each</div><div>15,00,00,00,000</div></div><div><div>1,00,000 redeemable preference shares of Rs. 10 each</div><div>10,00,000</div></div><div><div>TOTAL</div><div>16,40,20,00,000</div></div><div>Issued, subscribed and paid-up Share Capital</div><div><div>13,11,96,104 equity Shares of INR 10 each</div><div>1,31,19,61,040</div></div><div><div>TOTAL</div><div>1,31,19,61,040</div></div></div></div><div><div>POST AMALGAMATION – ATHL: NIL</div><div>The issued, subscribed and paid up capital of the Transferor Company will be merged with issued, subscribed and paid up capital of CTSIL as per the agreed Share Exchange Ratio.</div></div></div>
5.	Rationale for the compromise or arrangement	<div><div>1. The Transferor Company and the Transferee Company have a relationship of subsidiary and holding company and are part of the Capgemini Group of companies operating in India and carry out operations in the same industry with similar services. Consistent with the Capgemini Group global entity reduction program, the Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate these two entities in India with effect from the Appointed Date (i.e. 1 October 2021) such that the</div></div>

		<p>businesses of the Transferor Company and the Transferee Company can be combined conveniently and carried out in conjunction more advantageously to achieve operational efficiency and cost minimization.</p> <ol style="list-style-type: none"> <li>2. Combining the businesses of Transferor Company with Transferee Company is expected to result in integration of processes, thereby resulting in synergies of operations. The Scheme is intended to rationalize the business operations and activities of the Transferor Company and the Transferee Company, to utilize the potential for growth and diversification through optimization of costs and resources within the Capgemini Group.</li> <li>3. The amalgamation is expected to increase the financial strength of the combined company by creating a healthy combined balance sheet which will enhance the ability of the Transferee Company to undertake large projects, thereby contributing to enhancement of future business potential.</li> <li>4. The amalgamation is expected to enable pooling of resources of the Transferor Company and the Transferee Company to their common advantage, resulting in more productive utilization of the said resources and cost and operational efficiencies which would be beneficial for all stakeholders.</li> <li>5. The amalgamation is expected to bring greater management focus, integration, enhanced greater financial strength, and economies of scale.</li> <li>6. The amalgamation is expected to reduce costs, administrative and procedural work and legal compliances, and generally improve efficiency in the corporate decision making of the merged entity.</li> <li>7. Upon amalgamation, the creditors of both the companies would be better placed in the sense that they will have larger asset cover available in the form of the merged entity. The creditors, neither of the Transferor Company nor of the Transferee</li> </ol>
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		Company, would be prejudiced in any manner as a result of the Scheme.
6.	Benefits of the compromise or arrangement as perceived by the board of directors to the company, members, creditors and others (as applicable);	The benefits are as summarised in Paragraph 5 above ( <i>Rationale for the compromise or arrangement</i> ).
7.	Amount due to unsecured creditors	<p>The outstanding balance to the unsecured creditors by the Transferor Company as on 31 December 2021 is Rs. 81,39,09,206 /-.</p> <p>The outstanding balance to the unsecured creditors by the Transferee Company as on 31 December 2021 is Rs. 327,21,78,671 /-.</p>
8.	<p>Disclosure about the effect of the compromise or arrangement on:</p> <p>(a) key managerial personnel;</p> <p>(b) directors;</p> <p>(c) promoters;</p> <p>(d) non-promoter member(e) depositors;</p> <p>(f) creditors;</p> <p>(g) debenture holders;</p> <p>(h) deposit trustee and debenture trustee;</p> <p>(i) employee of the company</p>	<p>The proposed arrangement is intended to have beneficial effects for the Transferor Company and the Transferee Company, their respective shareholders, employees and all other stakeholders.</p> <p>The effect of the Scheme on the equity shareholders, KMPs, promoter and non-promoter shareholders of the Transferor Company and the Transferee Company is given in the reports adopted by the Board of Directors of the respective company pursuant to the provisions of Section 232(2)(c) of the Act which are attached as Annexure 3 to this Notice</p> <p>Until the Effective Date, the Scheme will have no effect on the office of the existing directors of the Transferor Company and the Transferee Company. Upon effectiveness of the Scheme, the Transferor Company will be amalgamated with the Transferee Company and will cease to be in existence and consequently all directors, key managerial personnel of the Transferor Company will cease to exist.</p> <p>With respect to employee of the Transferor Company, all staff, workmen and employees, as on the Effective Date shall become and be deemed to have become the staff, workmen and employees of the Transferee Company as per the details mentioned in the Scheme.</p> <p>With respect to employee of the Transferee Company, the employees of the Transferee Company shall continue on the same terms and conditions and the Scheme will have no adverse effect on them.</p>

		<p>With respect to creditors, the assets of the Transferee Company will be far in excess of its liabilities and accordingly the dues of creditors of the Transferor Company will be paid-off in the ordinary course of business without jeopardizing their rights.</p> <p>There will be no adverse impact on the rights and interest of the creditor(s) of the Transferee Company.</p> <p>The Transferor Company and the Transferee Company have not accepted any deposits and debentures within the meaning of the Act and Rules framed thereunder. Hence, no Deposit Trustee and Debenture Trustee have been appointed</p>
9.	Disclosure about effect of compromise or arrangement on material interests of directors, Key Managerial Personnel (KMP), their relative and debenture trustee	<p>None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of their shareholding in the Transferor Company, if any.</p> <p>None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of their shareholding in the Transferee Company, if any.</p> <p>The Transferor Company and the Transferee Company have not issued any debentures and hence, does not have Debenture Trustee.</p>
10.	Investigation or proceedings, if any, pending against the company under the Act.	There are no pending proceedings under the Companies Act, 2013 against the Transferor Company or the Transferee Company.
11.	Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other government authorities required, received or pending for the purpose scheme of compromise or arrangement	<p>As provided in the Order, notice will be issued forthwith to the Central Government, Income Tax authority, Registrar of Companies and Reserve Bank of India for their representations, if any.</p> <p>If there are any other approvals, sanctions or no objections required from regulatory or any other government authorities, the same will be procured within the prescribed times.</p>



Following are the details disclosing the Scheme:

The following documents and other relevant documents pertaining to the Scheme are available for obtaining an extract or for making/ obtaining copies of or for inspection by the members:

- a) Copy of the Order dated 10 June 2022, passed by the Hon'ble National Company Law Tribunal, Mumbai Bench in Company Application No. 56 of 2022 directing the convening and holding of meeting of its equity shareholders;
- b) Latest audited financial statements for the FY 2020-2021 including consolidated financial statements;
- c) Supplementary unaudited financial statement for the period ended 31 March 2022
- d) Form GNL-1 wherein the copy of the Scheme is filed with the Registrar of Companies;
- e) Certificate issued by the Statutory Auditor of Aricent Technologies (Holdings) Limited to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- f) Copy of the resolutions passed by the Board of Directors of the Transferor Company and Transferee Company approving the Scheme.

After the Scheme is approved by the requisite majority of equity shareholders (including public shareholders) of the Company, it will be subject to the approval/sanction by the Hon'ble Tribunal

Place: Mumbai

Date: 17 June 2022

Sd/-

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Harnam Singh  
 Chairperson appointed for the meeting  
 Address: Flat No. 22, Ritu Co-operative  
 Housing Society Ltd.,  
 Juhu Versova Link Road,  
 Andheri West, Mumbai-400053

**SCHEME OF AMALGAMATION  
OF  
ARICENT TECHNOLOGIES (HOLDINGS) LIMITED  
("ATHL" or "Transferor Company")  
WITH  
CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED  
("CTSIL" or "Transferee Company")  
AND  
THEIR RESPECTIVE SHAREHOLDERS  
(Under Sections 230 to 232 of the Companies Act, 2013)**

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This Scheme of Amalgamation (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, including the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, for the amalgamation of Aricent Technologies (Holdings) Limited with and into Capgemini Technology Services India Limited.

This Scheme of Amalgamation is divided into the following parts:

- 1.1 Part I deals with the Preamble and Rationale of the Scheme;
- 1.2 Part II deals with the Definitions, Interpretations and Capital Structure;
- 1.3 Part III deals with the details of the amalgamation of ATHL with CTSIL; and
- 1.4 Part IV deals with the general terms and conditions.

## **PART I**

### **PREAMBLE AND RATIONALE OF THE SCHEME**

#### **1. Preamble**

- 1.1. Aricent Technologies (Holdings) Limited (“**ATHL**” or “**Transferor Company**”) is a company incorporated under the Companies Act, 1956 bearing CIN: U72100MH2006PLC367638 and having its registered office presently at 3rd floor, A Block, B - Wing IT1, IT2, Airoli Knowledge Park, Thane-Belapur Road, Airoli, Navi Mumbai – 400708.
- 1.2. The Transferor Company was incorporated under the provisions of the Companies Act, 1956 on 14 June, 2006 initially under the name “Kappa Investment Limited” with its initial registered office being at 5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi 110001. Subsequently, on 28

May, 2007, the name of the Transferor Company was changed to “Aricent Technologies (Holding) Limited”, the present name of the Transferor Company, and in this regard fresh certificate of incorporation consequent upon change of name (bearing CIN U65993DL2006PLC149728) was issued by the Registrar of Companies, NCT of Delhi and Haryana. Thereafter, on 13th day of August, 2007, a certificate of registration was issued by the Registrar of Companies confirming the amalgamation order of the Delhi High Court regarding the amalgamation of Flextronics Software Systems Limited (“**Flextronics**”) and Future Software Limited (“**FSL**”) with the Transferor Company. The shareholders of Flextronics and FSL were allotted the shares of the Transferor Company hereinas per the exchange ratio mentioned in the scheme. The registered office of the Transferor Company was shifted from 5, Jain Mandir Marg (Annexe.), Connaught Place, New Delhi 110001 to its present address effective from 16 September 2021. The registered office of the Transferor Company is presently situated at 3rd floor, A Block, B - Wing IT1, IT2, Airoli Knowledge Park, Thane-Belapur Road, Airoli, Navi Mumbai – 400708 .

- 1.3. The main objects of the Transferor Company inter alia include to provide all kinds of information technology based and enabled services, electronic remote processing and eservices, including all types of internet based/web enabled services.
- 1.4. Capgemini Technology Services India Limited (“**CTSIL**” or “**Transferee Company**”) is a company incorporated under the Companies Act, 1956 bearing CIN: U85110PN1PLC145950 and having its registered office presently at No. 14, Rajiv Gandhi Infotech Park, Hinjawadi, Phase – III, MIDC-SEZ, Village Man, Taluka Mulshi, Pune, Maharashtra, India – 411057.
- 1.5. The Transferee Company was incorporated under the provisions of the Companies Act 1956, on the 27<sup>th</sup> December,

1993 in the State of Karnataka initially under the name “Mascot Systems Private Limited”. The name of the Transferee Company was first changed from Mascot Systems Private Limited to Mascot Systems Limited on 31<sup>st</sup> January, 2000 and the name thereafter changed to “IGATE Global Solutions Limited” on 23<sup>rd</sup> June, 2003. Subsequently, on 16<sup>th</sup> December, 2016, the name of the Transferee Company was changed to its present name. The registered office of the Transferee Company was shifted from No. 158-162 (P) & 165(P)-170(P), EPIP Phase II, Whitefield, Bangalore – 560 066, Karnataka, India ~~to~~ Level II, Tower 3, Cyber City, Magarpatta City, Hadapsar, Pune – 411013, Maharashtra, India with effect from 14<sup>th</sup> January, 2013. The registered office of the Transferee Company was shifted from Level II, Tower 3, Cyber City, Magarpatta City, Hadapsar, Pune – 411013, Maharashtra to its present address effective from 7<sup>th</sup> September, 2015. The registered office of the Transferee Company is presently situated at No. 14, Rajiv Gandhi Infotech Park, Hinjawadi, Phase – III, MIDC-SEZ, Village Man, Taluka Mulshi, Pune, Maharashtra, India – 411 057.

1.6. The main objects of the Transferee Company *inter alia* include development of software programmes and rendering technical and associated services.

1.7. **Present status**

1.7.1. The Transferor Company is a subsidiary of the Transferee Company which holds 98.25% of share capital of the Transferor Company. The remaining 1.75% of share capital of the Transferor Company is held by the public shareholders.

As on date, the Transferor Company is engaged in the business of providing software development and support services.

## 2. Rationale of the Scheme

- 2.1. Capgemini Group made certain global acquisitions (outside India level) and pursuant to which CTSIL acquired equity shares of ATHL at fair value from Aricent Holdings Mauritius Limited and Aricent Holdings Mauritius India Limited constituting 98.25% of the total paid share capital of ATHL in November 2020, making ATHL a subsidiary of CTSIL.
- 2.2. The Capgemini Group has adopted a global entity reduction program to identify and eliminate (through liquidations, mergers, etc in India and overseas) entities whose operations could be effectively combined with those of other companies in the Group. The purpose of this program is to achieve operational efficiency and cost optimization through the reduction in the number of legal entities around the world that make up the Capgemini Group. In keeping with the ongoing global entity reduction policy, the Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate the said companies, with effect from the Appointed Date (*as defined hereinafter*).
- 2.3. The amalgamation of the Transferor Company with the Transferee Company would have the following benefits for both companies:
  - 2.3.1 The Transferor Company and the Transferee Company have a relationship of subsidiary and holding company and are part of the Capgemini Group of companies operating in India and carry out operations in the same industry with similar services. Consistent with the Capgemini Group global entity reduction program, the Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate these two entities in India with effect from the Appointed Date (*as defined hereinafter*) such that the businesses of the Transferor Company and the Transferee Company can be

combined conveniently and carried out in conjunction more advantageously to achieve operational efficiency and cost minimization.

- 2.3.2 Combining the businesses of Transferor Company with Transferee Company is expected to result in integration of processes, thereby resulting in synergies of operations. The Scheme is intended to rationalize the business operations and activities of the Transferor Company and the Transferee Company, to utilize the potential for growth and diversification through optimization of costs and resources within the Capgemini Group.
- 2.3.3 The amalgamation is expected to increase the financial strength of the combined company by creating a healthy combined balance sheet which will enhance the ability of the Transferee Company to undertake large projects, thereby contributing to enhancement of future business potential.
- 2.3.4 The amalgamation is expected to enable pooling of resources of the Transferor Company and the Transferee Company to their common advantage, resulting in more productive utilization of the said resources and cost and operational efficiencies which would be beneficial for all stakeholders.
- 2.3.5 The amalgamation is expected to bring greater management focus, integration, enhanced greater financial strength, and economies of scale.
- 2.3.6 The amalgamation is expected to reduce costs, administrative and procedural work and legal compliances, and generally improve efficiency in the corporate decision making of the merged entity.
- 2.3.7 Upon amalgamation, the creditors of both the companies would be better placed in the sense that they will have larger

asset cover available in the form of the merged entity. The creditors, neither of the Transferor Company nor of the Transferee Company, would be prejudiced in any manner as a result of the Scheme.

- 2.3.8 Accordingly, to achieve the above objectives, the Board of Directors of the Transferor Company and the Transferee Company respectively have decided to make requisite this joint applications and/or petition before the Tribunal (*as defined hereinafter*), as may be applicable under Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) and the rules framed thereunder, for the sanction of this Scheme.
- 2.3.9 The amalgamation of the Transferor Company with the Transferee Company with effect from the Appointed Date (*as defined hereinafter*) is in the interest of the shareholders, creditors, employees and other stakeholders of the Transferor Company and the Transferee Company.
- 2.3.10 The amalgamation of the Transferor Company with the Transferee Company pursuant to and in accordance with this Scheme shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-Tax Act, 1961.

## **PART II**

### **DEFINITIONS, INTERPRETATIONS AND CAPITAL STRUCTURE**

#### **3. Definitions**

In this Scheme, unless inconsistent with the subject, context, or meaning thereof, the following capitalized words and expressions shall have the meanings as provided herein below:



- 3.1. **“Act”** means the Companies Act, 2013, the rules and regulations made there under and will include any statutory modifications, re-enactments and / or amendments thereof.
- 3.2. **“Appointed Date”** means 1 October 2021 or such other date as may be approved by the Tribunal for the purpose of this Scheme (including for the purpose of the Income-tax Act, 1961).
- 3.3. **“Board”** or **“Board of Directors”** means the board of directors of the Transferor Company and/or the Transferee Company, as the case may be, and shall, unless it is repugnant to the context or meaning thereof, include a committee of directors or any person authorized by the Board of Directors or such committee of directors.
- 3.4. **“Effective Date”** means the the date on which the certified/ authenticated copy of the order of the Tribunal sanctioning the Scheme under Sections 230 to 232 and other applicable provisions of the Act is filed with the ROC by the Transferee Company and the terms **“coming into effect of this Scheme”**, **“effectiveness of this Scheme”**, **“Scheme taking effect”** and **“upon the Scheme becoming effective”** shall be construed accordingly.
- 3.5. **“Encumbrance”** means any option, pledge, mortgage, lien, security interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term **“Encumbered”** shall be construed accordingly.
- 3.6. **“Governmental Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court,

tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

- 3.7. **“Indirect tax(es)”** means all levies under central or state or municipal enactments by whatever name called and includes service tax under Chapter V of the Finance Act, 1994, taxes under the Central Goods And Services Tax Act, 2017 (**“CGST Act”**), Delhi Goods and Services Tax Act, 2017 (**“DGST”**), Maharashtra Goods and Services Act, 2017 (**“MGST”**), Integrated Goods and Services Tax Act, 2017 (**“IGST Act”**) and applicable cesses, Special Economic Zone Act, 2005 (**“SEZ Act”**), CENVAT credit, excise duty, customs duty, entry tax, octroi, cesses, etc by whatever name called and schemes/ procedures laid down in the Foreign Trade Policy as issued and amended from time to time. Further, a reference to recovery of indirect taxes, in any manner, under this Scheme shall include recovery of consequential interest and penal impositions under the relevant law.
- 3.8. **“Pending Scheme”** means the scheme of amalgamation of SolCen Technologies Private Limited (**“STPL”**) with the Transferee Company and their respective shareholders before the Tribunal under sections 230 to 232 of the Act numbered ‘Company Scheme Application Number 170 of 2021’ for the amalgamation/transfer and vesting of all the businesses, properties, assets, liabilities and the undertakings of STPL into the Transferee Company.
- 3.9. **“ROC”** means the jurisdictional Registrar of Companies with respect to the Transferee Company and/or the Transferor Company, as the case maybe.
- 3.10. **“Record Date”** means any date after the Effective Date to be fixed by the Board of Directors of the Transferee Company for issuing the shares of Transferee Company to the shareholders of the Transferor Company.

- 3.11. **“Scheme of Amalgamation”** or **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form or with such modifications and amendments as may be made from time to time, and with appropriate approvals and sanctions of the Tribunal and other relevant Governmental Authorities, as may be required under the Act and under all other applicable laws.
- 3.12. **“Share Exchange Ratio”** shall have the meaning as ascribed to it in Clause 13.1 of the Scheme
- 3.13. **“Transferee Company”** or **“CTSIL”** means Capgemini Technology Services India Limited as specified in Clause 1.4 above.
- 3.14. **“Transferor Company”** or **“ATHL”** means Aricent Technologies (Holdings) Limited as specified in Clause 1.1 above.
- 3.15. **“Tribunal”** means the National Company Law Tribunal constituted under the Act having jurisdiction over the Transferor Company and the Transferee Company.
- 3.16. **“Undertaking”** means all the businesses and undertakings of the Transferor Company of whatsoever nature and kind, and wherever situated, as a going concern, and all its employees, assets, rights, intangibles, licenses and powers, and all its debts, outstanding(s), liabilities, duties, and obligations as on the Appointed Date including, but not in any way limited to the following:
- 3.16.1. All assets and properties (whether moveable or immovable, tangible or intangible, including, but not limited to, goodwill, customer contracts, assembled workforce, etc if any real or personal, corporeal or incorporeal, present, future or

contingent, in possession or reversion) belonging to or in the ownership of, under the power or possession of or under the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Co or possessions, investments (including investment in units/ investments in mutual funds), financial assets, leases (including lease rights), rights and benefits of all agreements, contracts and arrangements, letters of intent, memorandum of understanding, expressions of interest whether under any agreement or otherwise, tenancies or licenses in relation to the offices, residential properties (including for the employees) and all other interests in connection with or mpany, including without limitation, all the properties, plant and machinery, equipment, offices, capital, works-in-progress, furniture, fixtures, office equipment, computers, books, papers, files, stationery, vehicles, incentives, deposits, stocks, leasehold/ freehold land, buildings, structures, storehouses, interiors, assets, cash balances with banks, loans, advances, contingent rights or benefits, receivables, actionable claims, earnest monies, advances or deposits paid by the Transferor Company, benefits of any security arrangements or under any guarantees, reversions, powers, or possessions, investments, financial assets, leases (including lease rights), rights and benefits of all agreements, contracts and arrangements, letters of intent, memoranda of understanding, expressions of interest whether under any agreement or otherwise, tenancies or licenses in relation to the offices, residential properties (including for the employees) and all other interests in connection with or relating to the immoveable properties of the Transferor Company; product specifications, records of standard operating procedures, trade and service names and marks, patents, copy rights, and other intellectual property rights of any nature whatsoever, and all other rights, titles, and goodwill and other industrial rights of any nature whatsoever, drawings, other data catalogues, quotations, sales and

advertisement materials, training materials and backup office, if any, and all benefits under statutes and advantages of whatsoever nature belonging to or in the control of or vested in or granted in favor of or enjoyed by the Transferor Company, including but not limited to, benefits of all tax holidays and tax reliefs under the Income-Tax Act, 1961 such as credit for advance tax, taxes deducted at source, foreign tax credit, brought forward accumulated tax losses, unabsorbed depreciation etc., Minimum Alternate Tax ("**MAT**") credit entitlement, benefits under the Finance Act, 1994, service tax set off, benefits of any unutilised CENVAT credits, input tax credits under the Goods and Service Tax ("**GST**") legislations, import incentives (including benefits in relation to setting up of unit(s) in a Special Economic Zone ("**SEZ**")), all custom duty benefits, benefits under the Foreign Trade Policy, SEZ Act (as defined hereinbelow), state level value added tax/sales tax laws, sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situated and any other benefits/ incentives/ exemptions given under any policy announced/ issued or promulgated by a Governmental Authority, including the SEZ authorities, or any other like benefits under any statute, including but without being limited to recognition or approvals received from Governmental Authorities, duty drawback claims, rebate receivables, refunds and advances; contracts entered into by the Transferor Company (including but not limited to government contracts procured by the Transferor Company), authorizations, permits, no objection certificates, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties, or other interest held in trust, registrations and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested

in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

- 3.16.2. All debts, if any (whether in Indian Rupees or foreign currency), secured or unsecured liabilities (including contingent liabilities, if any), duties and obligations of the Transferor Company of every kind, borrowings, bills payable, interest accrued and all other debts, duties, undertakings, contractual obligations, guarantees given and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever;
- 3.16.3. Without prejudice to what is included in Clause 3.16.1, all agreements, rights, contracts, entitlements, permits, municipal permissions, licenses, recognitions, approvals, import entitlements and registrations, pre-qualifications relating to the business of the Transferor Company, approvals, authorisations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of the Transferor Company;
- 3.16.4. Without prejudice to what is included in Clause 3.16.1, all intellectual property rights, records, files, papers, computer programmes, software, manuals, data, catalogues, sales and advertising materials, training materials, lists, customer prototypes and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and all other records and documents relating to the business activities and operations of the Transferor Company;
- 3.16.5. Without prejudice to the generality of the preceding sub-clauses, the Undertaking of the Transferor Company shall

further include all assets including claims or obligations, certifications/ permissions of whatsoever nature directly or indirectly pertaining to the business of export of the past, present or future products/services, and technical know-how agreements, if any, or otherwise with any person/ institution/ company or any association anywhere in the world, enactments, lease-hold rights and, systems of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation and other laws which may belong to or be available to the Transferor Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties and approvals of whatsoever nature and wherever situated.

- 3.16.6. It is further intended that the definition of Undertaking under this clause would enable the transfer of all assets, rights, obligations, entitlements, benefits, duties, employees and liabilities of the Transferor Company to the Transferee Company, pursuant to this Scheme, without any further act or deed.

#### **4. Interpretations**

- 4.1. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act, the Income-tax Act, 1961 and/or other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.
- 4.2. References to clauses and sections unless otherwise provided, are to clauses and sections of this Scheme.

- 4.3. The headings herein shall not affect the construction of this Scheme.
- 4.4. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 4.5. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 4.6. References to person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

## 5. Share Capital

- 5.1. The authorised, issued, subscribed and paid-up capital of the Transferor Company as on 31 March, 2021 is as follows:

Particulars	Amount (in Rs)
<b><u>Authorized Share Capital</u></b>	
14,01,00,000 Equity Shares of Rs. 10/- each	1,40,10,00,000
1,00,000 redeemable Preference Shares of Rs. 10/- each	10,00,000
1,50,00,00,000 Preference Share of Rs. 10/- each	15,00,00,00,000
<b>TOTAL</b>	<b>16,40,20,00,000</b>



Particulars	Amount (in Rs)
<b><u>Issued, subscribed and paid-up Share Capital</u></b>	
13,11,96,104 Equity Shares of INR 10 each	1,31,19,61,040
<b>TOTAL</b>	<b>1,31,19,61,040</b>

5.2. Subsequent to 31 March, 2021 and as on date of approval of the Scheme by the Board of Directors of the Transferor Company there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company.

5.3. The authorised, issued, subscribed and paid-up capital of the Transferee Company as on 31 March, 2021 is as follows:

Particulars	Amount (in Rs)
<b><u>Authorized Share Capital</u></b>	
25,00,50,000 equity shares of Rs. 10 each	2,50,05,00,000
10,800,000 compulsorily convertible preference shares of Rs. 10 each	108,000,000
14,000,000 5% 10 year redeemable non- cumulative preference shares of Rs.10 each	14,00,00,000
<b>TOTAL</b>	<b>2,74,85,00,000</b>
<b><u>Issued, subscribed and paid-up Share Capital</u></b>	
59,139,500 equity shares of Rs. 10 each	591,395,000
<b>TOTAL</b>	<b>591,395,000</b>

- 5.4. The authorised, issued, subscribed and paid-up capital of the Transferee Company as on the date of approval of the Scheme by the Board of Directors is as follows:

Particulars	Amount (in Rs)
<b><u>Authorized Share Capital</u></b>	
25,61,00,000 equity shares of Rs. 10 each	2,56,10,00,000
5,00,00,000 equity shares of Re. 1 each	5,00,00,000
10,800,000 compulsorily convertible preference shares of Rs. 10 each	108,000,000
14,000,000 5% 10 year redeemable non-cumulative preference shares of Rs.10 each	14,00,00,000
<b>TOTAL AUTHORISED SHARE CAPITAL</b>	<b>2,85,90,00,000</b>
Issued, subscribed and paid-up Share Capital	
59,139,500 equity shares of Rs. 10 each	591,395,000
<b>TOTAL PAID UP CAPITAL</b>	<b>591,395,000</b>

- 5.5. The Transferee Company is currently a party to proceedings in the Pending Scheme. The Pending Scheme is listed for hearing before the Tribunal. If the Pending Scheme is allowed and made effective prior to this Scheme, the capital structure of the Transferee Company would undergo a change in that the authorized share capital of the Transferee Company will, as compared to the authorized share capital as on the date of Board meeting, stand increased by Rs. 1,00,000 upon the Pending Scheme be approved by the Tribunal and made effective prior to this Scheme.

## **6. Date of taking effect**

The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date. It is hereby clarified that for all the regulatory and tax purposes, the Scheme of Amalgamation would be deemed to be effective from the Appointed Date of this Scheme.

Notwithstanding the above, the accounting treatment to be adopted to give effect to the provisions of the Scheme would be in consonance with Clause 14 of the Scheme and mere adoption of such accounting treatment will not in any manner affect the vesting of the amalgamation from the Appointed Date.

## **PART III AMALGAMATION OF ATHL WITH CTSIL**

## **7. Transfer and Vesting of ATHL into CTSIL**

### **7.1. *Generally***

- 7.1.1. On and from the Effective Date, the entire Undertaking of the Transferor Company shall, with effect from the Appointed Date, pursuant to the sanction of this Scheme by the Tribunal and pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the properties, assets, liabilities and undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.

## 7.2. ***Transfer of Assets***

7.2.1. Without prejudice to the generality of Clause 7.1.1 above, on and from the Effective Date but with effect from the Appointed Date:

- a. All the assets (including intangible assets) and properties of the Transferor Company (whether acquired prior to or on the Appointed Date or after the Appointed Date but on or before the Effective Date), of whatsoever nature and wherever situated, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company.
- b. Without prejudice to the provisions of Clause 7.2.1.a. above, in respect of such of the assets of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall stand transferred as and from the Appointed Date by the Transferor Company to the Transferee Company and shall, upon such transfer, become the assets and properties of the Transferee Company, without requiring any separate deed or instrument or conveyance or any further act, deed or thing for the same, irrespective of the date of the actual physical delivery of such movable or incorporeal property.
- c. In respect of movables other than those dealt with in Clause 7.2.1.b. above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, cash and bank balances, investments, earnest money and deposits with

any Government, quasi government, local or other authority or body or with any company or other person (including income-tax and GST, service tax /VAT /SEZ, Software Technology Parks of India (“**STPI**”) authorities, the same shall, on and from the Appointed Date, stand transferred to and be vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may, without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).

- d. All the licenses, permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits including the amount of loss brought forward and unabsorbed depreciation as per the books of account, accumulated losses and allowance for unabsorbed depreciation, as per the provisions of Section 72A and other applicable provisions of the Income-tax Act, 1961, accumulated credits under indirect tax laws that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge, be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become, as and from the Appointed Date, the licenses (including but not limited to licenses issued under STPI laws), permits, quotas, contracts

(together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately registered by the relevant statutory authorities in favor of the Transferee Company pursuant to this Scheme, in order to facilitate the continuation of operations of the Transferor Company in the Transferee Company without any hindrance, on and from the Appointed Date.

- 7.2.2. In so far as various incentives, subsidies, special status and other benefits or privileges (including but not limited to right to claim credit in respect of all advance taxes, tax deducted at source, tax collected at source, Minimum Alternate Tax (MAT) paid under section 115JA/115JB of the Income-tax Act, 1961, and the right to claim credit therefore in accordance with the provisions of section 115JAA of the Income-tax Act, 1961, Cenvat Credit, input tax credit under GST, all other rights including sales tax deferrals and exemptions and other benefits) granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- 7.2.3. Upon the transfer of each of the permissions (including the permission to import duty-free goods), approvals, licenses, consents, sanctions, remissions, special reservations, sales tax remissions, tax exemptions and benefits, tax reliefs, incentives, concessions and other or similar authorizations of the Transferor Company to the Transferee Company and pursuant to the order of the Tribunal, the Transferee Company shall file the relevant notifications and communications, if any,

for the record of the appropriate authorities which shall take them on record.

- 7.2.4. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the bankers of the Transferee Company shall honour all cheques issued prior to the Effective Date in the name of the Transferor Company for payment after the Effective Date. If required, the Transferor Company shall allow maintaining of banks accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposit of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that, on and from the Effective Date, any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued, by or against, the Transferee Company.

7.3. ***Transfer of Liabilities***

- 7.3.1. On and from the Effective Date, all liabilities including but not limited to all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company, all other obligations (including any guarantees, letters of credit or any other instruments or arrangements which may give rise to a contingent liability in whatever form) whether relating to and comprised in the Undertaking or otherwise, of every kind,

nature and description whatsoever and howsoever arising, raised or incurred or utilized for the business activities and operations (“**Liabilities**”) of the Transferor Company in existence as on the Effective Date, shall, with effect from the Appointed Date and pursuant to the sanction of this Scheme by the Tribunal and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any Encumbrance thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

- 7.3.2. All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme coming into effect.
- 7.3.3. Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective



Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

**7.4.     *Encumbrances***

7.4.1.   The transfer and vesting of the properties, assets, liabilities and Undertakings of the Transferor Company to and in the Transferee Company under Clauses 7.1 to 7.3 of this Scheme shall be subject to the Encumbrances, if any, affecting the same, as and to the extent hereinafter provided.

7.4.2.   All the existing Encumbrances, if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the properties, assets, Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

7.4.3.   The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

- 7.4.4. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme but shall not extend to the assets and properties of the Transferee Company. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the ROC to give formal effect to the above provisions, if required.
- 7.4.5. On and from the Effective Date, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- 7.4.6. It is expressly provided that all other terms or conditions of the Liabilities transferred to the Transferee Company shall remain unchanged and not modified except as required statutorily or by necessary implication.
- 7.4.7. The provisions of this Clause 7.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

**7.5. Inter-se Transactions**

7.5.1. With effect from the Appointed Date, and upon the Scheme becoming effective, any loans, advances, obligations and any other transactions (including any billings, guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end/ or cancelled and there shall be no rights, liability or any obligations outstanding in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

7.5.2. Transactions inter se between Transferor Company and Transferee Company, if any (including supply of goods or services or both) from the Appointed Date till the Effective Date, shall be included in the turnover of supply or receipt of the respective companies and they shall be liable to pay tax accordingly under the applicable GST Acts.

#### 7.6. **Staff, Workmen and Employees**

7.6.1. On and from the Effective Date, all staff, workmen and employees of the Transferor Company as on the Effective Date shall become and be deemed to have become the staff, workmen and employees of the Transferee Company and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of or break in service as a result of the merger of the Transferor Company with the Transferee Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such staff, workmen and employees with the Transferor Company and such benefits to which the staff, workmen and employees are entitled in the

Transferor Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.

- 7.6.2. It is clarified that save as expressly provided for in this Scheme, the employees who become the employees of the Transferee Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company.
- 7.6.3. Insofar as the provident fund and superannuation fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created or existing by the Transferor Company for the staff, workmen and employees or to which the Transferor Company is contributing for the benefit of the staff, workmen and employees (collectively referred to as the “**Funds**”) are concerned, all the contributions made to such Funds for the benefit of the staff, workmen and employees and the investments made by the Funds in relation to the staff, workmen and employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned staff, workmen and employees of the Transferor Company. In the event the Transferee Company has its own funds in respect of any of the Funds referred to above, such contributions and/or future investments shall, subject to the necessary approvals and permissions and in such manner as may be deemed fit by the Transferee Company, be transferred to the relevant funds of the Transferee Company. In relation to those employees for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation

to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such staff, workmen and employees on and from the Effective Date.

- 7.6.4. The Boards of the Transferor Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this clause.

## **8. Compliance With Tax Laws**

- 8.1. This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified in Section 2(1B) and other relevant provisions of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent required to comply with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961.
- 8.2. On and from the Effective Date, the Transferor Company and the Transferee Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961, applicable central sales tax, applicable state value added tax, service tax laws, the goods and service tax, excise duty laws and other tax laws, and to claim tax depreciation on identified intangible assets, (whether recorded or not in the books of accounts), refunds and/or credit for taxes paid (including but not limited to service tax refunds pending with the Governmental Authority, MAT paid under section

115JA/115JB of the Income Tax Act 1961 and the right to claim credit therefore in accordance with the provisions of section 115JAA of the Income-tax Act 1961, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.

- 8.3. All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by or against the Transferor Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 8.4. Any tax liabilities under the Income-tax Act, 1961, GST, CGST Act, DGST Act, MGST Act, IGST, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/ duties/ levies of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company, upon the Scheme becoming effective,. Any surplus in the provision for taxation/ duties / levies account including advance income tax and tax deducted at source as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 8.5. Any credit / refund under the Income-tax Act, 1961, service tax laws, GST, excise duty laws, central sales tax, applicable state

value added tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to the Transferor Company consequent to the assessment made on the Transferor Company (including any refund for which no credit is taken in the accounts of the Transferor Company or cases wherein application for rebate of GST or service tax has been filed by the Transferor Company) (a) as on the date immediately preceding the Appointed Date and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date and (b) any time after the Appointed Date, but before the Effective Date, shall also belong to and be received by the Transferee Company upon this Scheme becoming effective.

- 8.6. The tax payments (including, without limitation income tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax, self assessment tax or otherwise howsoever, by the Transferor Company after the Appointed Date, shall be deemed to be paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 8.7. Any tax deducted at source by the Transferor Company/ Transferee Company on transactions with the Transferee Company/ Transferor Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 8.8. On and from the Effective Date, any obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 8.9. Without prejudice to the generality of the above, all benefits, incentives, losses (including but not limited to book losses, tax

losses), book unabsorbed depreciation, tax unabsorbed depreciation, accumulated losses, credits (including, without limitation income tax, MAT paid under section 115JA/115JB of the Income Tax Act 1961, and the right to claim credit therefore in accordance with the provisions of section 115JAA of the Income-tax Act, 1961, tax deducted at source, wealth tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, etc.) to which the Transferor Company is entitled in terms of applicable laws, shall be available to and vest in the Transferee Company on and from the Effective Date. It is expressly clarified that the accumulated business and tax losses and unabsorbed depreciation as are transferred, shall be eligible to be carried forward and set off in the hands of the Transferee Company in terms of the applicable provisions of the Income Tax Act.

8.10. On and from the Effective Date, to the extent permitted, all tax compliances under any tax laws by the Transferor Company on or after Appointed Date shall be deemed to be made by the Transferee Company.

8.10.1. Where the Transferor Company has exercised the option of the beneficial tax provisions as envisaged in section 115BAA of the Income-tax Act, 1961 prior to the Appointed Date, the same shall not be made applicable or vested upon the Transferee Company post the Appointed Date.

## **9. Contracts, deeds, etc.**

9.1. Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, lease agreements, leave and license agreements, licenses, engagements, certificates, permissions, licenses, consents, approvals, concessions, and incentives (including but not limited to benefits under the Income Tax Act, 1961, GST, service tax laws, STPI laws, excise and customs duty laws, central sales tax, applicable



state value added tax laws and other incentives), remissions, remedies, subsidies, guarantees and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and which have not lapsed and are subsisting or in force on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, (as the case may be) and may on this Scheme becoming effective, be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. For avoidance of doubt, upon the Scheme coming into effect, all the rights, title, interest and claims of the Transferor Company in any contracts, deeds, bonds, agreements including all the leases, of the Transferor Company shall without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and it shall be presumed that the same were executed by the Transferee Company. The Transferee Company may thereupon enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

## **10. Legal Proceedings**

- 10.1. All legal proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature, by or against the Transferor Company pending and/or arising at the Appointed Date, shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any legal

proceeding in the period between the Appointed Date and the Effective Date, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the legal proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

- 10.2. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.

## **11. Conduct of Business**

With effect from the Appointed Date and up to and including the Effective Date:

- 11.1. The Transferor Company shall carry on and be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and be deemed to have held and stood possessed of the properties, assets, liabilities and Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.
- 11.2. All the profits or income accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the

profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

- 11.3. The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of the Transferee Company.
- 11.4. All taxes (including income tax, GST, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, GST, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax, self-assessment tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 11.5. Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Transferor Company that have been undertaken or discharged by the Transferor Company shall be deemed to have been so undertaken or discharged for and on behalf of and as agent for the Transferee Company.

## **12. Saving of concluded transactions**

- 12.1. Subject to the terms of this Scheme, the transfer and vesting of the properties, assets, liabilities and Undertakings of the Transferor Company under Clause 7, effectiveness of contracts or deeds under Clause 9 and the continuance of proceedings by or against the Transferor Company under Clause 10 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

### **13. Issue of shares by the Transferee Company**

- 13.1. Upon the Scheme finally coming into effect and in consideration of the transfer and vesting of the Undertaking of the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall, subject to the provision of the Scheme and without any further application, act or deed, issue and allot equity share(s) to the shareholders of the Transferor Company (other than the Transferee Company), whose name appear in the Register of members as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of the Transferee Company, in the following ratio ("**Share Exchange Ratio**"):

***1 (One) equity share of Rs. 10 each, credited as fully paid up of the Transferee Company to be issued for every 17 (Seventeen) equity Shares of Rs. 10 each held by the shareholders (other than the Transferee Company itself) in the Transferor Company.***

- 13.2. The Transferor Company and Transferee Company have obtained valuation reports from SSPA & Co dated 10 January 2022 who have arrived at the share exchange ratio of 1 (One) equity share of CTSIL/ Transferee Company of INR 10 (Ten) each fully paid up for every 17 (Seventeen) equity shares of ATHL/ Transferor Company of INR 10 (Ten) each fully paid up and also from KPMG Valuation Services LLP dated 10 January 2022 who have arrived at the share exchange ratio of 1 (One) equity share of CTSIL/ Transferee Company of INR 10 each fully paid up for every 17 (Seventeen) equity shares of ATHL/ Transferor Company of INR 10 each fully paid up. The valuation reports have been obtained from registered valuers as specified in section 247 of the Companies Act, 2013 read with other applicable laws.
- 13.3. The share value and Share Exchange Ratio as arrived by SSPA & Co. dated 10 January 2022 have been considered for the Scheme being the higher share value as compared to share values arrived by KPMG Valuation Services LLP.
- 13.4. No fractional share shall be issued by the Transferee Company in respect of fractional entitlements, if any, to which shareholders of the Transferor Company may be entitled based on Share Exchange Ratio. All fractional entitlements shall be disregarded when computing the number of shares of the Transferee Company to be issued to the shareholders of the Transferor Company. The Board of Directors of the Transferee Company shall pay net of withholding taxes, as may be applicable, to the shareholders of the Transferor Company an amount in cash equal to the value of such fractional share determined in accordance with the valuation of shares of the Transferee Company in the manner as it may deem fit or the Board of Directors of the Transferee Company deal with such fractional entitlements in such other manner as

it may deem to be in the best interests of the shareholders of the Transferor Company and the Transferee Company.

- 13.5. Where the Transferee Company's shares are to be allotted to heirs, executors or administrators or, as the case may be, to the successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors or its duly constituted committee, of the Transferee Company.
- 13.6. The equity shares of the Transferee Company to be issued in terms of Clause 13.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects, with the existing shares of the Transferee Company, save and except that the owners of such equity shares will be entitled to dividend declared and paid by the Transferee Company only after the Record Date for the purpose of allotment of the Transferee Company's shares to the members of the Transferor Company pursuant to the approval of the Scheme.
- 13.7. The issue and allotment of equity shares by the Transferee Company to the shareholders of the Transferor Company pursuant to above clause is an integral part of this Scheme.
- 13.8. The approval of this Scheme by the Tribunal shall be deemed to be due compliance of the provisions of Section 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act and the Foreign Exchange Management Act, 1999 for the issue and allotment of equity shares by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be.

- 13.9. The equity shares to be issued by the Transferee Company pursuant to clause 13.1 above shall be issued by the Transferee Company in dematerialized form to eligible shareholders of the Transferor Company who hold shares in dematerialized form, into the account in which shares of the Transferor Company are held or such other account as is intimated in writing by the shareholders to the Transferor Company and/ or its registrar provided such intimation has been received by the Transferor Company and/or its registrar at least seven days before the Record Date. All those shareholders who hold shares of the Transferor Company in physical form shall also receive the equity shares of the Transferee Company, in dematerialized form, provided the details of their account with the depository participant are intimated in writing to the Transferor Company and/ or its registrar provided such intimation has been received by the Transferor Company and/or its registrar at least seven days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Transferor Company in physical form seven days before the Record Date, or if the details furnished by any shareholders do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company, subject to applicable laws, may allot physical shares to such shareholder or take such steps as it may deem necessary or fit regarding the shares to be issued to such shareholder, including holding them in trust for the shareholder.
- 13.10. The Transferee Company shall not be issued any new shares as a shareholder of the Transferor Company and therefore, upon issuance of shares of the Transferee Company to the other public shareholders of the Transferor Company, the shares of the Transferor Company held by other public shareholders of the Transferor Company both in electronic form and in the physical form, as on the Effective Date, shall

be deemed to be automatically cancelled without any further application, act, instrument or deed for cancellation thereof. Wherever applicable, Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and dispatch the new share certificates of Transferee Company in lieu thereof. Also the investment in the shares of the Transferor Company, appearing in the books of the Transferee Company shall stand cancelled, upon the Scheme coming into effect.

- 13.11. With respect to the shares to be issued by the Transferee Company pursuant to Clause 13.1 above against the shares held by shareholders in the Transferor Company, the allotment or transfer or title of which is held in abeyance under the provisions of the Act or the Transferee Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Law, the issuance of all such shares to be issued by the Transferee Company under this Scheme may also be kept in abeyance in like manner till settlement of the issue by the appropriate authority, dispute by order of the appropriate court or otherwise or till the clearance of title of the shares.

#### **14. Accounting Treatment in the books of the Transferee Company**

- 14.1. Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Transferee Company shall give effect to the amalgamation in its books of accounts in accordance with Indian Accounting Standard 103, Business Combinations, Appendix C - Business combinations of entities under common control and other accounting principles prescribed under the Companies (India Accounting Standards) Rules, 2015 (Ind AS) as notified under section 133 of the Companies Act, 2013 and on the date determined in accordance with Ind AS.



- 14.2. It is clarified that the separate financial statements of the Transferee Company shall be restated (including comparative period presented in the financial statements) from the beginning of the preceding period.

**15. Combination of Authorised Share Capital and Changes To The Memorandum of Association of the Transferee Company**

- 15.1. On and from the Effective Date, the authorized share capital of the Transferee Company shall automatically stand enhanced by the authorized share capital of the Transferor Company (as on the Effective Date) without any further act, instrument or deed on the part of the Transferee Company, including without payment of stamp duty and fees payable to the ROC. The provisions in the memorandum and articles of association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and hereby stand altered, modified and amended, and the consent of the Tribunal to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to be the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of the stamp duty and/ or fee by the Transferee Company for increase in the authorized share capital to that extent.

**PART IV  
GENERAL TERMS AND CONDITIONS**

## **16. Application to Tribunal**

- 16.1. The Transferor and Transferee Companies shall, with reasonable dispatch, apply to the Tribunal for necessary orders or directions for holding meetings of the members and/or creditors of the respective companies for sanctioning this Scheme of Amalgamation under Section 230 of the Act or for dispensing the holding of such meetings and for orders under Section 232 of the Act, for carrying this Scheme into effect and for dissolution of Transferor Company without winding up.

## **17. Dissolution of the Transferor Company and the Board of the Transferor Company**

- 17.1. On and from the Effective Date, the Transferor Company shall, without any further act or deed, stand dissolved without being wound up and the name of the Transferor Company shall be struck off from the records of the concerned ROC. Consequently, the Board of Directors of the Transferor Company, upon this Scheme becoming effective, shall without any further act, instrument and deed stand dissolved. All directors of the Transferor Company shall cease to be directors of the Transferor Company from the Effective Date. However, if any such director is a director of the Transferee Company, such director will continue to hold his office in the Transferee Company.

## **18. Scheme conditional on approvals / sanctions**

- 18.1. This Scheme is conditional on and subject to –
- 18.1.1. The Scheme being agreed to by the respective requisite majorities of the members of the Transferor Company and the Transferee Company as may be required by the Tribunal either at a meeting or through consent/ no objection letters on the

application made for directions under Section 230 of the Act for calling/ dispensing of the meeting and necessary resolution if any, passed under the Act for the purpose, and/or such other approvals as may be required by the Tribunal.

- 18.1.2. The sanction by the Tribunal under Sections 230 and 232 and other applicable provisions of the Act being obtained by Transferor Company and the Transferee Company.
- 18.1.3. Filing with the ROC of certified/authenticated copies of the orders sanctioning the Scheme passed by the Tribunal.

## **19. Modifications / Amendments to the Scheme**

- 19.1. The Transferor Company and the Transferee Company through their Board of Directors may assent to any modification(s) or amendment(s) in this Scheme which the Tribunal may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. Further, the Transferor Company and the Transferee Company through their respective Board of Directors, be and are hereby authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Tribunal or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.
- 19.2. Notwithstanding anything else to the contrary in this Scheme, the Transferee Company and the Transferor Company (acting through their respective Boards of Directors) shall be at liberty to withdraw from this Scheme prior to Effective Date in case any condition or alteration imposed by the Tribunal or any other authority is not acceptable to them.

**20. Effect of Non-Receipt of Approvals / Sanctions**

- 20.1. In the event of any of the sanctions and approvals not being obtained and/ or the Scheme not being sanctioned by the Tribunal or such other competent authority and / or the order not being passed as aforesaid within such period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Boards of Directors, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such a situation, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

**21. Resolutions**

- 21.1. On and from the Effective Date, the resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under applicable law, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company. In case no resolutions have been passed by the Transferee Company approving any monetary limits prescribed under applicable law, the resolutions passed by the Transferor Company shall be deemed to be the resolutions passed by the Transferee Company, until the same are modified by the Transferee Company.

**22. Severability**

- 22.1. If any provision(s) of this Scheme, in the opinion of the Tribunal or Boards of the Transferor Company and the Transferee Company, is found to be unviable for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of this Scheme.

**23. Expenses Connected with the Scheme**

- 23.1. All costs, charges, taxes including duties, levies, and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.

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**STRICTLY PRIVATE & CONFIDENTIAL**

January 10, 2022

**The Board of Directors****Capgemini Technology Services India Limited**

Plot No.14, Rajiv Gandhi Infotech Park,

Hinjewadi Phase-III, MIDC-SEZ,

Village Man, Taluka Mulshi,

Pune – 411057.

**The Board of Directors****Aricent Technologies (Holdings) Limited**

5, Jain Mandir Marg (Annexe),

Connaught Place,

New Delhi – 110 001.

Dear Sir(s) / Madam(s),

**Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Aricent Technologies (Holdings) Limited with Capgemini Technology Services India Limited**

We refer to the engagement letter dated November 01, 2021 whereby we, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We'), have been appointed by Capgemini Technology Services India Limited (hereinafter referred to as 'CTSIL' or the 'Transferee Company') and Aricent Technologies (Holdings) Limited (hereinafter referred to as 'ATHL' or the 'Transferor Company'), to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of ATHL with CTSIL ('hereinafter referred to as 'Proposed Amalgamation').

CTSIL and ATHL are hereinafter collectively referred to as the 'Companies'.

**1. SCOPE AND PURPOSE OF THIS REPORT**

- 1.1 We have been informed by the management of CTSIL and ATHL (hereinafter collectively referred to as the 'Management') that they are considering a proposal of amalgamation of ATHL with CTSIL, pursuant to a scheme of amalgamation under sections 230 to 232 and other applicable provisions of the Companies Act, 2013, including rules made thereunder (hereinafter referred to as the 'Scheme').

Subject to necessary approvals, ATHL would be amalgamated with CTSIL, with effect from October 01, 2021 ('Appointed Date').



- 1.2 In consideration for the proposed amalgamation of ATHL with CTSIL, equity shares of CTSIL would be issued to the equity shareholders of ATHL.
- 1.3 In this regard, we have been appointed by the Companies to carry out the relative valuation of equity shares of ATHL and of CTSIL to recommend the fair equity share exchange ratio for the Proposed Amalgamation.
- 1.4 For the purpose of this valuation, the bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise. For the purpose of this valuation, January 09, 2022 has been considered as the 'Valuation Date'.
- 1.5 The report sets out our recommendation of the fair equity share exchange ratio and discusses the approach and methodologies considered for arriving at relative value of the equity shares of the Companies for the purpose of recommendation of share exchange ratio.

## **2. BRIEF BACKGROUND**

### **2.1. CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED**

CTSIL is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. CTSIL is primarily engaged in providing Information Technology ('IT') and IT - enabled operations offshore outsourcing solutions and services to large and medium-sized organizations using an offshore/onsite model. CTSIL has its subsidiaries in India, Singapore, United States and United Kingdom. IT services and IT-enabled operations offshore outsourcing solutions are delivered using the offshore centres located in Bangalore, Gurgaon, Bhubaneswar, Hyderabad, Chennai, Noida, Mumbai, Pune, Kolkata, Trichy, Salem and Gandhinagar in India.

CTSIL primarily provides services to group companies of Capgemini group.

The issued, subscribed and fully paid up equity share capital as on September 30, 2021 of the Transferee Company is INR 591 million. The shareholding pattern of the Transferee Company is given below:

<b>Name of the shareholders</b>	<b>Number of equity shares</b>	<b>% of holding</b>
Capgemini America Inc.	2,07,50,621	35.09%
Capgemini SE	2,54,87,362	43.10%
Capgemini North America Inc.	1,27,64,378	21.58%
Public Shareholders	1,37,139	0.23%
<b>Total</b>	<b>5,91,39,500</b>	<b>100.00%</b>



**2.2. ARICENT TECHNOLOGIES (HOLDINGS) LIMITED ('ATHL')**

ATHL is a subsidiary of CTSIL wherein it holds ~98.25% equity stake. ATHL, provides software development and support services to Altran Group companies, for use in the telecommunications industry. The software development services comprise software coding, documentation, testing and maintenance activities which is undertaken by ATHL under the instructions/ guidance of Associated Enterprises ('AEs').

ATHL also provides software services to third party customers. As part of the software services rendered by Aricent India to third party customers, ATHL performs additional activities comprising business development, sales and marketing, fee negotiations, extensive customer interaction and requirement analysis along with project management and delivery functions.

The issued, subscribed and fully paid up equity share capital as on September 30, 2021 of Transferor Company is INR 1,312 million. The shareholding pattern of Transferor Company is given below:

<b>Name of the shareholders</b>	<b>Number of equity shares</b>	<b>% of holding</b>
Capgemini Technologies Services India Limited	12,89,06,056	98.25%
Public Shareholders	22,90,048	1.75%
<b>Total</b>	<b>13,11,96,104</b>	<b>100.00%</b>

**3. REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTANTS**

SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'We' or the 'firm'), is a partnership firm, located at 1<sup>st</sup> Floor, "Arjun", Plot No. 6A, V. P. Road, Andheri (West), Mumbai – 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

**4. SOURCES OF INFORMATION**

For the purpose of the valuation exercise, we have relied upon the following information, as provided to us by the Management and information available in public domain:





- (a) Audited standalone financial statements of the Companies for financial year ('FY') ended March 31, 2021.
- (b) Management certified provisional standalone financial statements of the Companies for 6 months period ended September 30, 2021 ('6ME Sep21').
- (c) Standalone financial projections of the Companies comprising of balance sheet, profitability statement and capital expenditure requirement for 6 months period ended March 31, 2022 ('6ME Mar22') and from FY 2022-23 to FY 2026-27.
- (d) Discussion with the Management on various issues relevant to valuation including prospects and outlook of the business, expected growth and other relevant information relating to expansion plans, expected profitability, etc.
- (e) Such other information and explanations as we required and which have been provided by the Management, including Management Representations.

## **5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

- 5.1. This report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further, our report on recommendation of fair equity share exchange ratio for the proposed amalgamation of ATHL with CTSIL is in accordance with ICAI VS 2018 issued by The Institute of Chartered Accountants of India.
- 5.2. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.
- 5.3. The report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.



- 5.4. The draft of the present report was circulated to the Management (excluding the recommended fair equity share exchange ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- 5.5. Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of our engagement.
- 5.6. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies / its auditors / its consultants, is that of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material information about the Companies. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/conclusions.
- 5.7. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Companies through broad inquiry, analysis and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 5.8. Our valuation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Companies and the industry in which the Companies operate and taking into account the current economic scenario and business disruptions caused on account of spread of COVID-19 pandemic. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be



material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.

- 5.9. We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 5.10. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 5.11. We are independent of the Companies and have no current or expected interest in the Companies or its assets. The fee paid for our services in no way influenced the results of our analysis.
- 5.12. Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Amalgamation.
- 5.13. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.14. The decision to carry out the Proposed Amalgamation (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a



recommendation as to whether or not the parties should carry out the Proposed Amalgamation.

- 5.15. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Companies and may be submitted to regulatory/statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.16. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. We owe responsibility to only to the Companies that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

## **6. VALUATION APPROACH AND METHODOLOGIES**

- 6.1. For the purpose of valuation, generally following approaches can be considered, viz,

- (a) the Cost Approach;
- (b) the Market Approach; and
- (c) the Income Approach

Each of the aforesaid approaches proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach to be adopted for a particular valuation exercise must be judiciously chosen.

### **6.2. COST APPROACH**

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

In the present case, the business of CTSIL and of ATHL are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Cost



Approach is not adopted for the present valuation exercise.

### 6.3. **MARKET APPROACH**

In the present case, since the equity shares of CTSIL and ATHL are not listed on any stock exchanges, Market Price Method cannot be used. Further, the Companies primarily provide services to the Capgemini group and therefore there are no exactly comparable listed companies in India with characteristics and parameters similar to that of the Companies and sufficient and reliable details on comparable transactions are not available in public domain. Therefore, Market Approach is not adopted for the present valuation exercise.

### 6.4. **INCOME APPROACH**

Under Income Approach, equity shares of CTSIL and of ATHL are valued using Discounted Cash Flow ('DCF') Method.

- 6.4.1. Under DCF method, the projected free cash flows from business operations, after considering fund requirements for projected capital expenditure and incremental working capital, are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.
- 6.4.2. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to earnings before interest and tax (i) depreciation and amortizations (non-cash charge), (ii) interest expense, (iii) cash outflow on account of lease rentals and (iv) any non-operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax.
- 6.4.3. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of cost of equity and cost of debt of the respective Companies.
- 6.4.4. To the value so arrived, appropriate adjustments have been made for cash and cash equivalents, value of investments, value of surplus assets, value of income-tax assets (net) and contingent liabilities, after taking into account the tax impact wherever applicable to arrive at the equity value.
- 6.4.5. The value as arrived above is divided by the number of equity shares to arrive at the value per equity share of CTSIL and of ATHL.



## 7. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

- 7.1. The fair basis of the amalgamation of ATHL with CTSIL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Our exercise is to work out the relative value of shares of the Companies to facilitate the determination of a ratio of exchange.
- 7.2. As mentioned above, we have considered Income Approach for arriving at the relative value per equity share of CTSIL and of ATHL. The values under the Income Approach is given in the table below:

Name of the Company	Value per equity share (INR)
Capgemini Technology Services India Limited	6,509.62
Aricent Technologies (Holdings) Limited	378.95

- 7.3. The fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of CTSIL and of ATHL based on the approach explained herein earlier and considering various qualitative factors relevant to the Companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations.
- 7.4. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

*'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be*



**SSPA & CO.***Chartered Accountants*

*made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'*

- 7.5. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion, the fair equity share exchange ratio for the proposed amalgamation of ATHL with CTSIL is as under:

**1 (One) equity share of CTSIL of INR 10 each fully paid up for every 17 (Seventeen) equity shares of ATHL of INR 10 each fully paid up.**

Thanking you,  
Yours faithfully,

**For SSPA & CO.**

**Chartered Accountants**

ICAI Firm registration number: 128851W

IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126



**Vikram Jain, Partner**

ICAI Membership No. 114613

Registered Valuer No.: IBBI/RV/06/2018/10210

UDIN: 22114613AAAAAB1128

Place: Mumbai



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## **REPORT OF THE BOARD OF DIRECTORS OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED ON THE EFFECT OF SCHEME OF AMALGAMATION OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED WITH CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED AND THEIR RESPECTIVE MEMBERS ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE EXCHANGE RATIO**

### **1. Background:**

- 1.1 The proposed Scheme of Amalgamation of Aricent Technologies (Holdings) Limited (“**Transferor Company**”) with Capgemini Technology Services India Limited (“**Transferee Company**”) and their respective members (“**Scheme**”) is approved by the Board of Directors of the Transferor Company in the meeting held on January 18, 2022. In accordance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Directors of the Transferor Company are required to adopt a report explaining the effect of Scheme on each class of shareholders, key managerial personnel (KMPs), promoter and non-promoter shareholders of the Transferor Company laying out in particular the share exchange ratio. The said report adopted by the Directors is required to be circulated along with notice convening meeting of the shareholders.
- 1.2 Having regard to the aforesaid provisions, this report is adopted by the Board in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.
- 1.3 The Draft Scheme of Amalgamation, duly initialed by the Company Secretary of the Transferor Company for the purpose of identification, was considered by the Board of Directors for the purpose of issue of this report.

### **2. Effect of Scheme of Amalgamation on each class of Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders:**

The Transferor Company is a subsidiary of the Transferee Company which holds 98.25% of share capital of the Transferor Company. The remaining 1.75% of share capital of the Transferor Company is held by the public shareholders.

The Scheme has been proposed *inter alia* to consolidate and effectively manage the Transferor Company and the Transferee Company in a single entity, which will provide several benefits including synergy, economies of scale, improved efficiencies and cost competitiveness.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the undertaking of the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall, issue and allot equity share(s) to the shareholders of the Transferor Company (other than the Transferee Company), whose name appear in the register of members as on the record date or to such of their





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respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of the Transferee Company, in the ratio as arrived by the valuer i.e. SSPA & Co. on basis of a valuation report dated January 10, 2022.

*1 equity share of Rs. 10 each, credited as fully paid up of the Transferee Company to be issued for every 17 equity shares of Rs. 10 each held by the shareholders (other than the Transferee Company itself) in the Transferor Company.*

The Transferee Company shall not be issued any new shares as a shareholder of the Transferor Company and therefore, upon issuance of shares of the Transferee Company to the other public shareholders of the Transferor Company, the shares of the Transferor Company held by the Transferee Company and other public shareholders of the Transferor Company both in electronic form and in the physical form, as on the Effective Date, shall be automatically cancelled without any further application, act, instrument or deed for cancellation thereof.


Due to issue of equity shares of the Transferee Company to the eligible shareholders of the Transferor Company, the shares held by the Transferee Company and other public shareholders in the Transferor Company will be cancelled and the Transferor Company will cease to be in existence.

Upon effectiveness of the Scheme, the Transferor Company will be amalgamated with the Transferee Company and will cease to be in existence and thus the question of change in the KMPs of the Company does not arise.

Thus, there will be no adverse effect of the said Scheme on the Equity Shareholders (the only class of shareholders), Key Managerial Personnel, Promoter and Non-Promoter Shareholders of the Transferor Company.

**By order of the Board  
 For Aricent Technologies (Holdings) Limited**

**ASHWANI LAL**

 Digitally signed by ASHWANI LAL  
 Date: 2022.01.19 12:21:04 +05'30'

**Ashwani Lal  
 Whole Time Director  
 DIN: 06985241**



**REPORT OF THE BOARD OF DIRECTORS OF CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED ON THE EFFECT OF SCHEME OF AMALGAMATION OF ARICENT TECHNOLOGIES (HOLDINGS) LIMITED WITH CAPGEMINI TECHNOLOGY SERVICES INDIA LIMITED AND THEIR RESPECTIVE MEMBERS ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE EXCHANGE RATIO**

**1. Background:**

- 1.1 The proposed Scheme of Amalgamation of Aricent Technologies (Holdings) Limited (“**Transferor Company**”) with Capgemini Technology Services India Limited (“**Transferee Company**”) and their respective members (“**Scheme**”) is approved by the Board of Directors of the Transferee Company in the meeting held on 10<sup>th</sup> January, 2022. In accordance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Directors of the Transferee Company are required to adopt a report explaining the effect of Scheme on each class of shareholders, key managerial personnel (KMPs), promoter and non-promoter shareholders of the Transferee Company laying out in particular the share exchange ratio. The said report adopted by the Directors is required to be circulated along with notice convening meeting of the shareholders.
- 1.2 Having regard to the aforesaid provisions, this report is adopted by the Board in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.
- 1.3 The Draft Scheme of Amalgamation, duly initialed by the Company Secretary of the Transferee Company for the purpose of identification, was considered by the Board of Directors for the purpose of issue of this report.

**2. Effect of Scheme of Amalgamation on each class of Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders:**

The Transferor Company is a subsidiary of the Transferee Company which holds 98.25% of share capital of the Transferor Company. The remaining 1.75% of share capital of the Transferor Company is held by the public shareholders.

The Scheme has been proposed *inter alia* to consolidate and effectively manage the Transferor Company and the Transferee Company in a single entity, which will provide several benefits including synergy, economies of scale, improved efficiencies and cost competitiveness.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the undertaking of the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall, issue and allot equity share(s) to the shareholders of the Transferor Company (other than the Transferee Company), whose name appear in the register of members as on the record date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of the Transferee Company, in the ratio as arrived by the valuer i.e. SSPA & Co. on basis of a valuation report dated 10<sup>th</sup> January, 2022:



*1 equity share of Rs. 10 each, credited as fully paid up of the Transferee Company to be issued for every 17 equity shares of Rs. 10 each held by the shareholders (other than the Transferee Company itself) in the Transferor Company.*

The Transferee Company shall not be issued any new shares as a shareholder of the Transferor Company and therefore, upon issuance of shares of the Transferee Company to the other public shareholders of the Transferor Company, the shares of the Transferor Company held by the Transferee Company and other public shareholders of the Transferor Company both in electronic form and in the physical form, as on the Effective Date, shall be automatically cancelled without any further application, act, instrument or deed for cancellation thereof.

Due to issue of equity shares of the Transferee Company to the eligible shareholders of the Transferor Company, the promoter shareholding and non-promoter shareholding in the Transferee Company will be diluted to that effect.

The Scheme will have no effect on the KMP of the Company. Upon effectiveness of the Scheme, the KMPs of the Company will continue to be KMPs of the Company as before.

Thus, there will be no adverse effect of the said Scheme on the Equity Shareholders (the only class of shareholders), Key Managerial Personnel, Promoter and Non-Promoter Shareholders of the Transferee Company.

#### **CERTIFIED TRUE COPY**

#### **For Capgemini Technology Services India Limited**

Armin  
Behram  
Billimoria

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**Armin Billimoria**  
**Company Secretary**

**Capgemini Technology Services India Limited**  
***Standalone financial statements***  
***for the year ended 2021-22***

Balance Sheet as at 31 March 2022

(Currency: INR in million)

	Note	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	28,688	26,390
Right-of-use assets	4	7,112	8,246
Capital work-in-progress	5	253	110
Goodwill	6	165	-
Other Intangible assets	6	307	85
Financial assets			
Investments	7	43,566	43,557
Others	8	1,212	1,472
Deferred tax assets (net)	9	5,960	8,360
Income tax assets (net)	34	12,962	8,304
Other non-current assets	10	1,451	1,302
<b>Total non-current assets</b>		<b>1,01,676</b>	<b>97,826</b>
<b>Current Assets</b>			
Financial Assets			
Investments	11	44,738	37,746
Trade receivables	12	34,804	25,028
Cash and cash equivalents	13	4,452	7,608
Bank balances other than cash and cash equivalents*	14	-	1
Others	15	7,511	1,730
Other current assets	16	7,033	4,724
<b>Total current assets</b>		<b>98,538</b>	<b>76,837</b>
<b>TOTAL ASSETS</b>		<b>2,00,214</b>	<b>1,74,663</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	591	591
Other equity	18	1,60,807	1,42,244
<b>Total equity</b>		<b>1,61,398</b>	<b>1,42,835</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	19	5,288	6,063
Others	20	-	68
Provisions	21	5,456	3,521
<b>Total non-current liabilities</b>		<b>10,744</b>	<b>9,652</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade and other payables	22		
-Due to micro and small enterprises		342	12
-Due to other than micro and small enterprises		6,686	4,812
Lease liabilities	23	1,446	1,741
Others	24	4,535	3,254
Other current liabilities	25	5,003	3,808
Provisions	26	8,690	6,822
Income tax liabilities (net)	34	1,370	1,727
<b>Total current liabilities</b>		<b>28,072</b>	<b>22,176</b>
<b>Total liabilities</b>		<b>38,816</b>	<b>31,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,00,214</b>	<b>1,74,663</b>

Statement of Profit and Loss for the year ended 31 March 2022

		(Currency: INR in million)	
	Note	31 March 2022	31 March 2021
Revenue from operations	27	1,99,043	1,49,707
Other income	28	2,482	3,590
<b>Total income</b>		<b>2,01,525</b>	<b>1,53,297</b>
<b>Expenses</b>			
Employee benefit expense	29	1,44,837	1,06,988
Finance costs	30	583	718
Depreciation and amortisation expense	31	7,344	6,774
Other expenses	32	21,327	15,768
<b>Total expenses</b>		<b>1,74,091</b>	<b>1,30,248</b>
<b>Profit before tax</b>		<b>27,434</b>	<b>23,049</b>
<b>Tax Expense</b>	<b>34</b>		
Current tax		7,890	5,857
Deferred tax		(660)	2,403
<b>Profit for the year</b>		<b>20,204</b>	<b>14,789</b>
<b>Other comprehensive income / (loss)</b>	<b>33</b>		
<b>(i) Items that will not be reclassified subsequently to Statement of Profit and Loss</b>			
Remeasurements of post-employment benefit obligations (Net)		(2,154)	3,447
Income tax relating to above item		652	(862)
<b>(ii) Items that will be reclassified subsequently to Statement of Profit and Loss</b>			
The effective portion of gain / (loss) on hedging instruments accounted for as cash flow hedges		14	194
Income tax relating to above item		(4)	(67)
Exchange differences on translation of foreign operations		-	10
<b>Total other comprehensive income / (loss), net of tax</b>		<b>(1,492)</b>	<b>2,722</b>
<b>Total comprehensive income for the year</b>		<b>18,712</b>	<b>17,511</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per equity share (face value of Rs. 10 each)	39	341.64	250.07

## Statement of cash flows for the year ended 31 March 2022

(Currency: INR in million)

	31 March 2022	31 March 2021
<b>A. Cash flows from operating activities</b>		
Profit before tax	27,434	23,049
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	7,344	6,774
Income on mutual funds	(1,809)	(2,687)
Profit on sale of non - current investments	(65)	(4)
Provisions no longer required written back	(15)	(12)
Provision for doubtful trade receivables written (back) / off	(215)	(242)
Bad trade receivables written off	179	319
Other provision	-	166
Provision for doubtful security deposits	(15)	60
Profit on sale / disposal of assets (net)	(177)	(166)
Interest on deposits with banks	(99)	(556)
Other interest (including interest on income tax and service tax refunds)	(18)	(10)
Interest on income tax	72	78
Interest on lease obligations	509	637
Interest under MSMED Act, 2006	2	3
Employee stock compensation expense	1,337	1,172
Unrealised foreign currency (gain)/loss (net)	(31)	160
<b>Operating profit before working capital changes</b>	<b>34,433</b>	<b>28,741</b>
<b>Changes in working capital</b>		
Increase / (decrease) in trade and other payables	2,182	(980)
Increase / (decrease) in other current financial liabilities	1,044	(2)
Increase in other current liabilities	1,387	576
Increase in current provisions	1,865	1,107
(Decrease) in non-current provisions	(245)	(1,282)
(Increase) in trade receivables	(9,689)	(1,836)
Decrease in non-current assets	74	152
(Increase) / decrease in other current assets	(2,500)	3,619
(Increase) in other financial assets	(5,528)	(249)
<b>Cash generated from operations</b>	<b>23,023</b>	<b>29,846</b>
Taxes paid, net	(9,266)	(5,263)
<b>Net cash generated from operating activities</b>	<b>13,757</b>	<b>24,583</b>
<b>B. Cash flows from investing activities</b>		
Purchase of tangible and intangible assets	(8,101)	(3,764)
Proceed from sale of tangible and intangible assets	169	110
Purchase of non-current investments	(681)	(43,490)
Proceed from sale of non-current investments	182	8
Purchase of current investments	(1,84,807)	(1,78,946)
Proceed from sale of current investments	1,79,631	1,97,479
Proceeds from margin money deposits	-	1
Loan repaid by related party	-	161
Interest received on fixed deposits	184	751
<b>Net cash used in investing activities</b>	<b>(13,423)</b>	<b>(27,690)</b>
<b>C. Cash flows from financing activities</b>		
Interest on lease obligations	(509)	(637)
Payment towards share based payment liability	(1,487)	(944)
Payment of lease liabilities	(1,608)	(1,744)
<b>Net cash used in financing activities</b>	<b>(3,604)</b>	<b>(3,325)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(3,270)</b>	<b>(6,432)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalent	39	(20)
Add: Addition on account of merger (refer note 35)	75	1,383
Cash and Cash equivalents at the beginning of the year	7,608	12,677
<b>Cash and Cash equivalents at the end of the year</b>	<b>4,452</b>	<b>7,608</b>

## Statement of cash flows for the year ended 31 March 2022

(Currency: INR in million)

Notes:

## 1) Reconciliation of cash and cash equivalents:

*Cash and cash equivalents comprise of:*

Current accounts

EEFC accounts

Deposit accounts

**Cash and Cash equivalents at the end of the year**

	<b>31 March 2022</b>	31 March 2021
	<b>920</b>	580
	<b>662</b>	1,766
	<b>2,870</b>	5,262
	<b>4,452</b>	7,608

2) Purchase of tangible and intangible include payments for items in capital work in progress, capital creditors and advance for purchase of such tangible and intangible assets.

3) For non-cash investing activity, refer additions to right-of-use assets in note 4.

4) Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.



**Capgemini Technology Services India Limited**  
**Statement of changes in Equity (SOCIE) for the year ended 31 March 2022**

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(Currency: INR in million)

**(a) Equity share capital**

Equity share capital balance at the beginning  
 Movement during the year  
 Equity share capital balance at the end

	31 March 2022	31 March 2021
	591	591
	-	-
	591	591

**(b) Other equity**

	Attributable to the equity holders of the Company											
	Reserves and surplus								Items of Other comprehensive income			Total other equity
	Capital reserve	Building revaluation reserve	Securities premium	Capital redemption reserve	General reserve	Share based payment reserve	Special Economic Zone re-investment reserve	Retained earnings	Effective portion of cash flow hedge	Exchange differences on translation of foreign operations	Remeasurements of post-employment benefit obligations	
Balance as at 31 March 2020	5	1	872	336	1,570	730	296	1,24,829	(127)	(10)	(3,371)	1,25,131
Addition on account of merger of Liquidhub Analytics Limited (LHA) and Liquidhub India Limited (LHI) (refer note 35)	-	-	41	-	15	-	-	2,114	-	-	-	2,170
Capital reserve recognised on merger of LHA and LHI (refer note 35)	-	-	-	-	-	-	-	(4,077)	-	-	-	(4,077)
Employee stock compensation expense for the year (refer note 44)	-	-	-	-	-	1,172	-	-	-	-	-	1,172
ESOP previously classified as liability awards now classified as equity awards (refer note 44 )	-	-	-	-	-	1,281	-	-	-	-	-	1,281
Recharge of share based payment from ultimate parent company	-	-	-	-	-	(514)	-	(430)	-	-	-	(944)
Utilisation from Special Economic Zone re-investment reserve	-	-	-	-	-	-	(113)	113	-	-	-	-
Transferred to Special Economic Zone Re-investment Reserve (during previous year it includes an amount of Rs. 130 for the year 2019-20)	-	-	-	-	-	-	480	(480)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	14,789	-	-	-	14,789
Other comprehensive income for the year	-	-	-	-	-	-	-	-	127	10	2,585	2,722
Total comprehensive income for the year	-	-	-	-	-	-	-	14,789	127	10	2,585	17,511
Balance at 31 March 2021	5	1	913	336	1,585	2,669	663	1,36,858	-	-	(786)	1,42,244

**Capgemini Technology Services India Limited**  
**Statement of changes in Equity (SOCIE) for the year ended 31 March 2022**

(Currency: INR in million)

	Attributable to the equity holders of the Company										Total Other equity	
	Reserves and surplus							Items of Other comprehensive income				
	Capital reserve	Building revaluation reserve	Securities premium	Capital redemption reserve	General reserve	Share based payment reserve	Special Economic Zone reinvestment reserve	Retained Earnings	Effective portion of cash flow on hedges	Exchange differences on translation of foreign operations		Remeasurements of post-employment benefit obligations
Balance as at 31 March 2021	5	1	913	336	1,585	2,669	663	1,36,858	-	-	(786)	1,42,244
Employee stock compensation expense for the year (refer note 44)	-	-	-	-	-	1,337	-	-	-	-	-	1,337
Recharge of employee stock compensation expense from the ultimate parent company	-	-	-	-	-	(556)	-	(931)	-	-	-	(1,487)
Transferred to Special Economic Zone Re-investment Reserve	-	-	-	-	-	-	664	(664)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	20,204	-	-	-	20,204
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10	-	(1,502)	(1,492)
Balance at 31 March 2022	5	1	913	336	1,585	3,450	1,327	1,55,467	10	-	(2,288)	1,60,806

Notes to the financial statements as at 31 March 2022

## 1 Corporate overview

Capgemini Technology Services India Limited ("the Company" or "CTSIL") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is primarily engaged in providing Information Technology ("IT") and IT-enabled operations, offshore outsourcing solutions and BPO (business process outsourcing) services to large and medium-sized organizations using an offshore/onsite model. The Company has its subsidiaries in India, Singapore, United States of America and United Kingdom. IT services and IT-enabled operations offshore outsourcing solutions are delivered using the offshore centres located in Bangalore, Bhubaneswar, Hyderabad, Chennai, Noida, Mumbai, Pune, Gurugram, Kolkata, Trichy, Salem and Gandhinagar in India.

## 2 Significant Accounting Policies

### 2.1 Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act") and other relevant provisions of the Act read with the Companies (Indian Accounting Standards) Rules as amended from time to time. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for 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 Scheme of Amalgamation of Solcen Technologies Private Limited (STPL) with the Company was approved by the National Company Law Tribunal, Mumbai (NCLT) on 11 March 2022 with effect from 1 April 2021 (appointed date). These financial statements include the impact of the aforementioned Scheme of Amalgamation as further explained in note 35.

During the previous year, the Scheme of Amalgamation of IGATE Infrastructure Management Services Limited (IIMSL) with the Company was approved by the National Company Law Tribunal, Mumbai (NCLT) on 8 June 2021 with effect from 1 April 2017 (appointed date). These financial statements include the impact of the aforementioned Scheme of Amalgamation as further explained in note 35.

Further, the Scheme of Amalgamation of LiquidHub India Private Limited (LHI) and Liquidhub Analytics Private Limited (LHA) with the Company was approved by the National Company Law Tribunal, Mumbai (NCLT) on 24 June 2021 with effect from 1 April 2020 (appointed date). These financial statements include the impact of the aforementioned Scheme of Amalgamation as further explained in note 35.

New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions - amendments to Ind AS 116
- Interest Rate Benchmark Reform - amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New amendments issued but not effective to the Company

The Ministry of Corporate Affairs has 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.

### 2.2 Functional currency and presentation currency

These financial statements are prepared in Indian Rupees (INR) which is also the Company's functional currency. All amounts included in the financial statements are reported in millions of Indian rupees (INR in million) except share and per share data, unless otherwise stated.

### 2.3 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. 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.

### 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.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.3 Use of estimates (continued)

#### Taxes

The Company provides for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions if required as a result of differing interpretation or due to retrospective amendments, if any. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized. MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and is included in deferred tax assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to absorb such credit during the specified period.

#### Business combination

In accounting for business combinations, judgement 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 (including useful life estimates), liabilities acquired and contingent consideration assumed involves management judgement. 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 judgements, estimates, and assumptions can materially affect the results of operations.

#### Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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.

#### 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, 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.

#### Useful life of property, plant and equipment

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

#### Impairment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any indication exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Also, Goodwill is tested for impairment on an annual basis and accordingly, the recoverable amount is estimated on an annual basis.

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 group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups 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.

#### Provisions and contingent liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The Company uses significant judgement to disclose contingent liabilities.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.3 Use of estimates (continued)

#### Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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.

### 2.4 Business combinations

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Company accounts for these business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the

- consideration transferred,
  - amount of any non-controlling interest in the acquired entity, and
  - acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill.

The goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration does not meet the definition of a financial instrument it is classified as equity and is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination of the amount to be included in consideration transferred is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit and Loss or OCI, as appropriate.

#### 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 standalone 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.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.5 Current–non-current classification

All assets and liabilities are classified into current and non-current.

#### Assets

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

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

Current assets include the current portion of non-current financial assets. Deferred tax assets are classified as non-current asset.

All other assets are classified as non-current.

#### Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities. Deferred tax liabilities are classified as non-current liabilities.

All other liabilities are classified as non-current.

#### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents, generally twelve months is considered as operating cycle.

### 2.6 Property, plant and equipment

Freehold land is carried at historical cost. All other Property, plant and equipment are stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and other non-refundable taxes or levies and directly attributable costs of bringing the asset to its working condition for the intended use and estimated costs of dismantling the assets at the site at which it is located. Trade discounts and rebates, if any, are deducted while computing the cost.

#### Transition to Ind AS:

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

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

### 2.7 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.

Notes to the financial statements as at 31 March 2022 (continued)

**2 Significant Accounting Policies (continued)****2.8 Depreciation on property, plant and equipment**

The Company has provided for depreciation using straight line method over the useful life of the assets as estimated by management. Pursuant to a change in business strategy and macro-economic conditions, the Company had revised its estimate of useful life for property, plant and equipment with effect from 1 January 2016 other than assets acquired by the Company pursuant to amalgamation. The revised useful lives are applicable for assets capitalised on or after 1 January 2016.

<b>Gross block</b>	<b>Assets capitalised on or before 31 December 2015</b>	<b>Assets capitalised post 1 January 2016</b>
Leasehold Land	Over the lease period	Over the lease period
Buildings*	25-40 years	30 years
Leasehold Improvements	Lower of lease period or primary lease period	Lower of lease period or 6 years
Computers*	3 years	3-5 years
Furniture and fixtures*	5 years	7 years
Office equipment*	5 years	5-15 years
Vehicles*	4-5 years	5 years

Assets acquired by the Company pursuant to amalgamation of Capgemini India Private Limited have useful lives as below:

<b>Gross block</b>	<b>Useful life</b>
Leasehold Land	Over the lease period
Buildings*	30 years
Leasehold Improvements	Lower of lease period or 6 years
Computers*	3-5 years
Furniture and fixtures*	7 years
Office equipment*	7 years
Vehicles*	5 years

\* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation is charged on a proportionate basis from or up to the date the assets are purchased or sold during the year.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'. Property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Losses arising from retirement or gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

**2.9 Intangible assets****Goodwill**

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

**Acquired intangible assets**

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

<b>Gross block</b>	<b>Useful life</b>
Computer software	lower of license period or 3 - 5 years
Customer relationships	5 years
Non-compete	3 years

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.10 Leases

In accordance with Ind AS 116, at the inception of a contract, the Company assesses whether the contract is or contains a lease. The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration.

The Company recognises lease liability at the present value of the future lease payments for non-cancellable period of a lease which is not short term in nature, except for lease of low value items.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The future lease payments for non-cancellable period is discounted using the Company's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Company also recognises a right-of-use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated costs to dismantle or remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payment, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to carrying amount of the right-of-use asset, or is recorded in the Statement of Profit and Loss if the carrying value of the right-of-use asset has been reduced to zero.

Right-of-use assets is amortised over the lease term. Subsequently, right-of-use assets are measured at their inception value less amortisation and impairment if any.

The Company presents right-of-use assets under 'Right-of-use assets' and lease liabilities in 'Financial liabilities' in the Balance sheet.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 2.11 Investments

The Company has accounted the investment in subsidiary at cost.

### 2.12 Revenue recognition

The Company primarily derives revenue from rendering IT, IT related services and business process outsourcing services.

Revenue is recognised upon transfer of control of promised products or services to customers at an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. The method for recognizing revenue depends on the nature of the services rendered:

#### (i) Time and material contracts

Revenue from time and material contracts is recognized over the time as the related services are rendered. Revenue from these contracts are measured based on the number of hours spent on the contract and contracted rate.

#### (ii) Fixed price contracts

Revenue from fixed-price development contracts is recognized using the percentage of completion method, under which the contract performance is determined by relating the actual costs incurred to date to the estimated total costs for each contract. The cost incurred (or input) method is used to measure progress as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion, revenue is recognized only to the extent contract costs incurred, for which recoverability is probable. The related costs on deliverable-based contracts are expensed as incurred.



Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.12 Revenue recognition (continued)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Company earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed. The difference between cumulative billings and cumulative revenue recognised is reflected in the balance sheet as contract assets or contract liabilities.

#### (iii) Fixed price maintenance contracts

Revenue on services-based contracts is recognised based on time elapsed mode and revenue is straight lined over the period of performance. Recurring services are considered to be one single performance obligation, comprised of a series of distinct daily units of service satisfied over time.

#### (iv) Others

- As part of its operational activities, the Company may be required to resell hardware, software and services purchased from third-party suppliers to its customers. The Company acts as a "principal" when it obtains control of the hardware, software or services before transferring them to the customer. In such case, the transaction is presented on a gross basis in the Statement of Profit and Loss. If the Company acts as an "agent", the transaction is presented on a net basis in the Statement of Profit and Loss. For example, transactions are recorded on a net basis when the Company does not have the primary responsibility for the fulfilment of the contract and does not bear inventory and customer acceptance risk.

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

- Revenue on multi-deliverable contracts is recognised applying the appropriate method as specified above, depending on the performance obligations identified. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

- The Company does not expect to have any contracts where the period between the transfer of the promised services or goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

#### **Costs to obtain and fulfill contracts:**

Sales commission incurred to obtain multi-year service contracts are capitalized and amortized over the contract period. Commissions are not capitalized if the amortisation period is one year or less.

Costs incurred prior to the signature of an enforceable contract are capitalized only if they are directly attributable to the design or set-up phase of a specifically identified contract, if the signature of the contract is probable, and if the costs are expected to be recoverable from the contract.

Other costs incurred to fulfill a contract are expensed as incurred, with the exception of certain initial set-up costs, such as transition and transformation costs.

Reimbursements received from customers are recognised as revenue.

A provision for onerous contracts is recorded if the unavoidable costs of fulfilling the contract exceed the related benefits.

#### **Contract Assets and Liabilities**

Contract assets are presented separately from financial assets. Contract assets reflect revenue recognized for which the corresponding rights to receive consideration are contingent upon something else other than the passage of time, such as the Company's future performance, achievement of billing milestones, or customer acceptance. Accordingly, contract assets (unbilled revenue) is disclosed under other current assets. When customer contract assets are no longer contingent, except for the passage of time, they convert into financial assets.

Contract liabilities represent consideration received or receivable in advance of performance or billing in excess of revenue. Contract assets and liabilities are presented on a net basis for each individual contract.

The billing schedules agreed with customers include periodic performance-based payments and / or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.12 Revenue recognition (continued)

#### (v) Judgements in revenue recognition

- The Company's contracts with customers may include promises to transfer multiple products and services to a customer. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- When multiple Performance Obligations are identified within a single contract, the Company allocates the total contract price to the Performance Obligations based on their relative Standalone Selling Price ("SSP"). In the absence of directly observable prices for similar services sold separately to similar customers, SSPs are estimated, based on expected costs plus a margin rate commensurate with the nature and risk of the service. Further, the Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

- Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

#### (vi) Recognition of dividend income, interest income or expense

Dividend income is recognized in the Statement of Profit and Loss on the date on which the Company's right to receive payment is established. Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied on time proportion basis to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 2.13 Government grant

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established and there is no uncertainty in receiving the same.

### 2.14 Foreign currency transactions and balances

#### 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.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.14 Foreign currency transactions and balances (continued)

#### **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.

#### **Translation of foreign operations**

The assets and liabilities of foreign operations (branches) are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. All resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to the Statement of Profit and Loss as part of the gain or loss on disposal.

### 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. The liability is determined based on actuarial valuation.

##### **(b) Defined contribution plan - Provident fund**

In respect of employees covered in 2.15 (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 other employees of the Company, monthly provident fund contributions are remitted to the Regional Provident Fund Commissioner, a Government authority for the entire year. The Company has no further obligation to contribute other than the monthly contributions and, therefore, the plan is accounted as defined contribution plan.

##### **(c) Defined benefit plan - Gratuity**

The Company's gratuity benefit scheme is a defined benefit plan. The liability or asset recognised in the balance sheet in respect of this plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the obligation under such benefit plan is determined based on an actuarial valuation using the Projected Unit Credit Method.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.15 Employee benefits (continued)

The discount rates used for determining the present value are based on the market yields on Government securities as at the balance sheet date. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. All other expenses related to defined benefit plan is recognised in employee benefit 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 provides for superannuation scheme which is applicable to certain eligible employees. The plan provides lump sum payment based on a vesting period. The Company's liability is actuarially determined using Projected Unit Cost method at the end of each year. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur.

#### (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 recognizes 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. 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 Employee stock compensation

#### Performance and employment linked share plan

Capgemini SE, the ultimate parent company has 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.

Till the year ended 31 March 2020, the Company recognised such compensation costs based on liability method. For this purpose, these employees stock-based awards' were valued at fair value as at closing date. Such stock-based awards' compensation expenses were 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 Other current / Non-current financial liabilities.

However, during the previous year ended 31 March 2021, 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.

#### 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 ultimate parent company and has no impact on the Company's share capital. Accordingly, expenses relating to these employee share ownership plans 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.

### 2.17 Income taxes

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

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.17 Income taxes (continued)

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

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.

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

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

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

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

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

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

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

### 2.18 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.

### 2.19 Provisions

A provision is recognized when the Company has a present obligation as a result of 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

#### *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.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.20 Contingent liabilities

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

### 2.21 Cash flows

Cash flows are reported using the indirect method, whereby net profits 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 regular revenue generating, investing and financing activities of the Company are segregated.

### 2.22 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

##### Classification

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

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.22 Financial instruments (continued)

#### **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.

#### (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.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.22 Financial instruments (continued)

#### (v) Derivative instruments and hedge accounting

The Company uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposure. The counter party for these contracts is generally a bank.

The use of foreign currency forward contracts 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.

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.



Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.23 Impairment

#### (i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default and past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

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

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

#### Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet -

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to the Statement of Profit and Loss and is recognised in OCI.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Notes to the financial statements as at 31 March 2022 (continued)

## 2 Significant Accounting Policies (continued)

### 2.23 Impairment (continued)

#### (ii) Impairment of non-financial assets

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

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

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

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.24 Segment Information

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 2.25 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.26 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the financial statements as at 31 March 2022 (continued)

### 3 Property, plant and equipment

	Freehold land	Buildings (refer note b)	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
<b>Gross block</b>								
Balance as at 1 April 2020	269	19,682	13,173	12,472	8,192	3,476	109	57,373
Addition on account of merger of LHA and LHI	-	-	134	37	15	146	-	332
Additions	-	277	2,605	455	339	140	-	3,816
Disposals	-	(13)	(751)	(217)	(99)	(220)	(2)	(1,302)
At 31 March 2021	269	19,946	15,161	12,747	8,447	3,542	107	60,219
Addition on account of merger of Solcen	-	-	2	1	1	-	-	4
Additions	-	97	6,625	983	79	22	-	7,806
Disposals	-	(1)	(1,876)	(288)	(206)	(714)	(13)	(3,098)
<b>At 31 March 2022</b>	<b>269</b>	<b>20,042</b>	<b>19,912</b>	<b>13,443</b>	<b>8,321</b>	<b>2,850</b>	<b>94</b>	<b>64,931</b>
<b>Accumulated depreciation</b>								
Balance as at 1 April 2020	-	(3,928)	(10,245)	(8,585)	(5,105)	(2,363)	(104)	(30,330)
Addition on account of merger of LHA and LHI	-	-	(60)	(13)	(9)	(55)	-	(137)
Charge for the year	-	(616)	(2,103)	(1,023)	(526)	(361)	(2)	(4,631)
Disposals	-	8	748	201	94	216	2	1,269
At 31 March 2021	-	(4,536)	(11,660)	(9,420)	(5,546)	(2,563)	(104)	(33,829)
Addition on account of merger of Solcen	-	-	(1)	-	-	-	-	(1)
Charge for the year	-	(621)	(2,947)	(1,047)	(482)	(277)	-	(5,374)
Disposals	-	1	1,872	273	186	616	13	2,961
<b>At 31 March 2022</b>	<b>-</b>	<b>(5,156)</b>	<b>(12,736)</b>	<b>(10,194)</b>	<b>(5,842)</b>	<b>(2,224)</b>	<b>(91)</b>	<b>(36,243)</b>
<b>Net block</b>								
At 31 March 2021	269	15,410	3,501	3,327	2,901	979	3	26,390
<b>At 31 March 2022</b>	<b>269</b>	<b>14,886</b>	<b>7,176</b>	<b>3,249</b>	<b>2,479</b>	<b>626</b>	<b>3</b>	<b>28,688</b>

Notes to the financial statements as at 31 March 2022 (continued)

**3 Property, plant and equipment (continued)**

(a) The Company has not revalued its Property, plant & equipment during current and previous year.

(b) Title deeds of immovable properties not held in the name of the company

Description of item of property as at 31 March 2021 and 31 March 2022

Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since	Reason for not being held in the name of the company
Leasehold land	120	M/s Patni Computer Systems Ltd	No	10-Feb-09	Said land at Hyderabad - Kokapeth was acquired as part of merger of Capgemini India Pvt Ltd with IGATE Global Solutions Ltd (erstwhile Patni Computer Systems Ltd) and subsequently there was a name change from IGATE Global Solutions Ltd to Capgemini Technology Services India Limited
Leasehold land	2	M/s Data Cube Solutions Pvt Ltd	No	10-Apr-15	Said land at Bhubaneshwar was acquired as part of merger with Data Cube Solutions Pvt Ltd
Leasehold land	75	M/s Capgemini India Pvt Ltd	No	01-Jul-15	Said land at Pune was originally held in name of Capgemini India Pvt Ltd later said company merged with IGATE Global Solutions Ltd and subsequently there was a name change from IGATE Global Solutions Ltd to Capgemini Technology Services India Limited

# Capgemini Technology Services India Limited

(Currency: INR in million)

Notes to the financial statements as at 31 March 2022 (continued)

## 4 Right-of-use assets

Carrying value of right-of-use assets at the end of the reporting period by class

	Leasehold land (refer note 3(b))	Lease Building	Lease Computer Equipment	Lease Vehicles	Total
<b>Gross Block</b>					
Balance as at 1 April 2020	1,445	9,620	48	34	11,147
Addition on account of merger of LHA and LHI	-	368	-	-	368
Additions	-	1,544	-	-	1,544
Movement on account of lease modification	-	(298)	-	-	(298)
Disposals / termination	-	(1,149)	(17)	(7)	(1,173)
At 31 March 2021	1,445	10,085	31	27	11,588
Addition on account of merger of Solcen	-	55	-	-	55
Additions	-	1,251	-	109	1,360
Disposals / termination	-	(1,844)	(31)	(4)	(1,879)
<b>At 31 March 2022</b>	1,445	9,547	-	132	11,124
<b>Accumulated depreciation</b>					
Balance as at 1 April 2020	(17)	(1,856)	(30)	(18)	(1,921)
Addition on account of merger of LHA and LHI	-	(106)	-	-	(106)
Charge for the year	(17)	(1,974)	(14)	(10)	(2,015)
Disposals / termination	-	677	17	6	700
At 31 March 2021	(34)	(3,259)	(27)	(22)	(3,342)
Addition on account of merger of Solcen	-	(31)	-	-	(31)
Charge for the year	(17)	(1,801)	(4)	(11)	(1,833)
Disposals / termination	-	1,160	31	3	1,194
<b>At 31 March 2022</b>	(51)	(3,931)	-	(30)	(4,012)
<b>Net Block</b>					
At 31 March 2021	1,411	6,826	4	5	8,246
<b>At 31 March 2022</b>	1,394	5,616	-	102	7,112

## Amount recognised in Statement of Profit and Loss

Particulars	31 March 2022	31 March 2021
Gain on lease modifications	150	110
Amortisation of right-of-use assets	1,833	2,015
Interest on lease liabilities	509	637
Expenses relating to short-term lease	8	11

## Amounts recognised in the Statement of Cash Flows

Particulars		
Interest on lease obligations	(509)	(637)
Payment of lease liabilities	(1,616)	(1,744)

### Notes:

The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The weighted average incremental borrowing rate of 7.04% have been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Notes to the financial statements as at 31 March 2022 (continued)

**5 Capital work-in-progress**

Balance as at 1 April 2020	666
Additions	3,300
Capitalisation	(3,856)
At 31 March 2021	110
Additions	8,131
Capitalisation	(7,988)
<b>At 31 March 2022</b>	<b>253</b>

(a) Ageing of projects in progress and projects temporarily suspended:

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	253	-	-	-	253
Projects temporarily suspended	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>253</b>

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	110	-	-	-	110
Projects temporarily suspended	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110</b>

(b) There are no capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

Notes to the financial statements as at 31 March 2022 (continued)

**6 Other Intangible assets**

	Computer software	Customer Relationships*	Non-Compete*	Total other Intangible assets	Goodwill
<b>Gross block</b>					
Balance as at 1 April 2020	3,137	-	-	3,137	-
Addition on account of merger of LHA and LHI	9	-	-	9	-
Additions	57	-	-	57	-
At 31 March 2021	3,203	-	-	3,203	-
Addition on account of merger of Solcen	-	114	65	179	165
Additions	182	-	-	182	-
Disposals	(4)	-	-	(4)	-
<b>At 31 March 2022</b>	<b>3,381</b>	<b>114</b>	<b>65</b>	<b>3,560</b>	<b>165</b>
<b>Amortisation</b>					
Balance as at 1 April 2020	(2,985)	-	-	(2,985)	-
Addition on account of merger of LHA and LHI	(5)	-	-	(5)	-
Charge for the year	(128)	-	-	(128)	-
At 31 March 2021	(3,118)	-	-	(3,118)	-
Charge for the year	(74)	(32)	(31)	(137)	-
Disposals	2	-	-	2	-
<b>At 31 March 2022</b>	<b>(3,190)</b>	<b>(32)</b>	<b>(31)</b>	<b>(3,253)</b>	<b>-</b>
<b>Net block</b>					
At 31 March 2021	85	-	-	85	-
<b>At 31 March 2022</b>	<b>191</b>	<b>82</b>	<b>34</b>	<b>307</b>	<b>165</b>

\*Refer note 35(a)

**Capgemini Technology Services India Limited**

(Currency: INR in million)

Notes to the financial statements as at 31 March 2022 (continued)

**7 Investments**

	31 March 2022	31 March 2021
<b>Non-current</b>		
<b>Investment carried at cost</b>		
<b>Quoted debt instruments</b>		
<b>Investment in secured debentures</b>		
6.75% Piramal Capital & Housing Finance Limited	202	-
[207,330 (31 March 2021 - Nil) units of Rs. 975 each]		
<b>Unquoted debt instrument</b>		
<b>Investment in secured debentures</b>		
8.3% IL&FS Limited	50	-
[200,000 (31 March 2021 - Nil) units of Rs. 1,000 each]		
8.7% IL&FS Financial Services Limited	125	-
[500,000 (31 March 2021 - Nil) units of Rs. 1,000 each]		
8.85% Reliance Capital Limited	1	-
[2 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
9% IL&FS Limited	138	-
[551 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
9% IL&FS Limited	1	-
[4 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
9% Reliance Capital Limited	3	-
[10 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
9.05% IL&FS Limited	25	-
[100 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
<b>Investment in unsecured debentures</b>		
8.65% IL&FS Financial Services Limited *	-	-
[7,000 (31 March 2021 - Nil) units of Rs. 1,000 each]		
8.9% IL&FS Financial Services Limited *	-	-
[44,000 (31 March 2021 - Nil) units of Rs. 1,000 each]		
9.55% IL&FS Financial Services Limited *	-	-
[6,000 (31 March 2021 - Nil) units of Rs. 1,000 each]		
10.4% Reliance Capital Limited *	-	-
[3 (31 March 2021 - Nil) units of Rs. 1,000,000 each]		
<b>Unquoted equity instruments</b>		
<b>Investment in shares of bank</b>		
a) The Saraswat Co-operative Bank Limited *	-	-
1,530 (31 March 2021: 1,530) shares of Rs.10 each fully paid up		
b) The Kapol Co-operative Bank Limited*	-	-
10 (31 March 2021: 10) shares of Rs.10 each fully paid up		
<b>Investment in equity of subsidiaries</b>		
Annik Inc.	1	1
[25,000 (31 March 2021: 25,000) equity shares of USD 1 each fully paid-up]		
Annik UK Ltd.* (Refer note iii below)	-	-
[Nil (31 March 2021: 1,000) equity shares of GBP 1 each fully paid-up]		
Liquidhub Pte Ltd	2	2
[50,100 (31 March 2021 : 50,100) equity shares of SGD 1 each fully paid-up]		
Aricent Technologies (Holdings) Limited	43,018	43,018
[128,906,056 (31 March 2021: 128,906,056) equity shares of Rs. 10 each fully paid-up]		
Solcen Technologies Private Limited (Refer note 35 (a))	-	536
[Nil (31 March 2021: 10,000) equity shares of Rs. 10 each fully paid-up]		
	<b>43,566</b>	<b>43,557</b>

\* amount below rounding off norm



Notes to the financial statements as at 31 March 2022 (continued)

**7**

(i) The Company acquired 128,906,056 shares in Aricent Technologies (Holdings) Limited as per agreement dated 23 November 2020 at Rs. 333.72 per share.

(ii) The Company acquired 10,000 shares in Solcen Technologies Private Limited (STPL) as per agreement dated 21 October 2020 at Rs. 53,584.89 per share. STPL has been merged into the Company w.e.f. 1 April 2021 (Refer note 35(a))

(iii) During the year, the Company liquidated its investment in Annik UK Ltd.

<b>Total non-current investments</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Aggregate amount of quoted investments	202	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	43364	43,557
Aggregate amount of impairment in the value of investments	-	-

**8 Other financial assets**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Security deposits	1,212	1,472
<b>Unsecured, considered doubtful</b>		
Security deposits	65	55
Less: Provision for doubtful deposits	65	55
	<b>1,212</b>	<b>1,472</b>

**9 Deferred tax assets (net)**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Deferred tax liabilities</b>		
Cash flow hedges	4	-
Property, plant and equipment and intangible assets	26	-
	<b>30</b>	<b>-</b>
<b>Deferred tax assets</b>		
Property, plant and equipment and intangible assets	-	237
Provisions - employee benefits	3,590	2,837
Provision for doubtful trade receivables	85	172
Merger expenses	33	42
MAT credit carried forward	1,636	4,811
Others	646	261
	<b>5,990</b>	<b>8,360</b>
<b>Net deferred tax asset (refer note 34)</b>	<b>5,960</b>	<b>8,360</b>

**10 Other non-current assets**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Capital advances	277	55
Prepaid expenses	329	417
Prepayment of pension liability	25	23
Balances with statutory/government authorities (VAT/ Service tax credit receivable)	799	765
Deferred contract costs	21	42
	<b>1,451</b>	<b>1,302</b>

Notes to the financial statements as at 31 March 2022 (continued)

**11 Investments**

<b>Current Investment carried at Fair Value Through Profit and Loss Mutual Funds (unquoted)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Nil (31 March 2021 - 352,176) units in Axis Liquid fund direct plan growth	-	805
Nil (31 March 2021 - 199,961) units in Invesco Liquid Fund - Direct Plan Growth	-	565
Nil (31 March 2021 - 116,984) units in HDFC Liquid Fund Direct Plan Growth Option	-	473
Nil (31 March 2021 - 157,073) units in IDFC Cash Fund -Regular Plan-Growth Direct Plan	-	390
41,102,364 (31 March 2021 - 45,960,176) units in IDFC Low Duration Fund Growth - Direct Plan	<b>1,309</b>	1,409
4,173,920 (31 March 2021 - 4,174,107) units in ICICI Prudential Saving Fund- Direct Plan - Growth	<b>1,827</b>	1,752
1,586,372 (31 March 2021 - 982,937) units in ICICI Prudential Liquid - Growth Direct Plan	<b>500</b>	300
Nil (31 March 2021 - 1,795,545) units in Aditya Birla Sun Life Liquid Fund-Growth - Direct Plan (formerly Aditya Birla Sun Life Cash Plus - Growth Direct Plan)	-	595
Nil (31 March 2021 - 54,285) units in Tata Liquid Fund Direct Plan Growth	-	176
20,919,164 (31 March 2021 - 52,245,319) units in Kotak Savings Fund-Growth - Direct (formerly Kotak Treasury Advantage Direct Plan Growth)	<b>754</b>	1,812
299,373 (31 March 2021 - 262,488) units in HSBC Cash Fund Growth Direct Plan	<b>635</b>	538
17,381,382 (31 March 2021 - 17,381,382) units in HDFC Floating Rate Debt Fund - Short Term Plan Direct Plan Wholesale Option - Growth Option	<b>697</b>	666
788,938 (31 March 2021 - 212,634) units in Axis Treasury Advantage Fund - Direct Growth [ TA- DG ]	<b>2,043</b>	528
10,011,084 (31 March 2021 - 12,913,876) units in ICICI Prudential Money Market Fund - Direct Plan - Growth	<b>3,072</b>	3,813
Nil (31 March 2021 - 53,448) units in Kotak Liquid Direct Plan Growth	-	222
Nil (31 March 2021 - 4,639,352) units in Aditya Birla Sun Life Floating Rate Fund -	-	1,256
759,605 (31 March 2021 - 1,362,798) units in Kotak Money Market Fund - DP Growth	<b>2,750</b>	4,748
65,405,663 (31 March 2021 - 65,405,663) units in IDFC Corporate Bond Fund Direct Plan- Growth	<b>1,049</b>	999
205,226 (31 March 2021 - 214,176) units in SBI Magnum Ultra Short Duration Fund Direct Growth	<b>1,005</b>	1,011
263,992 (31 March 2021 - 263,992) units in Invesco India Treasury Advantage Fund - Direct Plan Growth	<b>838</b>	806
239,410,073 (31 March 2021 - 149,118,726) units in HDFC Ultra Short Term Fund Direct Growth	<b>2,972</b>	1,780
9,767,562 (31 March 2021 - 4,107,113) units in Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan (formerly known as Aditya Birla Sun Life Floating Rate Fund Short Term Plan)	<b>2,920</b>	1,179
Nil (31 March 2021 - 94,526) units in Nippon India Liquidity Fund Direct Plan Growth Plan Growth Option	-	476
Nil (31 March 2021 - 87,867) units in SBI Liquid Fund Direct Growth	-	283
167,585 (31 March 2021 - 167,585) units in DSP BlackRock Liquidity Fund- Direct Plan Growth	<b>510</b>	493
Nil (31 March 2021 - 7,121) units in Birla sun Life Cash Plus -Growth -Direct Plan	-	2
433,849 (31 March 2021 - 202,068) Units in Axis Banking and PSU debt Fund - Direct Growth [ TA- DG ]	<b>949</b>	424
1,992,865 (31 March 2021 - 817,535) Units in Axis Money Market Fund Direct Growth	<b>2,295</b>	905
5,254,844 (31 March 2021 - 3,132,477) Aditya Birla Sun Life Low Duration Fund Growth Direct	<b>3,039</b>	1,729
318,972 (31 March 2021 - 445,269) units in HDFC Money Market Fund Direct Plan Growth option	<b>1,485</b>	1,992
2,102,935 (31 March 2021 - 1,309,847) Units In Icici Prudential Over Night Fund - Direct Plan -Growth	<b>241</b>	145
21,758,997 (31 March 2021 - 21,758,997) units in IDFC Banking and PSU debt Fund - Direct Plan Growth	<b>444</b>	425
36,480,604 (31 March 2021 - 17,908,678) units in IDFC-Money Manager Fund- Growth Direct Plan	<b>1,274</b>	603
Nil (31 March 2021 - 69,970) units in IDFC CASH FUND GROWTH PLAN [ DIRECT PLAN]	-	174
Nil (31 March 2021 - 120,434) units in INVESCO INDIA CORPORATE BOND FUND - DIRECT PLAN GROWTH	-	315
979,156 (31 March 2021 - 1,110,742) units in Nippon India money market Fund Direct plan growth plan growth Option	<b>3,281</b>	3,577
774,162 (31 March 2021 - 103,564) units in Tata money market Fund Direct plan Growth	<b>2,961</b>	380
54,164,374 (31 March 2021 - Nil ) units in SBI Savings Fund Direct Plan Growth	<b>1,926</b>	-
174,678 (31 March 2021 - Nil ) units in Kotak Low Duration Fund Direct Growth	<b>507</b>	-
2,652,732 (31 March 2021 - Nil ) units in Aditya Birla Sun Life Savings Fund-Growth - Direct Plan	<b>1,181</b>	-
638,339 (31 March 2021 - Nil ) units in Nippon India Low Duration Fund - Direct Growth Plan	<b>2,023</b>	-
20,222,908 (31 March 2021 - Nil ) units in IDFC Ultra Short Term Fund - Direct Plan - Growth	<b>251</b>	-
	<b>44,738</b>	<b>37,746</b>

Notes to the financial statements as at 31 March 2022 (continued)

**11 Investments (continued)**

**Total current investments**

	<b>31 March 2022</b>	31 March 2021
Aggregate amount of quoted investments	44,738	37,746
Aggregate market value of quoted investments	44,738	37,746
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

Notes to the financial statements as at 31 March 2022 (continued)

**12 Trade receivables (unsecured)**

	31 March 2022	31 March 2021
Trade receivables	35,018	25,300
Less: allowance for doubtful receivables	214	272
<b>Considered good</b>	<b>34,804</b>	<b>25,028</b>
Trade receivables	40	203
Less: allowance for doubtful receivables	40	203
<b>Credit impaired</b>	<b>-</b>	<b>-</b>
	<b>34,804</b>	<b>25,028</b>
<b>Trade receivables includes:</b>		
Dues from related parties (refer note 38)	30,220	22,091
Dues from other than related parties	4,584	2,937
	<b>34,804</b>	<b>25,028</b>

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**

Particulars	Outstanding as on 31 March 2022 from the due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	33,872	1,023	27	-	-	3	34,925
Disputed Trade receivables – considered good	-	-	-	-	-	93	93
Disputed Trade Receivables – credit impaired	-	-	-	-	-	40	40
	<b>33,872</b>	<b>1,023</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>35,058</b>
Less: Impairment provision							254
	<b>33,872</b>	<b>1,023</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>34,804</b>

Particulars	Outstanding as on 31 March 2021 from the due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	7,307	17,723	120	-	-	57	25,207
Disputed Trade receivables – considered good	-	-	-	-	-	93	93
Disputed Trade Receivables – credit impaired	-	-	-	-	-	203	203
	<b>7,307</b>	<b>17,723</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>25,503</b>
Less: Impairment provision							475
	<b>7,307</b>	<b>17,723</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>25,028</b>

Notes to the financial statements as at 31 March 2022 (continued)

**13 Cash and cash equivalents**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Balance with banks:		
In current accounts	<b>920</b>	580
In EEFC accounts	<b>662</b>	1,766
In deposit accounts*	<b>2,870</b>	5,262
	<b>4,452</b>	7,608

\*The deposits maintained by the Company with banks and financial institutions comprise of time deposits including deposits with maturities more than three months, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

**14 Bank balances other than cash and cash equivalents**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Current</b>		
Balance with banks:	-	
Held as margin money with custom authorities *		1
* amount below rounding off norm		

Deposit accounts include restricted bank balances Rs. 0.3 (31 March 2021 Rs. 0.69) held as margin money deposit against guarantee and Rs.0.1 (31 March 2021 Rs. 0.1) held as margin money against Uttar Pradesh VAT.

**15 Other financial assets**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Derivative asset	<b>23</b>	3
Security deposits	<b>186</b>	249
Less: Provision for doubtful deposits	<b>12</b>	36
Advance to employees	<b>251</b>	45
Interest accrued on fixed deposit	<b>33</b>	117
Purchase consideration receivable	<b>22</b>	-
Unbilled revenue	<b>7,008</b>	1,352
	<b>7,511</b>	1,730

**16 Other current assets**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Prepaid expenses	<b>3,777</b>	2,208
Balances with Government authorities (GST credit receivable)	<b>212</b>	192
Unbilled revenues	<b>2,787</b>	1,831
Advance to vendors	<b>236</b>	472
Deferred contract cost	<b>21</b>	21
	<b>7,033</b>	4,724

Notes to the financial statements as at 31 March 2022 (continued)

**17 Equity share capital**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Authorised:</b>		
256,110,000 (31 March 2021 - 256,100,000 ) equity shares of Rs. 10 each (refer note (i) & (ii) below)	<b>2,561</b>	2561
50,000,000 (31 March 2021 - 50,000,000) equity shares of Re. 1 each (refer note (iii) below)	<b>50</b>	50
10,800,000 (31 March 2021 - 10,800,000) compulsorily convertible preference shares ('CCPS') of Rs. 10 each	<b>108</b>	108
14,000,000 (31 March 2021 - 14,000,000) 5% 10-year redeemable non-cumulative preference shares of Rs. 10 each	<b>140</b>	140
<b>Issued, subscribed and fully paid up:</b>		
59,139,500 (31 March 2021 - 59,139,500) equity shares of Rs. 10 each	<b>591</b>	591

**Notes:**

i) The authorised share capital of the Company was increased to 256,110,000 equity shares of Rs. 10 each from 256,100,000 equity shares of Rs. 10 each w.e.f. 01 April 2021 pursuant to approval of the Scheme of Amalgamation of Solcen Technologies Private Limited vide order of National Company Law Tribunal, Mumbai bench dated 13 March 2022.

ii) During the previous year, the authorised share capital of the Company was increased to 256,050,000 equity shares of Rs. 10 each from 250,050,000 equity shares of Rs. 10 each w.e.f. 01 April 2019 pursuant to approval of the Scheme of Amalgamation of IGATE Infrastructure Management Services Limited vide order of National Company Law Tribunal, Mumbai bench dated 8 June 2021.

There was further increase in the authorised share capital of the Company to 256,100,000 equity shares of Rs. 10 each from 256,050,000 equity shares of Rs. 10 each pursuant to approval of the Scheme of Amalgamation of Liquidhub India Private Limited vide order of National Company Law Tribunal, Mumbai bench dated 24 June 2021.

The authorised share capital of the Company had a new class of equity shares of 50,000,000 equity shares of Re. 1 each pursuant to approval of the Scheme of Amalgamation of Liquidhub Analytics Private Limited vide order of National Company Law Tribunal, Mumbai bench dated 24 June 2021.

**a. Reconciliation of shares outstanding at the beginning and at the end of the year:**

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
Balance as at the beginning of the year	<b>59,139,500</b>	<b>591</b>	59,139,500	591
Add: Issued during the year	-	-	-	-
Balance as at the end of the year	<b>59,139,500</b>	<b>591</b>	59,139,500	591

**b. Right, preferences and restrictions attached to equity shares**

The Company has only one class of issued, subscribed and fully paid-up equity shares having par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. The Company declares and pays dividends in Indian rupees. Any dividends proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

Notes to the financial statements as at 31 March 2022 (continued)

**17 Equity share capital (continued)****c. Shares held by parent / ultimate parent company and its subsidiary**

Out of total shares issued by the Company, shares held by the holding company, ultimate holding company and their subsidiaries are as below:

	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares of Rs. 10 each, fully paid-up, held by</b>				
Capgemini SE, ultimate parent company	20,750,621	208	20,750,621	208
Capgemini America Inc., subsidiary of Capgemini North America Inc.	25,487,362	255	25,487,362	255
Capgemini North America Inc., subsidiary of ultimate parent company	12,764,378	128	12,764,378	128
Balance as at the end of the year	59,002,361	591	59,002,361	591

**d. Details of shares held by shareholders holding more than 5% of aggregate shares in the Company**

	31 March 2022		31 March 2021	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
<b>Equity shares of Rs. 10 each, fully paid-up, held by</b>				
Capgemini SE, ultimate parent company	20,750,621	35.09%	20,750,621	35.09%
Capgemini America Inc., subsidiary of Capgemini North America Inc.	25,487,362	43.10%	25,487,362	43.10%
Capgemini North America Inc., subsidiary of ultimate parent company	12,764,378	21.58%	12,764,378	21.58%

**e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

There were no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

# Capgemini Technology Services India Limited

(Currency: INR in million)

Notes to the financial statements as at 31 March 2022 (continued)

## 18 Other equity

### Attributable to the equity holders of the Company

#### Reserves and surplus

##### Capital reserve

Opening balance

##### Building revaluation reserve

Opening balance

##### Securities premium

Opening balance

Addition on account of merger of LHA and LHI (refer note 35)

##### Capital redemption reserve

Opening balance

##### General reserve

Opening balance

Addition on account of merger of LHA and LHI (refer note 35)

##### Share based payment reserve

Opening balance

Employee stock compensation expense for the year (refer note 44)

Employee stock compensation expense previously classified as liability awards now classified as equity awards (refer note 44)

Recharge of employee stock compensation expense from the ultimate parent company

##### Special Economic Zone re-investment reserve

Opening balance

Utilisation from Special Economic Zone re-investment reserve

Transferred to Special Economic Zone re-investment reserve (during previous year it includes an amount of Rs. 130 for the year 2019-20)

##### Retained earnings

Opening balance

Addition on account of merger of LHA and LHI (refer note 35)

Capital reserve on merger of LHA and LHI (refer note 35)

Recharge of employee stock compensation expense from the ultimate parent company

Utilisation from Special Economic Zone re-investment reserve

Transferred to Special Economic Zone re-investment reserve (during previous year it includes an amount of Rs. 130 for the year 2019-20)

Profit for the year

#### Total reserves and surplus

#### Items of other comprehensive income

##### Effective portion of cash flow hedges

Opening balance

Other comprehensive income for the year

##### Exchange differences on translation of foreign operations

Opening balance

Other comprehensive income for the year

##### Remeasurements of post-employment benefit obligations

Opening balance

Other comprehensive income for the year

#### Total of items of other comprehensive income

#### Total of other equity

\* amount below rounding off norm

	31 March 2022	31 March 2021
	5	5
	5	5
	1	1
	1	1
	913	872
	-	41
	913	913
	336	336
	336	336
	1,585	1,570
	-	15
	1,585	1,585
	2,669	730
	1,337	1,172
	-	1,281
	(556)	(514)
	3,450	2,669
	663	296
	-	(113)
	664	480
	1,327	663
	1,36,858	1,24,829
	-	2,114
	-	(4,077)
	(931)	(430)
	-	113
	(664)	(480)
	20,204	14,789
	1,55,467	1,36,858
	1,63,084	1,43,030
	-	(127)
	10	127
	10	-*
	-	(10)
	-	10
	-	-
	(786)	(3,371)
	(1,502)	2,585
	(2,288)	(786)
	(2,278)	(786)
	1,60,806	1,42,244



Notes to the financial statements as at 31 March 2022 (continued)

## 18 Other equity (continued)

### Nature and purpose of reserves

#### 1 Capital Reserve

Capital reserve represents the profit/(loss) on merger of subsidiary companies. However, 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 Building revaluation reserve

Building revaluation reserve represents gains arising on the revaluation of land and building on 1 January 1995.

#### 3 Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

#### 4 Capital Redemption Reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilized in accordance with the provisions of Section 69 of the Companies Act, 2013.

#### 5 General Reserve

General reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

#### 6 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 44).

#### 7 Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income-tax Act, 1961. The reserve will be utilised by the Company for acquiring new plant and machinery for the purpose of its business in the terms of section 10AA(2) of the Income-tax Act, 1961.

#### 8 Retained earnings

Retained earnings is the amount of net income retained by the Company after it has paid out dividends to its shareholders.

#### 9 Effective portion of cash flow hedges

The cash flow hedge 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 hedged transaction occurs.

#### 10 Exchange differences on translation of foreign operations

This reserve represents the exchange differences arising from the translation of financial statements of foreign branches with functional currency other than Indian rupees to reporting currency.

#### 11 Remeasurements of post-employment benefit obligations

Remeasurements of post-employment benefit obligations comprises of actuarial gains and losses on calculation of defined benefit obligations and differences between the fair value of plan assets, return on plan assets and actual interest income on plan assets. These remeasurements are recognised in other comprehensive income and will not be reclassified to Statement of Profit and Loss.

Notes to the financial statements as at 31 March 2022 (continued)

**19 Lease liabilities**

**Non-current**

Lease Liabilities

31 March 2022	31 March 2021
5,288	6,063

**Break-up of current and non-current lease liabilities:**

**Particulars**

Current lease liabilities

Non-current lease liabilities

**Total**

1,446	1,741
5,288	6,063
6,734	7,804

**Movement in lease liabilities during the year ended:**

**Particulars**

Lease liabilities at the beginning of the year

Addition pursuant to merger of LHA and LHI

Addition pursuant to merger of Solcen

Addition

Disposal

Interest expense

Lease payments

**Lease liabilities at the end of the year**

7,804	8,578
-	308
23	-
1,360	1,245
(837)	(582)
509	637
(2,125)	(2,382)
6,734	7,804

**20 Other non-current financial liabilities**

Deferred purchase consideration

Bonus and incentives

31 March 2022	31 March 2021
-	64
-	4
-	68

**21 Provisions**

**Non-current**

Provision for employee benefits

Gratuity (refer note 36(a))

Other defined benefit obligation (refer note 36(c))

Other provisions (refer note (a) below)

31 March 2022	31 March 2021
4,894	2,468
-	491
562	562
5,456	3,521

**(a) Movement in other provisions**

Balance as at the beginning of the year

Additions

Balance as at the end of the year

562	396
-	166
562	562

Current

Non-Current

-	-
562	562
562	562

Other provisions as at balance sheet date is mainly account of certain service tax related matters on input services amounting to Rs. 396 (31 March 2021- Rs. 396). The provision is based on best estimate of the liability, as estimated by the Management and cash outflow if any, will depend on the ultimate outcome of the respective litigation.

Notes to the financial statements as at 31 March 2022 (continued)

**22 Trade and other payables**

	31 March 2022	31 March 2021
Due to micro and small enterprises (refer note 43)	342	12
Due to other than micro and small enterprises	6,686	4,812
	<b>7,028</b>	<b>4,824</b>
<b>Trade and other payables includes:</b>		
Due to related parties (refer note 38)	2,757	1,960
Other payables	4,271	2,864
	<b>7,028</b>	<b>4,824</b>

**Ageing of trade and other payables**

Particulars	Outstanding as on 31 March 2022 from due date of payment						Total
	Provision	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
MSME	-	126	213	3	-	-	342
Others	2,648	2,896	1,099	38	4	1	6,686
	<b>2,648</b>	<b>3,022</b>	<b>1,312</b>	<b>41</b>	<b>4</b>	<b>1</b>	<b>7,028</b>
Particulars	Outstanding as on 31 March 2021 from due date of payment						Total
	Provision	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
MSME	-	-	12	-	-	-	12
Others	2,461	1,602	742	2	-	5	4,812
	<b>2,461</b>	<b>1,602</b>	<b>754</b>	<b>2</b>	<b>-</b>	<b>5</b>	<b>4,824</b>

**23 Lease liabilities**

	31 March 2022	31 March 2021
<b>Current</b>		
Lease Liabilities	1,446	1,741

**24 Other financial liabilities**

	31 March 2022	31 March 2021
<b>Current</b>		
Capital creditors and other payables	490	238
Interest accrued under MSMED Act, 2006 (refer note 43)	33	42
Payable for retention money	124	107
Bonus and incentives	2,586	1,928
Employee salaries payable	765	591
Deferred purchase consideration	13	-
Other financial liabilities	524	348
	<b>4,535</b>	<b>3,254</b>

Notes to the financial statements as at 31 March 2022 (continued)

**25 Other current liabilities**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Unearned revenue	<b>573</b>	345
Statutory dues payable*	<b>4,430</b>	3,463
	<b>5,003</b>	3,808

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

\*Statutory dues payable comprises of -

Goods and Services Tax payable	<b>870</b>	561
Tax Deducted at Source payable	<b>2,876</b>	2,764
Provident Fund payable	<b>1,197</b>	453
Profession Tax payable	<b>27</b>	19
Employees State Insurance payable	<b>4</b>	5
	<b>4,974</b>	3,802

**26 Provisions**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Current</b>		
<b>Provision for employee benefits</b>		
Compensated absences (refer note 36(d))	<b>7,930</b>	5,899
Gratuity (refer note 36 (a))	<b>-</b>	9
Other defined benefit obligation (refer note 36(c))	<b>760</b>	914
	<b>8,690</b>	6,822

Notes to the financial statements as at 31 March 2022 (continued)

## 27 Revenue from operations

	31 March 2022	31 March 2021
Revenue from software operations	1,99,043	1,49,707

Revenue from software operations includes Rs. 2,952 (previous year Rs.3,288) towards out of pocket expenses reimbursed by the customers.

### Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by contract type and geography:

#### Revenue by contract type:

Time & material contracts	1,94,603	1,45,414
Fixed price contracts	1,179	977
Fixed price maintenance contracts	3,261	3,316
<b>Total</b>	<b>1,99,043</b>	<b>1,49,707</b>

#### Revenue by geography:

America	84,019	64,339
Europe	76,896	58,071
India	25,863	19,267
Rest of the world	12,265	8,030
<b>Total</b>	<b>1,99,043</b>	<b>1,49,707</b>

#### Reconciliation of revenue recognized with the contracted price is as follows:

Contracted price	1,99,474	1,49,922
Less: Discounts	431	215
<b>Revenue recognised</b>	<b>1,99,043</b>	<b>1,49,707</b>

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2022 is Rs 1,667 (31 March 2021: Rs 1,430). Out of this, the Company expects to recognize revenue of around 100% (31 March 2021: 99.9%) within the next one year and the remaining thereafter.

All other IT consulting contracts are for periods of one year or less or are billed based on time incurred. As permitted under Ind AS 115, the transaction price allocated to these unsatisfied contracts is not disclosed.

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 that are no longer contingent, except for the passage of time, are shown under financial assets.

	31 March 2022		31 March 2021	
	Contract assets / Unbilled revenue	Contract liabilities	Contract assets / Unbilled revenue	Contract liabilities
Opening balance	3,183	(345)	5,608	(250)
Revenue recognised during the year	9,795	345	3,183	250
Invoices raised during the year	(3,183)	(573)	(5,608)	(345)
Balances as at the end of the year	9,795	(573)	3,183	(345)

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).

Notes to the financial statements as at 31 March 2022 (continued)

**28 Other income**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest on deposits with banks	<b>99</b>	556
Other interest (including interest on income tax and service tax refunds)	<b>18</b>	10
Profit on sale of non-current investments (refer note below)	<b>65</b>	4
Income on mutual funds	<b>1,809</b>	2,687
Net gain on foreign currency transactions	<b>131</b>	-
Provisions no longer required written back	<b>15</b>	12
Profit on sale / disposal of assets (net)	<b>177</b>	166
Other miscellaneous income	<b>168</b>	155
	<b>2,482</b>	3,590

Note: During the year, the Company liquidated its investment in Annik UK Ltd. amounting to Rs. 6 and recognised profit of Rs. 5 and during previous year, liquidated its investment in Dalian Liquidhub Consulting Services Limited Company amounting to Rs. 8 and recognised profit of Rs. 4.

**29 Employee benefit expense**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Salaries, bonus and incentives	<b>1,30,908</b>	98,020
Contribution to provident and other funds (refer note 36(c))	<b>5,597</b>	4,424
Retirement benefits expense (refer note 36(a) & 36(b))	<b>1,572</b>	1,510
Compensated absences	<b>3,969</b>	1,273
Employee stock compensation expense (refer note 44)	<b>1,337</b>	1,172
Staff welfare expenses	<b>1,454</b>	589
	<b>1,44,837</b>	1,06,988

**30 Finance costs**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest on lease obligations	<b>509</b>	637
Interest under MSMED Act, 2006	<b>2</b>	3
Interest on Income Tax	<b>72</b>	78
	<b>583</b>	718

**31 Depreciation and amortisation expenses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Depreciation of property, plant and equipment (refer note 3)	<b>5,374</b>	4,631
Depreciation of right-of-use assets (refer note 4)	<b>1,833</b>	2,015
Amortisation of intangible assets (refer note 6)	<b>137</b>	128
	<b>7,344</b>	6,774

Notes to the financial statements as at 31 March 2022 (continued)

**32 Other Expenses**

	31 March 2022	31 March 2021
Sub-contracting expenses	5,122	2,448
Repairs and maintenance:		
- Buildings	724	823
- Computer and network maintenance	969	684
- Office maintenance	1,180	1,530
- Others	223	78
Rent	84	240
Rates and taxes (net)	358	45
Insurance	77	59
Power and fuel	576	584
Advertisement and sales promotion	156	75
Communication	1,247	828
Travelling and conveyance	1,234	1,594
Legal and professional fees	693	566
Bank charges	21	32
Auditors' remuneration (refer note 42)	31	31
Merger and reorganization expenses	72	32
Expenditure towards corporate social responsibility initiatives (refer note 45)	952	477
Software and hardware expenses	2,706	2,103
Bad trade receivables written off	179	319
Provision for doubtful trade receivables written (back) / off	(215)	(242)
Group management fee	1,072	983
Training and recruitment	3,289	1,555
Directors' sitting fees	2	1
Provision for doubtful security deposits	(15)	60
Net loss on foreign currency transactions	-	288
Miscellaneous expenses	590	575
	<b>21,327</b>	<b>15,768</b>

**33 Statement of other comprehensive income**

	31 March 2022	31 March 2021
<b>(i) Items that will not be reclassified subsequently to Statement of Profit and Loss</b>		
Remeasurements of post-employment benefit obligations (Net)	(2,154)	3,447
Income tax relating to above item	652	(862)
<b>(ii) Items that will be reclassified subsequently to Statement of Profit and Loss</b>		
The effective portion of gain / (loss) on hedging instruments accounted for as cash flow hedges	14	194
Income tax relating to above item	(4)	(67)
Exchange differences on translation of foreign operations	-	10
	<b>(1,492)</b>	<b>2,722</b>

Notes to the financial statements as at 31 March 2022 (continued)

**34 Tax expense****(a) Income tax expense recognised in Statement of Profit and Loss:**

	31 March 2022	31 March 2021
<b>1. Current income tax</b>		
Current tax on profits for the year	8,040	6,221
Adjustments for current tax of prior periods	(151)	(364)
	<b>7,890</b>	<b>5,857</b>
<b>2. Deferred income tax</b>		
Deferred tax charge	(1,036)	3,444
Adjustment of deferred tax for prior periods	379	(847)
MAT Credit in respect of prior periods	-	(194)
	<b>(660)</b>	<b>2,403</b>
<b>Tax expense for the year</b>	<b>7,229</b>	<b>8,260</b>

**(b) Income tax expense recognised in other comprehensive income:**

	31 March 2022		31 March 2021	
	Before tax	Tax (expense) / benefit	Before tax	Tax (expense) / benefit
<b>Items that will not be reclassified subsequently to Statement of Profit and Loss</b>				
Remeasurement on post-employment benefit obligations	(2,154)	655	(1,499)	3,447
				(862)
				2,585
<b>Items that will be reclassified subsequently to Statement of Profit and Loss</b>				
Effective portion of gains / (loss) on hedging instruments accounted for as cash flow hedges	14	(4)	10	194
Exchange differences on translation of foreign operations	-	-	-	10
				(67)
				127
	<b>(2,140)</b>	<b>651</b>	<b>(1,489)</b>	<b>3,652</b>
				(929)
				2,723

**(c) Reconciliation of effective tax rate**

	31 March 2022	31 March 2021
<b>Profit before tax</b>	<b>27,434</b>	<b>23,049</b>
Tax using the Company's domestic tax rate (Current year and Previous Year 34.944%)	<b>9,584</b>	<b>8,054</b>
<b>Tax effect of:</b>		
Tax effect due to income tax holidays	(2,895)	(2,247)
Expenses not deductible for tax purposes	298	130
Effect of change in tax rates	311	525
Reversal of DTA on account of change in tax laws	-	3,383
Income taxes relating to prior years	228	(1,405)
Others	(294)	(180)
<b>Total income tax expense</b>	<b>7,229</b>	<b>8,260</b>
<b>Effective Tax Rate (%)</b>	<b>26.39</b>	<b>35.84</b>

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 and profits and gains derived from business of developing a Special Economic Zone u/s 80-IAB. 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. In addition to this, the Company is also eligible to claim income tax holiday on profits and gains derived from business of developing a Special Economic Zone u/s 80-IAB. Profit derived from the business of developing a Special Economic Zone can be claimed as deduction equal to 100% of the profits and gains derived from such business for a period of ten consecutive assessment years. The Company is eligible to claim deductions with respect to the new workmen employed subject to the satisfaction of the conditions prescribed u/s 80JJAA of the Act. The total impact of tax holiday for SEZ and developer unit and claim of deduction u/s 80JJAA resulted in a tax benefit of Rs. 2,895 and Rs. 2,247 for current and previous year respectively. The tax holiday will begin to expire from FY 2023-24 through FY 2034-35.



Notes to the financial statements as at 31 March 2022 (continued)

**34 Tax expense**

The Special Economic Zone (SEZ) Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Section 10AA(1)(ii) of the Income-tax Act, 1961 (the Act). The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of Section 10AA(2) of the Income-tax Act, 1961. During the year, a net amount of Rs. 664 was transferred to SEZ Re-investment Reserve net of utilisation.

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 Rs. 311 (31 March 2021 Rs 525) through the Statement of Profit and Loss that are expected to reverse in the period subsequent to Company migrating to the new tax regime.

**(d) Income tax assets and liabilities:**

	<b>31 March 2022</b>	31 March 2021
Income tax assets (net)*	<b>12,962</b>	8,304
Income tax liabilities (net)	<b>1,370</b>	1,727

\* Includes deposits paid under dispute of Rs. 10,574 (31 March 2021: Rs. 6,818)

Notes to the financial statements as at 31 March 2022 (continued)

**34 Tax expense****(e) Movement in deferred tax balances**

	Net balance 1 April 2021	Recognised in Statement of Profit and Loss	Acquired in business combinations	Recognised in OCI	MAT Utilisation	Net balance 31 March 2022
<b>Deferred tax asset</b>						
Cash flow hedges	-	-	-	(4)	-	(4)
Property, plant and equipment and intangible assets	238	(264)	-	-	-	(26)
Provisions - employee benefits	2,839	632	6	655	(542)	3,590
Provision for doubtful trade receivables	172	(87)	-	-	-	85
Merger expenses	42	(9)	-	-	-	33
MAT Credit carried forward	4,809	-	-	-	(3,173)	1,636
Others	260	385	-	-	-	645
<b>Deferred tax asset (net)</b>	<b>8,360</b>	<b>657</b>	<b>6</b>	<b>651</b>	<b>(3,715)</b>	<b>5,959</b>

	Net balance 1 April 2020	Recognised in Statement of Profit and Loss	Acquired in business combinations	Recognised in OCI	MAT Utilisation	Net balance 31 March 2021
<b>Deferred tax asset</b>						
Cash flow hedges	67	-	-	(67)	-	-
Property, plant and equipment and intangible assets	3,708	(3,489)	19	-	-	238
Provisions - employee benefits	3,154	512	35	(862)	-	2,839
Provision for doubtful trade receivables	254	(85)	3	-	-	172
Merger expenses	43	(1)	-	-	-	42
MAT Credit carried forward	5,070	194	94	-	(549)	4,809
Others	(215)	466	9	-	-	260
<b>Deferred tax asset (net)</b>	<b>12,081</b>	<b>(2,403)</b>	<b>160</b>	<b>(929)</b>	<b>(549)</b>	<b>8,360</b>

Effective 1st April 2019 the company started utilising accumulated MAT credit and has utilized an amounts of Rs. 3,173 (net) (31 March 2021: Rs. 549)

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: Rs. Nil ) that are available for offsetting in the future years against future taxable profits.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Notes to the financial statements as at 31 March 2022 (continued)

### 35 Amalgamation of wholly owned subsidiaries

#### (a) Solcen Technologies Private Limited

The Board of Directors, at their meeting held on 26 May 2021, approved the Scheme of Amalgamation ('the Scheme') of Solcen Technologies Private Limited (STPL) ('transferor company'), wholly owned subsidiary of the Company, with the Company. The Company filed an application with the National Company Law Tribunal, Mumbai (NCLT) to merge STPL with the Company. NCLT approved the Scheme of Amalgamation on 11 March 2022 effective 1 April 2021 (appointed date).

In terms of the Scheme of Amalgamation, the whole of the undertaking of STPL as a going concern stands transferred to and vested in the Company with effect from the appointed date.

STPL was primarily engaged in providing software services and solutions for systems implementation, configuration, and maintenance and implementation services.

The said amalgamation was accounted for under the "acquisition method" as prescribed under provisions of Ind AS 103 'Business Combinations'.

Under "acquisition method", the cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

- the entire business and undertaking of STPL including all the assets and liabilities as a going concern were transferred to and vested in the Company pursuant to the Scheme.

- As per agreement dated 21 October 2020, CTSIL acquired 100 percent of the equity shares of Solcen Technologies Private Limited (Solcen), for a total consideration (which includes deferred consideration) of upto Rs.536 from Surya Software Systems Private Limited (SSSPL) and Chanel Limited. Out of the total purchase consideration, Rs.19 has been paid during current year and Rs.472 during the previous year. During the current year, balance purchase consideration amounting to Rs.31 payable to Chanel Limited was not approved by RBI, further it has also directed the Company to recover the excess consideration amount to Rs. 22 paid during the previous year. Consequently, there is a reduction in balance purchase consideration payable by Rs.31 and a recoverable balance has been recognised of Rs. 22 from Chanel Limited has been recognised under 'Current financial assets'. Balance purchase consideration of Rs 13 payable to SSSPL shown under 'Current financial liabilities' will be payable in financial year 2022-23.

**The purchase price has been allocated as follows based on the fair values of assets acquired and liabilities.**

#### Particulars

Property, plant and equipment	3
Right of use assets	24
Deferred tax assets (net)	7
Other non current financial assets	13
Trade receivables	46
Cash and cash equivalents	75
Investments	7
Other financial current assets *	-
Other current assets	21
	<b>196</b>
Lease liabilities	23
Provisions	26
Liabilities for current tax (net)*	-
Other current liabilities	8
Total liabilities acquired (B)	<b>57</b>
Net assets acquired (C = A-B)	<b>139</b>
Non-Compete	<b>65</b>
Customer Relationships	<b>114</b>
Goodwill arising on business combination	<b>165</b>
Total Purchase consideration	<b>483</b>

\*amount below rounding off norm

Notes to the financial statements as at 31 March 2022 (continued)

### 35 Amalgamation of wholly owned subsidiaries (continued)

#### (b) IGATE Infrastructure Management Services Limited (IIMSL)

The Board of Directors, at their meeting held on 18 July 2016, approved the Scheme of Amalgamation ('the Scheme') of IGATE Infrastructure Management Services Limited (IIMSL) ('transferor company'), wholly owned subsidiary of the Company, with the Company. The Company filed an application with the National Company Law Tribunal, Mumbai (NCLT) to merge IIMSL with the Company. NCLT approved the Scheme of Amalgamation on 8 June 2021 effective 1 April 2017 (appointed date).

In terms of the Scheme of Amalgamation, the whole of the undertaking of IIMSL as a going concern stands transferred to and vested in the Company with effect from the appointed date.

IIMSL was engaged in providing comprehensive range of IT support services including system integration, system maintenance and support services which are broadly categorized into Facility Management Services and Maintenance Services

The said amalgamation was accounted for under the "Pooling of Interest" method as prescribed under Appendix C of Ind AS 103 'Business Combinations' for amalgamation of companies under common control.

Under 'Pooling of Interest' method, the assets and liabilities of the combining entities are reflected at their carrying amount. No adjustments are made to reflect fair values or recognise any new assets or liabilities. Further the financial information in the financial statements of the Company in respect of prior period should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Company, irrespective of the actual date of combination. However, if business combination had occurred after that date, the prior period information should be restated only from that date.

- the entire business and undertaking of IIMSL including all the assets, liabilities and reserves as a going concern were transferred to and vested in the Company pursuant to the Scheme at their respective book values under the respective accounting heads of the Company from the beginning of the preceding period i.e. 1 April 2019.

- IIMSL was a wholly owned subsidiary of the Company and accordingly, no consideration was payable pursuant to the scheme of amalgamation. The equity shares held by the Company in the wholly owned subsidiary were cancelled and no shares were issued to effect the amalgamation.

- all inter-company balances and transactions were eliminated.

The amalgamation resulted in transfer of assets, liabilities and changes in reserves in accordance with the terms of the scheme at the values given below as at 1 April 2019-

Particulars	1 April 2019	31 March 2020	31 March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
- Others	1	1	1
Income tax assets (net)	106	106	104
<b>Current assets</b>			
<b>Financial assets</b>			
- Investments	6	3	3
- Cash and cash equivalents	1	2	2
Other current assets	2	3	-
<b>Total assets acquired on amalgamation (A)</b>	<b>116</b>	<b>115</b>	<b>110</b>
<b>Liabilities</b>			
<b>Current liability</b>			
<b>Financial liability</b>			
- Trade and other payables	8	7	7
- Other	104	113	121
Other current liability	-*	-	-
Income tax liability	28	28	28
<b>Total liabilities acquired on amalgamation (B)</b>	<b>140</b>	<b>148</b>	<b>156</b>
<b>Net liabilities assumed on amalgamation (C) = (A-B)</b>	<b>(24)</b>	<b>(33)</b>	<b>(46)</b>
<b>Reserves taken over under Pooling of interest method under Ind AS 103</b>			
Debit balance in retained earnings	53	53	62
<b>Total reserves on amalgamation (C)</b>	<b>53</b>	<b>53</b>	<b>62</b>
Investment in shares of transferor company	24		
Cancellation of Share capital of transferor company	(29)		
<b>Capital reserve accounted under pooling of interest method</b>	<b>(5)</b>		

\*amount below rounding off norm

The following is the effect taken in Statement of Profit and Loss on amalgamation of IIMSL with the Company.

Notes to the financial statements as at 31 March 2022 (continued)

**35 Amalgamation of wholly owned subsidiaries (continued)**

Particulars	31 March 2020	31 March 2021
<b>Revenue</b>		
Other Income*	-	-
<b>Expenses</b>		
Finance cost	8	8
Other expenses	1	3
<b>Profit before tax</b>	(9)	(11)
Income tax expense	-	2
<b>Profit after tax</b>	(9)	(13)

**(c) Liquidhub Analytics Private Limited (LHA)**

The Board of Directors, at their meeting held on 23 June 2020, approved the Scheme of Amalgamation ('the Scheme') of Liquidhub Analytics Private Limited (LHA) ('transferor company'), wholly owned subsidiary of the Company, with the Company. The Company filed an application with the National Company Law Tribunal, Mumbai (NCLT) to merge LHA with the Company. NCLT approved the Scheme of Amalgamation on 24 June 2021 effective 1 April 2020 (appointed date).

In terms of the Scheme of Amalgamation, the whole of the undertaking of LHA as a going concern stands transferred to and vested in the Company with effect from the appointed date.

LHA was primarily engaged in providing Information Technology ("IT") and IT-enabled operations offshore outsourcing solutions and BPO (Business Process Outsourcing) Service to large and medium-sized organizations using an offshore/onsite model.

The said amalgamation was accounted for under the "Pooling of Interest" method as prescribed under Appendix C of Ind AS 103 'Business Combinations' for amalgamation of companies under common control.

Under 'Pooling of Interest' method, the assets and liabilities of the combining entities are reflected at their carrying amount. No adjustments are made to reflect fair values or recognise any new assets or liabilities. Further the financial information in the financial statements of the Company in respect of prior period should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Company, irrespective of the actual date of combination. Further, if business combination had occurred after that date, the prior period information should be restated only from that date. However, since the appointed date of merger as per order is 1 April 2020, the Company has amalgamated LHA w.e.f 1 April 2020

- the entire business and undertaking of LHA including all the assets, liabilities and reserves as a going concern were transferred to and vested in the Company pursuant to the Scheme at their respective book values under the respective accounting heads of the Company from the appointed date i.e. 1 April 2020.

- LHA was a wholly owned subsidiary of the Company and accordingly, no consideration was payable pursuant to the scheme of amalgamation. The equity shares held by the Company in the wholly owned subsidiary were cancelled and no shares were issued to effect the amalgamation.

- all inter-company balances and transactions were eliminated.

Notes to the financial statements as at 31 March 2022 (continued)

**35 Amalgamation of wholly owned subsidiaries (continued)**

The amalgamation resulted in transfer of assets, liabilities and changes in reserves in accordance with the terms of the scheme at the values given below as at 1 April 2020-

Particulars	1 April 2020	31 March 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46	34
Right-of-use assets	150	119
Intangible assets	1	1
Financial assets		
- Investments	7	4
- Others	19	19
Deferred tax assets	50	56
Income tax assets (net)	43	71
Other non-current assets	43	40
<b>Current assets</b>		
<b>Financial assets</b>		
- Trade receivables	265	108
- Cash and cash equivalents	562	892
- Bank balances other than cash and cash equivalents*	-	-
- Others	165	1
Other current assets	97	37
<b>Total assets acquired on amalgamation (A)</b>	<b>1,448</b>	<b>1,382</b>
<b>Liabilities</b>		
<b>Non-current liability</b>		
<b>Financial liability</b>		
- Lease liabilities	157	124
- Others	3	-
Provisions	63	50
<b>Current liability</b>		
<b>Financial liability</b>		
- Trade and other payables	170	33
- Lease liabilities	27	33
- Other	75	48
Provisions	16	49
Other current liabilities	53	58
Income tax liabilities	5	-
<b>Total liabilities acquired on amalgamation (B)</b>	<b>569</b>	<b>395</b>
<b>Net assets assumed on amalgamation (C) = (A-B)</b>	<b>879</b>	<b>987</b>
	<b>1 April 2020</b>	<b>31 March 2021</b>
<b>Reserves taken over under Pooling of interest method under Ind AS 103</b>		
Securities premium	41	41
General reserve	15	15
Share based payment reserves	-*	11
Retained earnings	786	876
Other comprehensive income	-*	7
<b>Total reserves on amalgamation (C)</b>	<b>842</b>	<b>950</b>
Investment in shares of transferor company	2,299	
Cancellation of Share capital of transferor company	(37)	
<b>Capital reserve accounted under pooling of interest method</b>	<b>2,262</b>	

\*amount below rounding off norm

Notes to the financial statements as at 31 March 2022 (continued)

**35 Amalgamation of wholly owned subsidiaries (continued)**

The following is the effect taken in Statement of Profit and Loss on amalgamation of LHA with the Company.

Particulars	31 March 2021
<b>Revenue</b>	
Revenue from operations	1,182
Other Income	15
<b>Total income</b>	<b>1,197</b>
<b>Expenses</b>	
Employee benefit expense	725
Finance cost	15
Depreciation and amortisation	61
Other expenses	283
<b>Total expense</b>	<b>1,084</b>
<b>Profit before tax</b>	<b>113</b>
Income tax expense	23
<b>Profit for the year</b>	<b>90</b>
Other comprehensive income (net of tax)	7
<b>Total comprehensive income</b>	<b>97</b>

**(d) Liquidhub India Private Limited (LHI)**

The Board of Directors, at their meeting held on 23 June 2020, approved the Scheme of Amalgamation ('the Scheme') of Liquidhub India Private Limited (LHI) ('transferor company'), wholly owned subsidiary of the Company, with the Company. The Company filed an application with the National Company Law Tribunal, Mumbai (NCLT) to merge LHI with the Company. NCLT approved the Scheme of Amalgamation on 24 June 2021 effective 1 April 2020 (appointed date).

In terms of the Scheme of Amalgamation, the whole of the undertaking of LHI as a going concern stands transferred to and vested in the Company with effect from the appointed date.

LHI was primarily engaged in providing Information Technology ("IT") and IT-enabled operations offshore outsourcing solutions and BPO (Business Process Outsourcing) Service to large and medium-sized organizations using an offshore/onsite model.

The said amalgamation was accounted for under the "Pooling of Interest" method as prescribed under Appendix C of Ind AS 103 'Business Combinations' for amalgamation of companies under common control.

Under 'Pooling of Interest' method, the assets and liabilities of the combining entities are reflected at their carrying amount. No adjustments are made to reflect fair values or recognise any new assets or liabilities. Further the financial information in the financial statements of the Company in respect of prior period should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Company, irrespective of the actual date of combination. Further, if business combination had occurred after that date, the prior period information should be restated only from that date. However, since the appointed date of merger as per order is 1 April 2020, the Company has amalgamated LHI w.e.f 1 April 2020

- the entire business and undertaking of LHI including all the assets, liabilities and reserves as a going concern were transferred to and vested in the Company pursuant to the Scheme at their respective book values under the respective accounting heads of the Company from the appointed date i.e. 1 April 2020.

- LHI was a wholly owned subsidiary of the Company and accordingly, no consideration was payable pursuant to the scheme of amalgamation. The equity shares held by the Company in the wholly owned subsidiary were cancelled and no shares were issued to effect the amalgamation.

- all inter-company balances and transactions were eliminated.

Notes to the financial statements as at 31 March 2022 (continued)

### 35 Amalgamation of wholly owned subsidiaries (continued)

The amalgamation resulted in transfer of assets, liabilities and changes in reserves in accordance with the terms of the scheme at the values given below as at 1 April 2020-

Particulars	1 April 2020	31 March 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	149	99
Right-of-use assets	112	75
Intangible assets	2	1
Financial assets		
- Loans	155	-
- Others*	-	-
Deferred tax assets	111	111
Income tax assets (net)	4	8
Other non-current assets	13	14
<b>Current assets</b>		
<b>Financial assets</b>		
- Loans	4	-
- Trade receivables	104	108
- Cash and cash equivalents	821	1,203
- Bank balances other than cash and cash equivalents	2	-*
- Others	111	109
Other current assets	6	14
<b>Total assets acquired on amalgamation (A)</b>	<b>1,594</b>	<b>1,742</b>
* amount below rounding off norm		
<b>Liabilities</b>		
<b>Non-current liability</b>		
<b>Financial liability</b>		
- Lease liabilities	89	54
- Others	4	4
Provisions	26	43
<b>Current liability</b>		
<b>Financial liability</b>		
- Trade and other payables	25	11
- Lease liabilities	34	35
- Other	38	62
Provisions	25	28
Income tax liabilities*	-	-
Other current liabilities	25	31
<b>Total liabilities acquired on amalgamation (B)</b>	<b>266</b>	<b>268</b>
<b>Net assets assumed on amalgamation (C) = (A-B)</b>	<b>1,328</b>	<b>1,474</b>
<b>Reserves taken over under Pooling of interest method under Ind AS 103</b>		
Share based payment reserves	-*	1
Retained earnings	1,328	1,473
<b>Total reserves on amalgamation (C)</b>	<b>1,328</b>	<b>1,474</b>
Investment in shares of transferor company	1,815	
Cancellation of Share capital of transferor company*	-	
<b>Capital reserve accounted under pooling of interest method</b>	<b>1,815</b>	
*amount below rounding off norm		



Notes to the financial statements as at 31 March 2022 (continued)

**35 Amalgamation of wholly owned subsidiaries (continued)**

The following is the effect taken in Statement of Profit and Loss on amalgamation of LHI with the Company.

Particulars	31 March 2021
<b>Revenue</b>	
Revenue from operations	1,156
Other Income	42
<b>Total income</b>	<b>1,198</b>
<b>Expenses</b>	
Employee benefit expense	865
Finance cost	9
Depreciation and amortisation	88
Other expenses	52
<b>Total expense</b>	<b>1,014</b>
<b>Profit before tax</b>	<b>184</b>
Income tax expense	32
<b>Profit for the year</b>	<b>152</b>
Other comprehensive income (net of tax)	(7)
<b>Total comprehensive income</b>	<b>145</b>

Notes to the financial statements as at 31 March 2022 (continued)

**36 Employee benefit plans****(a) Gratuity benefits**

The Company operates a post-employment benefit plan that provides for gratuity benefit to eligible employees. The gratuity plan entitles an employee, who has rendered at least five years of continuous services, to receive one-half month's salary for each year of completed service at the time of retirement / exit.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the position of assets and obligations relating to the plan.

		<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Present Value of defined benefit obligation</b>			
Projected benefit obligation at the beginning of the year		<b>8,131</b>	6,943
Projected benefit obligation assumed on amalgamation		<b>20</b>	111
Current service cost		<b>1,490</b>	1,333
Past service cost		-	(4)
Interest cost		<b>484</b>	420
Benefits paid		<b>(1,567)</b>	(623)
Actuarial (gain) / losses		<b>764</b>	(49)
<b>Projected benefit obligation at the end of the year</b>	<b>(A)</b>	<b>9,322</b>	8,131
<b>Fair Value of plan asset</b>			
Fair Value of plan assets at the beginning of the year		<b>5,654</b>	3,818
Fair value of plan assets assumed on amalgamation		-	21
Contributions by employer		<b>8</b>	2,156
Expected return		<b>402</b>	241
Actuarial gains		<b>(69)</b>	37
Benefits paid		<b>(1,567)</b>	(619)
<b>Fair Value of plan assets at the end of the year</b>	<b>(B)</b>	<b>4,428</b>	5,654
	<b>(A-B)</b>	<b>4,894</b>	2,477
<b>Amounts in the Balance Sheet</b>			
Liabilities			
Current			9
Non-current		<b>4,894</b>	2,468
<b>Included in OCI</b>			
Opening amount recognised in OCI outside the Statement of Profit and Loss		<b>(551)</b>	(466)
OCI recognised on account of merger		<b>(9)</b>	-
Actuarial loss / (gain) arising from:			
Demographic assumptions		<b>(48)</b>	80
Financial assumptions		<b>1,048</b>	(29)
Experience adjustment		<b>(237)</b>	(99)
Return on plan assets excluding interest income		<b>69</b>	(37)
		<b>272</b>	(551)
<b>Expense recognised in the Statement of Profit and Loss</b>			
Current service cost		<b>1,490</b>	1,333
Past service cost		-	(4)
Interest cost		<b>484</b>	419
Expected return on plan assets		<b>(402)</b>	(240)
<b>Total included in "Employee benefit expense" (Refer Note 29)</b>		<b>1,572</b>	1,508

The Company provides the gratuity benefit through annual contributions to a fund managed by a trust. Under this plan, the settlement obligation remains with the Company, although the trust administers the plan and determines the contribution required to be paid by the Company. The trust has invested the plan assets in the Insurer managed funds. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on investments of the funds during the estimated term of the obligation.

Notes to the financial statements as at 31 March 2022 (continued)

**36 Employee benefit plans (continued)**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Category of Assets</b>	<b>%</b>	<b>%</b>
Government debt instruments	-	-
Insurer managed funds	<b>97%</b>	97%
Others	<b>3%</b>	3%

The principal assumptions used in determining the gratuity benefit are shown below:

Discount rate	<b>6.8%</b>	6.40%
Salary escalation rate	<b>9%</b>	6.65% to 7%
The average duration of remaining service of employees in the Company as on 31 March 2022 is in the range 6.49 years		

The estimates of future salary increase, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the long-term yield on government bonds. Assumptions regarding future mortality are based on published statistics and mortality tables.

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below -

(i) As of 31 March 2022, every 0.5 percentage point increase / (decrease) in discount rate will result in (decrease) / increase of gratuity benefit obligation by approximately Rs. (344) and Rs. 367 respectively.

As of 31 March 2021, every 0.5 percentage point increase / (decrease) in discount rate will result in (decrease) / increase of gratuity benefit obligation by approximately Rs. (388) and Rs. 409 respectively.

(ii) As of 31 March 2022, every 0.5 percentage point increase/ (decrease) in expected rate of salary will result in increase / (decrease) of gratuity benefit obligation by approximately Rs. 357 and Rs. (339) respectively.

As of 31 March 2021, every 0.5 percentage point increase/ (decrease) in expected rate of salary will result in increase / (decrease) of gratuity benefit obligation by approximately Rs. 409 and Rs. (384) respectively.

	<b>31 March 2022</b>
Expected benefit payments are as follows:	
Year ending 31 March	
2023	<b>956</b>
2024-2027	<b>3,797</b>
thereafter	<b>13,081</b>

**(b) Pension benefits**

Certain employees who have elected to continue under the defined benefit scheme are entitled to a pension on retirement subject to vesting conditions of 45 years of age and 15 years of service. In the event of earlier cessation of employment, a deferred pension is payable from the normal retirement date. Employee who retires from the service of the Company is entitled to a pension at the rate of 2% of pensionable Salary, "PENSAL" (last drawn Basic Salary plus Variable Pay, limited to 20% for eligible managers) for each year of management service, subject to a maximum of 70% of PENSAL. Pension as determined above is payable for a period of 15 years certain and thereafter during the lifetime of the Member. On his/her death in retirement or whilst in service, 66.67% of Member's pension is payable to the spouse during her/ his lifetime.

Notes to the financial statements as at 31 March 2022 (continued)

**36 Employee benefit plans (continued)**

		<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Present Value of defined benefit obligation</b>			
Projected benefit obligation at the beginning of the year		<b>24</b>	23
Current service cost		<b>1</b>	1
Interest cost		<b>2</b>	1
Actuarial Losses / (Gain)		<b>(1)</b>	(1)
Benefits paid		<b>*</b>	-
<b>Projected benefit obligation at the end of the year</b>	<b>(A)</b>	<b>26</b>	24
<b>Fair Value of plan asset</b>			
Fair Value of plan assets at the beginning of the year		<b>59</b>	54
Expected return		<b>4</b>	4
Contributions by the Company		<b>1</b>	1
Benefits paid		<b>*</b>	-
<b>Fair Value of plan assets at the end of the year</b>	<b>(B)</b>	<b>64</b>	59
<b>Amount not recognised as an asset (limit in para 64b)</b>	<b>(C)</b>	<b>13</b>	12
	<b>(A-B+C)</b>	<b>(25)</b>	(23)
<b>Amounts recognised in the Balance Sheet:</b>			
<b>Assets</b>			
Current		<b>-</b>	-
Non-current		<b>25</b>	23
Opening value of asset ceiling		<b>12</b>	10
Interest on opening balance of asset ceiling		<b>1</b>	1
Remeasurements due to:			
Change in surplus/ deficit		<b>*</b>	1
Closing value of asset ceiling		<b>13</b>	12
<b>Included in OCI</b>			
Opening amount recognised in OCI outside the Statement of Profit and Loss		<b>(9)</b>	(8)
Remeasurement loss / (gain):			
Return on plan assets excluding interest income		<b>(1)</b>	-
Adjustments to recognise the effect of asset ceiling		<b>*</b>	-
Financial assumptions		<b>2</b>	-
Experience adjustment		<b>(2)</b>	(1)
		<b>(10)</b>	(9)
<b>Expense recognised in the Statement of Profit and Loss</b>			
Current service cost		<b>1</b>	1
Interest cost		<b>(1)</b>	1
Expected return on plan assets		<b>-</b>	-
<b>Total included in "Employee benefit expense" (refer note 29)</b>		<b>*</b>	2
<b>Category of Assets</b>			
		<b>%</b>	<b>%</b>
Insurer Managed Funds		<b>100</b>	100%

The Company provides the pension benefit through contributions to a fund managed by a trust.

**The principal assumptions used in determining the pension benefit are shown below:**

Discount rate (p.a.)	<b>6.80%</b>	6.40%
Salary escalation rate	<b>9%</b>	7%
* amount below rounding off norm		

**(i) Discount Rate:**

The discount rate is based on the prevailing market yields of Indian government bonds as at the Balance Sheet date for the estimated term of the obligations.

**(ii) Salary Escalation Rate:**

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(iii) Expected contributions to the fund post 31 March 2022 is Rs. Nil

Notes to the financial statements as at 31 March 2022 (continued)

**36 Employee benefit plans (continued)**

Expected benefit payments are as follows:

Year ending 31 March

	<b>31 March 2022</b>
2023*	-
2024	3
2025*	-
2026*	-
2027*	-
thereafter	33

\* amount below rounding off norm

**(c) Provident fund****(i) Defined Contribution Plan**

In respect of the defined contribution plan as explained in accounting policy 2.15 (ii)(b), the Company has contributed Rs. 3,492 for the year (31 March 2021: Rs. 763). These contributions are charged to the Statement of Profit and Loss as they accrue.

**(ii) Defined Benefit Plan**

The Company had a defined benefit plan for provident fund through two of its trusts. 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 both its EPF trust i.e., Capgemini India Pvt. Ltd. Employees' Provident Fund and Capgemini Business Services (I) Ltd EPF Trust. The surrender application was filed with Regional Provident Fund Commissioner (RPFC) Pune and Bengaluru respectively. The applications were accepted by the RPFC and the Company surrendered both 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 Rs 1,998 was funded by the Company during the year.

As on 30 June 2021, the Company determined its liability at Rs. 1,842 in respect of provident fund based on actuarial valuation. Post the surrender of the trusts, and funding the deficit of Rs 1,082, the Company is carrying a liability of Rs.760 as on 31 March 2022.

Post the surrender, i.e. from 1 July 2021, the provident fund is accounted as defined contribution plan as mentioned in 36c(i)

In respect of the defined benefit plan as explained in accounting policy 2.15 (ii)(a), the following tables set forth the movement in plan.

		<b>30 June 2021</b>	<b>31 March 2021</b>
<b>Present Value of defined benefit obligation</b>			
Projected benefit obligation at the beginning of the year		42,651	40,225
Current service cost		500	2,049
Interest cost		682	2,555
Actuarial (Gain) / Losses		353	(342)
Employees contribution		796	3,302
Liabilities transferred in / (out)		510	1,060
Benefits paid		(1,815)	(6,198)
<b>Projected benefit obligation as at</b>	<b>(A)</b>	<b>43,677</b>	<b>42,651</b>
<b>Fair Value of plan asset</b>			
Fair Value of plan assets at the beginning of the year		41,246	35,264
Expected return		660	2,240
Remeasurements due to:			
Actual return on plan assets less interest on plan assets		(3,289)	438
Movement on account of asset diminution		2,311	2,587
Employer contribution during the year		1,416	2,553
Employee contribution during the year		796	3,302
Assets transferred in / (out)		510	1,060
Benefits paid		(1,815)	(6,198)
<b>Fair Value of plan assets as at</b>	<b>(B)</b>	<b>41,835</b>	<b>41,246</b>
<b>Defecit funding post surrender</b>	<b>(C)</b>	<b>1,082</b>	<b>-</b>
<b>Amount recognised in Balance Sheet</b>	<b>(A-B-C)</b>	<b>760</b>	<b>1,405</b>
<b>Amounts in the Balance Sheet:</b>			
<b>Liabilities</b>			
Current		760	914
Non-current		-	491
<b>Expense recognised in the Statement of Profit and Loss</b>			
Current service cost		500	2,049
Interest cost		682	2,555
Expected return on plan assets		(660)	(2,240)
<b>Total</b>		<b>522</b>	<b>2,364</b>

Notes to the financial statements as at 31 March 2022 (continued)

### 36 Employee benefit plans (continued)

#### Amounts included in OCI

Opening amount recognised in OCI outside the Statement of Profit and Loss	1,551	4,920
Actuarial loss /(gain) arising from:		
Financial assumptions	99	(969)
Experience adjustment	254	626
Actual return on plan assets less interest on plan assets plus shortfall on asset diminution	977	(3,026)
<b>Closing amount recognised in OCI outside Statement of Profit and Loss</b>	<b>2,881</b>	<b>1,551</b>

#### Plan Asset Category

Government securities	60%	61%
Corporate Bonds	30%	31%
Equity linked mutual funds	2%	2%
Bank balance	6%	4%
Others	2%	2%
	<b>100%</b>	<b>100%</b>

The Company provides the provident fund benefit through monthly employer and employee contributions to a fund managed by a trust.

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

Discount rate	6.20%	6.40%
Expected rate of return on plan assets	8.86% to 9.00%	9.01% - 9.10%
Discount rate for the remaining term to maturity of investment	6.45% to 6.5%	6.55%
Average historic yield on the investment	9.16% to 9.25%	9.16% - 9.25%
Guaranteed rate of return	8.50%	8.50%

#### (d) 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
Current provisions (refer note 26)	7,930	5,899
	<b>7,930</b>	<b>5,899</b>
<b>Actuarial assumptions</b>		
Discount rate	6.8%	6.40%
Salary escalation rate	9%	6.65% to 7%

### 37 Segment reporting

The Company prepares the standalone financial statement along with the consolidated financial statements. In accordance with Ind AS 108 Operating Segments, since the Company has disclosed the segment information in the consolidated financial statements, disclosures are not required in this standalone financial statement.

Notes to the financial statements as at 31 March 2022 (continued)

### 38 Related party disclosures

Related Party Disclosures in accordance with Ind AS 24 - "Related Party Disclosures" are given below.

#### Names of related parties and related party relationship

##### Related parties where control exists

##### Parent companies

Capgemini SE, the Ultimate Parent Company  
Capgemini North America, Inc., a subsidiary of the ultimate parent company

##### Entity having significant influence over the Company

Capgemini America, Inc., subsidiary of Capgemini North America, Inc.

##### Subsidiary Companies

Annik Inc., a subsidiary of Liquidhub Analytics Private Limited (w.e.f. 25 November 2019)  
Annik UK Ltd, a subsidiary of Liquidhub Analytics Private Limited (liquidated w.e.f. 18 September 2021)  
Aricent Technologies (Holdings) Ltd (w.e.f. 23 November 2020)  
Aricent Technologies Pvt Ltd (Merged into Aricent Technologies (Holdings) Ltd effective 8 January 2021)  
Dalian Liquidhub Consulting Services Ltd Co. (liquidated w.e.f. 15 October 2020)  
Liquidhub Analytics Private Limited (merged into the Company w.e.f. 1 April 2020)  
Liquidhub India Private Limited (merged into the Company w.e.f. 1 April 2020 )  
Liquidhub PTE Ltd, a subsidiary of Liquidhub Analytics Private Limited (w.e.f. 25 November 2019)  
Solcen Technologies Pvt Ltd (w.e.f 23 October 2020, merged into the Company effective 1 April 2021)

##### Other related parties

##### Key Management Personnel

Aiman Ezzat - Non-executive director (w.e.f. 19 January 2021)  
Antoine Imbert - Chief Operating Officer (till 31 December 2021)  
Armin Billimoria - Company Secretary  
Arul Kumaran Paramanandam - Chief Operating Officer  
Aruna Jayanthi - Non-executive director (w.e.f. 26 May 2021)  
Ashwin Yardi - Wholetime director and Chief Executive Officer  
Hubert Paul Henri Giraud - Non- executive director  
Kalpana Rao - Independent director  
Maria Pernas - Non-executive director (w.e.f. 23 August 2021)  
Paul Hermelin - Non- executive director  
Ramaswamy Rajaraman - Independent director  
Shobha Meera - Non-executive director (w.e.f. 28 March 2022)  
Srinivasa Rao Kandula - Wholetime director (till 10 January 2022)  
Sujit Sircar - Chief Financial Officer  
Thierry Delaporte - Non- executive director (till 5 May 2020)

Notes to the financial statements as at 31 March 2022 (continued)

**38 Related party disclosures (continued)****Employee benefit trusts of the Company or of entity related to the Company**

Capgemini India Pvt. Ltd. Employees' Provident Fund  
 Capgemini Business Services (I) Ltd EPF Trust  
 Capgemini India Private Limited Employees' Benevolent Fund  
 Capgemini India Employees Gratuity Fund Trust  
 Capgemini Business Services (India) Limited Employees Group Gratuity Assurance Scheme  
 Capgemini Business Services (India) Limited Super Annuation Scheme  
 Capgemini India Employees Gratuity Fund (formerly IGATE Computer Systems Limited Employees' Gratuity Fund)  
 AXA Technologies Shared Services Private Limited Employees Gratuity Trust  
 TCube Employee Gratuity Trust  
 The Liquidhub India Private Limited Employees' Gratuity Scheme

**Fellow subsidiaries**

Altran ACT  
 Altran Deutschland SAS & Co. Kg  
 Altran Technologies India Pvt. Ltd. (w.e.f. 1 April 2020)  
 Altran Technologies S.A.S. (w.e.f. 1 April 2020)  
 Aricent Holdings Mauritius India Limited (liquidated w.e.f. 10 December 2020)  
 Aricent Holdings Mauritius Limited (w.e.f. 1 April 2020)  
 Capgemini (China) Co. Ltd.  
 Capgemini Asia Pacific Pte Ltd. - Taiwan Branch  
 Capgemini Australia (New Zealand Branch)  
 Capgemini Australia PTY Limited  
 Capgemini Belgium NV/S.A.  
 Capgemini Brasil S.A. (formerly CPM Braxis S.A.)  
 Capgemini Business Services (China) Limited  
 Capgemini Business Services B.V.  
 Capgemini Business Services Brasil - Assessoria Empresarial Ltda  
 Capgemini Canada Inc.  
 Capgemini Colombia SAS  
 Capgemini Consulting Österreich AG  
 Capgemini Consulting S.A.S.  
 Capgemini Czech Republic s.r.o  
 Capgemini Danmark A/S  
 Capgemini Deutschland GmbH  
 Capgemini Deutschland Holding GmbH  
 Capgemini Educational Services B.V.  
 Capgemini Engineering Research and Development S.A.S. (formerly known as Capgemini DEMS France SAS)  
 Capgemini España S.L.  
 Capgemini Finland Oy  
 Capgemini France S.A.S.  
 Capgemini Government Solutions LLC  
 Capgemini Hong Kong Limited  
 Capgemini Ireland Limited  
 Capgemini IT Solutions India Pvt. Ltd. (formerly known as Raelle Cyber Solutions Private Limited )  
 Capgemini Italia spA  
 Capgemini Japan K.K.  
 Capgemini Magyarorszag Kft.  
 Capgemini Mexico S. de R.L de C.V.  
 Capgemini Nederland B.V.  
 Capgemini Norge A/S  
 Capgemini Outsourcing Services GmbH  
 Capgemini Philippines Corp.  
 Capgemini Polska Sp. z.o.o  
 Capgemini Portugal, Serviços de Consultoria e Informatica, S.A.  
 Capgemini Saudi Limited  
 Capgemini Service Romania s.r.l.  
 Capgemini Service S.A.S.  
 Capgemini Services Malaysia Sdn Bhd  
 Capgemini Singapore Pte. Ltd.  
 Capgemini Singapore Pte. Ltd. - Abu Dhabi Branch  
 Capgemini Singapore Pte. Ltd. - Dubai Branch  
 Capgemini Solutions Canada Inc.  
 Capgemini Suisse S.A.  
 Capgemini Sverige AB  
 Capgemini Technologies LLC  
 Capgemini Technology Services S.A.S.  
 Capgemini UK plc



Notes to the financial statements as at 31 March 2022 (continued)

### 38 Related party disclosures (continued)

Capgemini UK Plc - South Africa Branch -262  
 Capgemini Vietnam Co., Ltd.  
 CHCS Services Inc - India Branch (till 1 September 2021)  
 CHCS Services Inc. (till 1 September 2021)  
 Global Edge Software Limited  
 Inergi Inc.  
 Inergi LP  
 Interactive Thinking S.R.L. (merged with Capgemini Italia spA w.e.f. 31 December 2021)  
 Itelios SAS (merged with Capgemini Technology Services S.A.S. w.e.f. 1 May 2021)  
 Matiq A/S  
 New Horizons Systems Solutions Inc  
 RADi Software Do Brasil Ltda.  
 Sogeti Belgium S.A.  
 Sogeti Deutschland GmbH  
 Sogeti Finland Oy (merged with Capgemini Finland OY w.e.f. 1 August 2020)  
 Sogeti Luxembourg S.A.  
 Sogeti Nederland B.V.  
 Sogeti Sverige AB  
 Sogeti UK Limited  
 Tessella (UK)

#### Related party transactions

	31 March 2022	31 March 2021
<b>a) Revenues from operations</b>		
Capgemini America, Inc.	78,310	59,196
Capgemini UK Plc	20,384	14,378
Others	72,491	54,653
<b>b) Other income</b>		
Capgemini IT Solutions India Pvt. Ltd. (formerly known as Raelle Cyber Solutions Private Limited )	10	-
<b>c) Expense incurred by the Company on behalf of *</b>		
Capgemini Ireland Limited	-	78
Capgemini Technology Services S.A.S.	-	3
Capgemini Service S.A.S.	-	4
Others	-	47
* includes expense in the nature of sub-contracting expenses, travelling and conveyance and others		
<b>d) Expenses cross charged *</b>		
Capgemini Service S.A.S.	3,330	2,490
Capgemini SE	2,142	1,459
Others	1,295	1,151
* includes expense in the nature of software and hardware expenses, training and recruitment, sub-contracting expenses, group management fee and others		

Notes to the financial statements as at 31 March 2022 (continued)

**38 Related party disclosures (continued)**

	31 March 2022	31 March 2021
<b>e) Profit on liquidation of subsidiary</b>		
Dalian Liquidhub Consulting Services Ltd Co. (liquidated w.e.f. 15 October 2020)	-	4
Annik UK Ltd, a subsidiary of Liquidhub Analytics Private Limited (liquidated w.e.f. 18 September 2021)	5	-
<b>f) Profit on sale / disposal of assets (net)</b>		
Aricent Technologies Holdings Ltd (w.e.f. 23 November 2020)	1	-
<b>g) Interest on loan given</b>		
Capgemini IT Solutions India Pvt. Ltd. (formerly known as Raelle Cyber Solutions Private Limited)	-	10
<b>h) Purchase of investments</b>		
Aricent Holdings Mauritius Limited	-	35,183
Aricent Holdings Mauritius India Limited	-	7,835
Capgemini India Pvt. Ltd. Employees' Provident Fund	630	-
Capgemini Business Services (I) Ltd EPF Trust	32	-
<b>i) Purchase of Property, plant and equipment</b>		
Aricent Technologies Holdings Ltd (w.e.f. 23 November 2020)	18	-
<b>j) Sale of assets</b>		
Aricent Technologies Holdings Ltd (w.e.f. 23 November 2020)	25	-
<b>k) Repayment of loan</b>		
Capgemini IT Solutions India Pvt. Ltd. (formerly known as Raelle Cyber Solutions Private Limited)	-	155*
*Loan has been repaid to LHI which was merged into the Company w.e.f 1 April 2020		
<b>l) Company's contribution to employee benefit funds</b>		
Capgemini India Pvt. Ltd. Employees' Provident Fund	2,311	2,341
Capgemini India Employees Gratuity Fund Trust	-	1,326
Capgemini India Employees Gratuity Fund (formerly IGATE Computer Systems Limited Employees' Gratuity Fund)	-	696
Capgemini Business Services (I) Ltd EPF Trust	187	212
Capgemini Business Services (India) Limited Employees Group Gratuity Assurance Scheme	-	131
<b>m) Key management personnel compensation</b>		
Short-term employee benefits	132	155
Post-employment benefits	7	5
Employee share-based payment	196	172
Director sitting fees	2	1

**Balances outstanding**

	31 March 2022	31 March 2021
<b>a) Trade receivables</b>		
Capgemini America, Inc.	14,466	10,798
Others	15,754	11,293
<b>b) Unbilled revenue</b>		
Capgemini America, Inc.	3,514	1,134
Capgemini UK plc	770	-
Capgemini Ireland Limited	15	134
Others	2,707	84
<b>c) Unearned revenue</b>		
Capgemini Technology Services S.A.S.	25	38
Capgemini America, Inc.	46	26
Capgemini Service S.A.S.	-	22
Capgemini UK plc	153	15
Others	24	36

Notes to the financial statements as at 31 March 2022 (continued)

**38 Related party disclosures (continued)**

	31 March 2022	31 March 2021
<b>d) Other current assets</b>		
Capgemini India Employees Gratuity Fund Trust	-	6
Capgemini Business Services (India) Limited Employees Group Gratuity Assurance Scheme	2	2
<b>e) Trade and other payables</b>		
Capgemini Service S.A.S.	2,297	1,479
Others	460	481
<b>f) Other current assets - prepaid expenses</b>		
Capgemini Service S.A.S.	1,495	1,016
Others	4	-
<b>g) Other financial liabilities</b>		
Capgemini IT Solutions India Pvt. Ltd. (formerly known as Raelle Cyber Solutions Private Limited)	2	2
<b>h) Non-current provisions - other defined benefit obligation</b>		
Capgemini India Pvt. Ltd. Employees' Provident Fund	-	467
Capgemini Business Services (I) Ltd EPF Trust	-	24
<b>i) Current provisions - other defined benefit obligation</b>		
Capgemini India Pvt. Ltd. Employees' Provident Fund	-	796
Capgemini Business Services (I) Ltd EPF Trust	-	118

Notes to the financial statements as at 31 March 2022 (continued)

**38 Related party disclosures (continued)**

The Company has the following related party transactions and balances outstanding for the year ended 31 March 2022 and 31 March 2021

Transactions	Parent company		Entity having significant influence over the Company		Subsidiary companies		Fellow subsidiaries		Key Management Personnel		Employee benefit trusts of the Company or of entity related to the Company	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Revenues from operations	79	78	78,310	59,196	299	326	92,497	68,627	-	-	-	-
Other income	-	-	-	-	-	-	10	-	-	-	-	-
Expense incurred by the Company on behalf of	-	-	-	4	-	-	-	128	-	-	-	-
Expenses cross charged	2,142	1,459	162	160	33	15	4,430	3,466	-	-	-	-
Profit on liquidation of subsidiary	-	-	-	-	5	4	-	-	-	-	-	-
Profit on sale / disposal of assets (net)	-	-	-	-	1	-	-	-	-	-	-	-
Interest on loan given	-	-	-	-	-	-	-	10	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-	43,018	-	-	662	-
Purchase of Property, plant and equipment	-	-	-	-	18	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	25	-	-	-	-	-	-	-
Repayment of loan	-	-	-	-	-	-	-	155	-	-	-	-
Company's contribution to employee benefit funds	-	-	-	-	-	-	-	-	-	-	2,498	4,706
Key managerial personnel compensation	-	-	-	-	-	-	-	-	-	-	-	-
- Remuneration	-	-	-	-	-	-	-	-	139	160	-	-
- Employee share-based payment	-	-	-	-	-	-	-	-	196	172	-	-
- Director sitting fees	-	-	-	-	-	-	-	-	2	1	-	-
<b>Balances outstanding</b>	<b>Parent companies</b>		<b>Entity having significant influence over the Company</b>		<b>Subsidiary companies</b>		<b>Fellow subsidiaries</b>		<b>Key Management Personnel</b>		<b>Employee benefit trusts of the Company or of entity related to the Company</b>	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivables	13	13	14,466	10,798	53	5	15,688	11,275	-	-	-	-
Unbilled revenue	-	-	3,514	1,134	20	18	3,472	200	-	-	-	-
Unearned revenue	-	-	46	26	-	-	202	111	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-	2	8
Trade and other payables	125	117	18	25	47	1	2,567	1,817	-	-	-	-
Other current assets - prepaid expenses	-	-	4	-	-	-	1,495	1,016	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	2	2	-	-	-	-
Non-current provisions - other defined benefit obligation	-	-	-	-	-	-	-	-	-	-	-	491
Current provisions - other defined benefit obligation	-	-	-	-	-	-	-	-	-	-	-	914

All outstanding balances are unsecured and will be settled in cash. 'Provisions - other defined benefit obligation' is provided based on actuarial valuation.

Notes to the financial statements as at 31 March 2022 (continued)

### 39 Earnings per share (EPS)

There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

The following table reflects the profit and share data used to compute basic and diluted EPS:

	31 March 2022	31 March 2021
(A) Profit attributable to equity shareholders	20,204	14,789
(B) Weighted average number of equity shares in calculating basic EPS (nos.)	59,139,500	5,91,39,500
(C) Weighted average number of equity shares in calculating diluted EPS (nos.)	59,139,500	5,91,39,500
(A/B) Basic earnings per share of face value of Rs.10/- each	341.64	250.07
(A/C) Diluted earnings per share of face value of Rs.10/- each	341.64	250.07

### 40 Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state.

The Company classifies its inputs used to measure fair value into the following hierarchy:

Level 1: Unadjusted quoted prices in active market for identical assets or liabilities. The mutual funds are valued using the closing NAV

Level 2: Inputs other than quoted prices that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Unobservable inputs for assets and liabilities that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31 March 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	4,452	4,452	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	-	-	-	-	-	-
Current investments	44,738	-	-	44,738	44,738	-	-	44,738
Trade receivables	-	-	34,804	34,804	-	-	-	-
Non current Investment	-	-	545	545	-	-	-	-
Other non-current financial asset	-	-	1,212	1,212	-	-	-	-
Other current financial asset	8	15	7,488	7,511	-	23	-	23
	44,746	15	48,501	93,262	44,738	23	-	44,761
<b>Financial liabilities</b>								
Trade and other payables	-	-	7,028	7,028	-	-	-	-
Lease liabilities current and non-current	-	-	6,734	6,734	-	-	-	-
Other current financial liabilities	-	-	4,535	4,535	-	-	-	-
	-	-	18,297	18,297	-	-	-	-

The above disclosure excludes non-current investment in subsidiaries that are accounted at cost and hence not considered.

Notes to the financial statements as at 31 March 2022 (continued)

**40 Financial instruments – Fair values and risk management (continued)**

31 March 2021	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	7,608	7,608	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	1	1	-	-	-	-
Current investments	37,746	-	-	37,746	37,746	-	-	37,746
Trade receivables	-	-	25,028	25,028	-	-	-	-
Other non-current financial asset	-	-	1,472	1,472	-	-	-	-
Other current financial asset	3	-	1,727	1,730	-	3	-	3
	<u>37,749</u>	<u>-</u>	<u>35,838</u>	<u>73,587</u>	<u>37,746</u>	<u>3</u>	<u>-</u>	<u>37,749</u>
<b>Financial liabilities</b>								
Other non-current financial liabilities	-	-	68	68	-	-	-	-
Trade and other payables	-	-	4,824	4,824	-	-	-	-
Lease liabilities current and non-current	-	-	7,804	7,804	-	-	-	-
Other current financial liabilities	-	-	3,254	3,254	-	-	-	-
	<u>-</u>	<u>-</u>	<u>15,950</u>	<u>15,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values:

Type	Valuation technique
Foreign exchange forward contracts	The Company's derivative financial instruments consist of foreign exchange forward contracts. Fair value of derivative financial instruments are based on prices as provided by the banks and are classified as Level 2. Inputs include current market-based parameters such as forward rates, yield curves and credit default swap pricing.
Investments	The Company's investments consist primarily of investment in debt linked mutual funds. Fair value of debt linked mutual funds are based on prices as stated by the issuers of mutual funds and are classified as Level 1 or 2 after considering whether the fair value is readily determinable.

During the reporting years ended 31 March 2022 and 31 March 2021, there have been no transfers of financial instruments between Level 1 or Level 2 or Level 3 fair value measurements.

**Fair value of financial assets and liabilities measured at amortised cost**

The carrying amounts of current financial assets / liabilities recognised in the financial statements at amortised value, approximate their fair values due to their short-term nature. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair value of long-term security deposit is Rs. 1,212 as at 31 March 2022 and is Rs.1,472 as at 31 March 2021. The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair value of non-current financial Liabilities approximates its carrying value.

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Notes to the financial statements as at 31 March 2022 (continued)

#### 40 Financial instruments – Fair values and risk management (continued)

##### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

##### Trade and other receivables

The Company periodically assesses the financial reliability of its customers, taking into account the financial conditions, current economic trends and analysis of historic bad debts and ageing of accounts receivable. Financial assets are written off when there is no reasonable expectation of recovery from the customer.

The Company has trade receivables primarily from intercompanies. On analysis of historic bad debts and ageing of accounts of these receivables, the Company does not foresee any credit risk.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. Out of the total trade and other receivables of Rs. 35,058 and Rs. 25,503 as of 31 March 2022 and 31 March 2021 respectively, the Company has receivables which are past due and impaired as detailed below:

	<b>31 March 2022</b>	31 March 2021
Balance at the beginning of the year	<b>475</b>	705
Addition pursuant to merger of IIMSL	-	-
Addition pursuant to merger of LHA	-	12
Impairment loss recognised	-	-
Impairment provision written back	<b>(221)</b>	(242)
Balance at the end of the year	<b>254</b>	475

##### Others

Credit risk of the Company on cash and cash equivalents and investments is subject to low credit risk since the investments of the Company are only in debt mutual funds, fixed maturity plan securities with banks and financial institutions with a high credit rating by domestic and international credit rating agencies. Counter parties to foreign currency forward contracts are generally multinational banks with appropriate market standing.

##### ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also has sufficient overdraft credit facilities with financial institutions to meet any liquidity requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

##### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

Notes to the financial statements as at 31 March 2022 (continued)

**40 Financial instruments – Fair values and risk management (continued)****31 March 2022**

	Carrying amount	Contractual cash flows		
		Within one year	One year but not more than five years	More than five years
Lease liabilities	6,734	1,875	5,498	728
Current financial liabilities	4,535	4,535	-	-
Trade and other payables	7,028	7,028	-	-

**31 March 2021**

	Carrying amount	Contractual cash flows		
		Within one year	One year but not more than five years	More than five years
Lease liabilities	7,804	2,112	6,198	1,145
Other non-current financial liabilities	68	-	68	-
Current financial liabilities	3,254	3,254	-	-
Trade and other payables	4,824	4,824	-	-

**iii. Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk and market value of its investments. The exposure to market risk is a function of investing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in foreign currency revenues and costs.

The currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 is as below:

**Unhedged foreign currency exposures as on 31 March 2022**

Particulars	Cash and cash equivalents	Trade receivables*	Trade Payables	Other financial liabilities
USD	618	225	341	49
EUR	44	155	2,451	1
SGD	-	-	53	-
JPY	-	-	6	-
GBP	-	-	17	-
CAD	-	-	1	-
AUD	-	-	1	-
CNY	-	-	1	-
PLN	-	-	10	-
DKK	-	-	2	-
MYR	-	-	12	-
TWD	-	-	1	-
HUF	-	-	-	-
HKD	-	-	10	-

\*excludes allowance for doubtful receivables



Notes to the financial statements as at 31 March 2022 (continued)

**40 Financial instruments – Fair values and risk management (continued)****Unhedged foreign currency exposures as on 31 March 2021**

Particulars	Cash and cash equivalents	Trade receivables*	Trade Payables	Other financial liabilities
USD	1,700	196	160	52
EUR	66	189	1,690	-
SGD	-	-	42	-
JPY	-	-	17	-
GBP	-	1	66	-
CAD	-	-	3	-
AUD	-	-	16	-
CHF	-	-	-	-
SEK	-	-	4	-
CNY	-	-	1	-
AED	-	-	-	-
PLN	-	-	2	-
DKK	-	-	2	-
HKD	-	-	16	-
OMR	-	192	-	-

\*excludes allowance for doubtful receivables

As at 31 March 2022 and 31 March 2021 every 1% increase / decrease in exchange rates of the respective foreign currencies compared to functional currency of the Company would result in increase / decrease in profit of the Company by approximately Rs. 19 and Rs. 3 respectively.

**Currency risk**

The Company is exposed to currency risk on account of its receivables and payables in foreign currencies. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, with a maturity period of generally less than one year. The Company does not use derivative financial instruments for trading or speculative purposes.

Following is the derivative financial instruments to hedge the foreign exchange rate risk as of 31 March 2022 and 31 March 2021:

Category	31 March 2022		31 March 2021	
	In million	In Rs. million	In million	In Rs. million
<b>Forward contracts</b>				
Hedges of recognized assets and liabilities USD/INR	12	914	10	698
Hedges of highly probable forecasted transactions USD/INR	34	2,583	31	2,307
		<u>3,497</u>		<u>3,005</u>

The table below analyses the derivative financial instruments to relevant maturity groupings based on the remaining period as on the balance sheet date:

	31 March 2022	31 March 2021
Forward contracts in USD		
Not later than one month	418	348
One to 6 months	2,186	1,861
6-12 months	893	796
	<u>3,497</u>	<u>3,005</u>

The following table provides the reconciliation of cash flow hedge reserve for the year ended 31 March 2022 and 31 March 2021

Notes to the financial statements as at 31 March 2022 (continued)

**40 Financial instruments – Fair values and risk management (continued)**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Balance at the beginning of the year	-	(127)
Gain / (loss) recognised in other comprehensive income during the year	<b>14</b>	194
Tax impact on above	<b>(4)</b>	(67)
Balance at the end of the year	<b>10</b>	-

**Interest Risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

**41 Contingent liabilities and commitments**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>(A) Commitments</b>		
Estimated value of contracts on capital account remaining to be executed [net of advances Rs. 277 (31 March 2021 Rs.55 )]	<b>1,917</b>	1,259
(ii) Commitments given on leases consist primarily of common area maintenance charges of the Company's non-cancellable leases		
	<b>31 March 2022</b>	<b>31 March 2021</b>
Not later than one year	<b>381</b>	425
Later than one year but not later than five years	<b>898</b>	1,117
Later than five years	<b>226</b>	276
	<b>1,505</b>	<b>1,818</b>

**(B) Contingent liabilities**

(i) Claims not acknowledged as debt	<b>614</b>	643
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(ii) 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 SC prospectively effective 1 March 2019 by including such allowances for PF contribution calculations.

(iii) The Company has ongoing disputes with Sales Tax, Service Tax, VAT and the Customs authorities relating to availment of input tax credits and characterization of certain transactions etc. The management evaluated the inquiries/ notices/ orders received for the matter under dispute and concluded that any consequent claims or demands by the tax authorities will not succeed on ultimate resolution.

(iv) The Company has ongoing disputes with income tax authorities that are pending before various judicial forums in relation to tax treatment of certain tax credits, expenses claimed as deductions, levy of buy back taxes, computation and allowability of tax holiday benefits, re-computation of Arms-Length Price margins, etc. The management evaluated the inquiries/ notices/ orders/ demands received for the matters under dispute and concluded that the Company's position will be upheld and there will not be adverse effect on the Company's financial position and its results on ultimate resolution of these matters.

In addition to the above, the Company is confident of receiving a favorable resolution/order at the judicial forum in respect of the on-going litigations for the FY 2010-2011 and FY 2011-2012 (covered under APA-1), before the settlement of the Advance Pricing Agreement (Refer Note - APA).

Notes to the financial statements as at 31 March 2022 (continued)

**41 Contingent liabilities and commitments (continued)**

(v) Advanced Pricing Agreement APA:

In respect of the transactions between the Company and the Capgemini Group entities operating outside India, the Company has filed APA 1- (Covered period - FY 2010-11 to FY 2014-15) and APA 2- (Covered period - FY 2016-17 to FY 2020-21). The determination of the arm's length pricing and the consequent tax outcome in respect of these transactions is subject to the approval of the APA by the Central Board of Direct Taxes, India, the Internal Revenue Services, USA and Capgemini USA entities (Bilateral Advance Pricing Agreement application filed by Capgemini USA (APA 1 and 2)), HMRC UK and Capgemini UK entities (Bilateral Advance Pricing Agreement application filed by Capgemini UK (APA 2)). The impact of these matters on the financial statements can be ascertained only upon ultimate resolution of the APA's.

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 (i.e. 31 December 2022). 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.

**42 Auditors' remuneration**

	31 March 2022	31 March 2021
Statutory audit	16	14
Tax audit	2	2
Other services	13	15
	<b>31</b>	<b>31</b>

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

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at 31 March 2022 and 31 March 2021 is as under:

	31 March 2022	31 March 2021
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	26	12
- Interest *	1	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	237	126
The amount of interest accrued and remaining unpaid at the end of each accounting year	33	42
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	3	3

\* amount below rounding off norm

Notes to the financial statements as at 31 March 2022 (continued)

**44 Employee stock compensation plans**

(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.

Till the year ended 31 March 2020, the Company had recognised share-based payment cost using liability method. However, from the previous year ended 31 March 2021, 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 Rs.3,450 as on 31 March 2022 (31 March 2021 : Rs. 2,669).

Particulars	31 March 2022				
	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Grant date	05-10-17	03-10-18	02-Oct-19	07-Oct-20	06-Oct-21
Performance assessment dates	Three years for three performance conditions	Three years for the four performance conditions	Three years for the four performance conditions	Three years for the four performance conditions	Three years for the four performance conditions
Vesting period	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date
Total numbers of options outstanding at opening date	1,06,700	1,54,185	1,82,400	2,04,160	-
Total numbers of options granted during the year	-	-	-	-	2,69,025
Options exercised	91,010	-	-	-	-
Options forfeited or cancelled during the year	15,690	9,330	8,450	8,390	10,530
Total number of options outstanding at closing date	-	1,44,855	1,73,950	1,95,770	2,58,495
Weighted average remaining contractual life (in years)	-	0.5	1.5	2.5	3.5
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions
Fair values of performance conditions (Euro)	79.90	98.72	92.71	92.57	112.77
<i>Main market conditions at grant date:</i>					
Volatility	25.65%	23.29%	23.14%	29.61%	30.97%
Risk free interest rate	-0.17% - 0.90%	-0.109% - 0.2429%	-0.478% - 0.458%	-0.499% - 0.4615%	-0.4246% - 0.2605%
Expected dividend rate	1.60%	1.60%	1.60%	1.60%	1.60%
Charge for the year	16	328	260	322	379
Share based payment reserve	-	1,072	708	501	379

Notes to the financial statements as at 31 March 2022 (continued)

**44 Employee stock compensation plans (continued)**

Particulars	31 March 2021				
	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan
Grant date	26-Jul-16	5-Oct-17	3-Oct-18	2-Oct-19	7-Oct-20
Performance assessment dates	Three years for the three performance conditions	Three years for the three performance conditions	Three years for the four performance conditions	Three years for the four performance conditions	Three years for the four performance conditions
Vesting period	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date	4 years as from the grant date
Total numbers of options outstanding at opening date	92,400	1,16,300	1,62,445	1,91,600	-
Total numbers of options granted during the year	8,439	-	-	-	2,11,690
Addition pursuant to merger of LHA	-	-	1,000	1,000	-
Options exercised	1,00,839	-	-	-	-
Options forfeited or cancelled during the year	-	9,600	9,260	10,200	7,530
Total number of options outstanding at closing date	-	1,06,700	1,54,185	1,82,400	2,04,160
Weighted average remaining contractual life (in years)	-	0.5	1.5	2.5	3.5
Pricing model used to calculate the fair value of shares	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions	Monte Carlo for performance shares with external (market) conditions
Fair values of performance conditions (Euro)	69.05	79.90	98.72	92.71	92.57
<i>Main market conditions at grant date:</i>					
Volatility	26.35%	25.65%	23.29%	23.14%	29.61%
Risk free interest rate	0.2% - 0.17%	-0.17% - 0.90%	-0.109% - 0.2429%	-0.478% - 0.458%	-0.499% - 0.4615%
Expected dividend rate	1.60 %	1.60%	1.60%	1.60%	1.60%
Charge for the year	17	161	445	342	179
Share based payment reserve	-	541	744	448	179

(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. On 18 December 2017, 18 December 2018, 18 December 2019, 17 December 2020 and 16 December 2021 the ultimate parent company issued shares for 2017, 2018, 2019, 2020 and 2021 employee ownership plan respectively. The charge for the year for these plans are as below:

Particulars	ESOP 2017		ESOP 2018	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Number of shares	31,417	31,417	36,567	36,567
Charge for the year	4	6	6	10
Share based payment reserve	25	21	25	19

Particulars	ESOP 2019		ESOP 2020		ESOP 2021	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Number of shares	39,681	39,681	45,763	45,763	35,593	-
Charge for the year	7	9	11	3	4	-
Share based payment reserve	18	11	14	3	4	-

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

Notes to the financial statements as at 31 March 2022 (continued)

**45 Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, the Company has identified areas including activities for promoting programs that benefit the communities in and around the Company's work centre and further results in enhancing the quality of life and economic well being of the local populace, express commitment to the social development through responsible business practices and good governance, engage with state and its agencies in pursuing the development agenda for sustainable change for its CSR activities. These areas will be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to trusts/organisations involved in the above activities and will be utilized on the activities which are specified in Schedule VII of the Companies Act, 2013. The gross amount required to be spent by the Company on CSR activities is Rs 448 (31 March 2021 Rs.430). The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year is Rs. 952 (31 March 2021 Rs.430) towards Education and Employment Enhancement, Environment Sustainability, Contribution to incubators or research and development projects and Disaster Response ( Covid 19 relief)

In previous year, the total expenditure incurred on CSR activities exceeded the gross amount required to be spent by Rs.9 such excess amount was set off against the requirement to be spend in current financial year as per Rule 7 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 in pursuance of its obligation towards the ongoing projects.

In current year, the total expenditure incurred on CSR activities exceeds the gross amount required to be spent by Rs.504 such excess amount shall not be set off against the requirement to be spend in immediately succeeding three financial years as per management decision.

**Details of ongoing CSR projects under Sec 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 the company's bank account	From separate CSR unspent account	With the Company	In separate CSR unspent account
-	-	448	943	-	-	-

**Details of CSR expenditure under section 135 (5) of the Act in respect of other than ongoing projects**

Balance unspent as at 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2022
-	-	-	-	-

**Details of excess CSR expenditure under Section 135 (5) of the Act**

Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31 March 2022
9	9	9	-

**46 Merger schemes pending with National Company Law Tribunal, Mumbai (NCLT)**

The Company has filed an application with the NCLT on 31 January 2022 to merge Aricent Technologies (Holdings) Limited with the Company, 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.

**47 Transfer pricing**

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 (i.e. 31 December 2021). 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.

**48 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.

Notes to the financial statements as at 31 March 2022 (continued)

## 49 Additional Information

(a) Financial Ratios:

	<u>Numerator</u>	<u>Denominator</u>	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>Variance %</u>
Current ratio	Current Assets	Current Liabilities	3.51	3.46	1
Debt-equity ratio	Total Debt	Shareholder's Equity	0.04	0.05	-20
Debt service coverage ratio	Earnings available for debt service	Debt service	13.15	9.29	42
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	13.28 %	11.01 %	21
Trade receivables turnover ratio	Revenue	Average Trade Receivable	6.65	6.22	7
Trade payable turnover ratio	Purchases of other expenses and services	Average Trade Payables	3.84	3.12	23
Net capital turnover ratio	Revenue	Working Capital	2.82	2.74	3
Net profit ratio	Net Profit	Revenue	10.15 %	9.88 %	3
Return on capital employed	Earnings before interest and taxes	Capital Employed	16.66 %	15.78 %	6
<b>Return on Investment</b>					
Mutual funds	Income on Mutual fund	Average Investment in mutual funds	4.39 %	5.88 %	-25
Fixed deposit	Interest on fixed deposit	Average Investment in fixed deposit	3.60 %	4.87 %	-26

### Reason for variance more than 25%:

1. Debt service coverage ratio: Total surrender of lease facilities at Airoli, Bangalore, Chennai and Hyderabad locations during the year has resulted in an improvement in the ratio.
2. Return on fixed deposit investment:

### 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. Purchase of other expense and services = Other expense + Staff welfare services
5. Working capital = Current asset - Current liabilities
6. Capital employed = Tangible net worth + Deferred tax liabilities + Lease Liabilities

## 50 Previous year comparatives

Previous year's figures have been regrouped or reclassified, wherever necessary to conform to current year's presentation.

# ANNUAL REPORT 2020-21

## Balance Sheet as at 31 March 2021

		(Currency : INR in million)	
	Note	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	26,390	27,043
Right-of-use assets	4	8,246	9,226
Capital work-in-progress	5	110	666
Intangible assets	6	85	152
Financial assets			
Investments	7	43,557	4,114
Others	8	1,472	1,363
Deferred tax assets (net)	9	8,360	12,081
Income tax assets (net)	34	8,304	8,017
Other non-current assets	10	1,302	1,366
<b>Total non-current assets</b>		<b>97,826</b>	<b>64,028</b>
<b>Current assets</b>			
Financial assets			
Investments	11	37,746	53,590
Trade receivables	12	25,028	23,140
Cash and cash equivalents	13	7,608	12,677
Bank balances other than cash and cash equivalents	14	1	2
Others	15	1,730	1,480
Other current assets	16	5,063	8,600
<b>Total current assets</b>		<b>77,176</b>	<b>99,489</b>
<b>TOTAL ASSETS</b>		<b>175,002</b>	<b>163,517</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	591	591
Other equity	18	142,244	125,131
<b>Total equity</b>		<b>142,835</b>	<b>125,722</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	19	6,063	6,952
Others	20	68	781
Provisions	21	3,521	7,996
<b>Total non-current liabilities</b>		<b>9,652</b>	<b>15,729</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade and other payables	22	12	17
- Due to micro and small enterprises		4,812	5,642
- Due to other than micro and small enterprises		1,741	1,626
Lease liabilities	23	3,254	4,257
Others	24	4,147	3,492
Other current liabilities	25	6,822	5,674
Provisions	26	1,727	1,358
Income tax liabilities (net)	34	22,515	22,066
<b>Total current liabilities</b>		<b>32,167</b>	<b>37,795</b>
<b>Total liabilities</b>		<b>175,002</b>	<b>163,517</b>

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration No.: 012754N/ N500016

**Jeetendra Mirchandani**  
Partner  
Membership No: 048125

Place : Pune  
Date : 23 August 2021

**Srinivasa Rao Kandula**  
Wholetime Director & Chairman  
DIN: 07412426  
Place : Hyderabad

**Armin Billimoria**  
Company Secretary  
FCS - 8637  
Place : Mumbai  
Date : 23 August 2021

For and on behalf of the Board of Directors of  
**Capgemini Technology Services India Limited**  
CIN-U85110PN1993PLC145950

**Ashwin Yardi**  
Wholetime Director & Chief Executive Officer  
DIN: 07799277  
Place : Mumbai

**Sujit Sircar**  
Chief Financial Officer  
Place : Bengaluru



# ANNUAL REPORT 2020-21

## Statement of Profit and Loss for the year ended 31 March 2021

(Currency : INR in million)

	Note	31 March 2021	31 March 2020
Revenue from operations	27	149,707	147,135
Other income	28	3,590	5,694
<b>Total income</b>		<b>153,297</b>	<b>152,829</b>
<b>Expenses</b>			
Employee benefit expense	29	106,988	98,877
Finance costs	30	718	715
Depreciation and amortisation expense	31	6,774	6,725
Other expenses	32	15,768	23,363
<b>Total expenses</b>		<b>130,248</b>	<b>129,680</b>
<b>Profit before tax</b>		<b>23,049</b>	<b>23,149</b>
<b>Tax expense:</b>	34		
Current tax		5,857	5,141
Deferred tax		2,403	2,311
<b>Profit for the year</b>		<b>14,789</b>	<b>15,697</b>
<b>Other comprehensive income / (loss)</b>	33		
<b>(i) Items that will not be reclassified subsequently to Statement of Profit and Loss</b>			
Remeasurements of post-employment benefit obligations (Net)		3,447	(4,450)
Income tax relating to above item		(862)	1,035
<b>(ii) Items that will be reclassified subsequently to Statement of Profit and Loss</b>			
The effective portion of gain / (loss) on hedging instruments accounted for as cash flow hedges		194	(271)
Income tax relating to above item		(67)	95
Exchange differences on translation of foreign operations		10	225
<b>Total other comprehensive income / (loss), net of tax</b>		<b>2,722</b>	<b>(3,366)</b>
<b>Total comprehensive income for the year</b>		<b>17,511</b>	<b>12,331</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per equity share (face value of Rs. 10 each)	39	INR 250.07	INR 265.42

The accompanying notes form an integral part of the standalone financial statements  
As per our report of even date attached

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration No.: 012754N/ N500016

**Jeetendra Mirchandani**  
Partner  
Membership No: 048125

Place : Pune  
Date : 23 August 2021

**Srinivasa Rao Kandula**  
Wholetime Director & Chairman  
DIN: 07412426  
Place : Hyderabad

**Armin Billimoria**  
Company Secretary  
FCS - 8637  
Place : Mumbai  
Date : 23 August 2021

For and on behalf of the Board of Directors of  
**Cappgemini Technology Services India Limited**  
CIN-U85110PN1993PLC145950

**Ashwin Yardi**  
Wholetime Director & Chief Executive Officer  
DIN: 07799277  
Place : Mumbai

**Sujit Sircar**  
Chief Financial Officer  
Place : Bengaluru

# ANNUAL REPORT 2020-21

## Statement of Cash Flows for the year ended 31 March 2021

(Currency : INR in million)

	31 March 2021	31 March 2020
<b>A. Cash flows from operating activities</b>		
Profit before tax	23,049	23,149
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	6,774	6,725
Income on mutual funds	(2,687)	(3,041)
Profit on sale of non - current investments	(4)	-
Provisions no longer required written back	(12)	-
Provision for doubtful trade receivables written (back) / off	(242)	75
Bad trade receivables written off	319	45
Other provision	166	-
Provision for doubtful security deposits	60	-
Profit on sale / disposal of assets (net)	(166)	(78)
Interest on deposits with banks	(556)	(1,040)
Other interest (including interest on income tax and service tax refunds)	(10)	(142)
Interest on income tax	78	81
Interest on lease obligations	637	631
Interest under MSMED Act, 2006	3	3
Employee stock compensation expense	1,172	321
Unrealised foreign currency (gain)/loss (net)	160	(135)
<b>Operating profit before working capital changes</b>	<b>28,741</b>	<b>26,594</b>
<b>Changes in working capital</b>		
Decrease in trade and other payables	(980)	(2,201)
(Decrease) / increase in other current financial liabilities	(2)	215
Decrease in other non-current financial liabilities	-	(69)
Increase in other current liabilities	576	120
Increase in current provisions	1,107	767
(Decrease) / increase in non-current provisions	(1,282)	871
Increase in trade receivables	(1,836)	(1,380)
Decrease / (increase) in non-current assets	152	(166)
Decrease / (increase) in other current assets	3,619	(1,803)
(Increase) / decrease in other financial assets	(249)	193
<b>Cash flows from investing activities</b>	<b>29,846</b>	<b>23,141</b>
Taxes paid, net	(5,263)	(4,559)
<b>Net cash generated from operating activities</b>	<b>24,583</b>	<b>18,582</b>
<b>B. Cash flows from investing activities</b>		
Purchase of tangible and intangible assets	(3,764)	(4,433)
Proceed from sale of tangible and intangible assets	110	152
Purchase of non-current investments	(43,490)	(4,114)
Proceed from sale of non-current investments	8	-
Purchase of current investments	(178,946)	(178,763)
Proceed from sale of current investments	197,479	166,395
Proceeds from margin money deposits	1	-
Loan repaid by related party	161	-
Interest received on fixed deposits	751	1,003
<b>Net cash used in investing activities</b>	<b>(27,690)</b>	<b>(19,760)</b>

# ANNUAL REPORT 2020-21

## Statement of Cash Flows for the year ended 31 March 2021

(Currency : INR in million)

	31 March 2021	31 March 2020
<b>C. Cash flows from financing activities</b>		
Interest on lease obligations	(637)	(631)
Payment towards share based payment liability	(944)	-
Payment of lease liabilities	(1,744)	(1,674)
<b>Net cash used in financing activities</b>	<b>(3,325)</b>	<b>(2,305)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(6,432)</b>	<b>(3,483)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalent	(20)	61
Add: Effect of merger (refer note 35)	1,383	1
Cash and Cash equivalents at the beginning of the year	12,677	16,098
<b>Cash and Cash equivalents at the end of the year</b>	<b>7,608</b>	<b>12,677</b>

Notes :

- Reconciliation of cash and cash equivalents:**  
 Cash and cash equivalents comprise of:
 

Remittances in transit	-	532
Current accounts	580	461
EEFC accounts	1,766	214
Deposit accounts	5,262	11,470
<b>Cash and Cash equivalents at the end of the year</b>	<b>7,608</b>	<b>12,677</b>
- Purchase of tangible and intangible include payments for items in capital work in progress, capital creditors and advance for purchase of such tangible and intangible assets.
- For non-cash investing activity, refer additions to right-of-use assets in note 4.
- Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

The accompanying notes form an integral part of the standalone financial statements  
As per our report of even date attached

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration No.: 012754N/ N500016

**Jeetendra Mirchandani**  
Partner  
Membership No: 048125

Place : Pune  
Date : 23 August 2021

**Srinivasa Rao Kandula**  
Wholetime Director & Chairman  
DIN: 07412426  
Place : Hyderabad

**Armin Billimoria**  
Company Secretary  
FCS - 8637  
Place : Mumbai  
Date : 23 August 2021

For and on behalf of the Board of Directors of  
**Cappgemini Technology Services India Limited**  
CIN-U85110PN1993PLC145950

**Ashwin Yardi**  
Wholetime Director & Chief Executive Officer  
DIN: 07799277  
Place : Mumbai

**Sujit Sircar**  
Chief Financial Officer  
Place : Bengaluru

	Note	As at	
		31 March 2022	31 March 2021
<b>I ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>13,640</b>	<b>14,389</b>
<b>Current assets</b>			
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	810	674
<b>Total current assets</b>		<b>22,957</b>	<b>20,734</b>
<b>Total assets</b>		<b>36,597</b>	<b>35,123</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	1,312	1,312
Other equity	12	27,375	24,787
<b>Total equity</b>		<b>28,687</b>	<b>26,099</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>3,244</b>	<b>3,905</b>
<b>Current liabilities</b>			
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	939	752
<b>Total current liabilities</b>		<b>4,666</b>	<b>5,119</b>
<b>Total equity and liabilities</b>		<b>36,597</b>	<b>35,123</b>

## Aricent Technologies (Holdings) Limited

## Statement of Profit and Loss for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

	Note	For the year ended	
		31 March 2022	31 March 2021
<b>INCOME</b>			
Revenue from operations	18	26,785	25,466
Other income	19	1,881	634
<b>Total income</b>		<b>28,666</b>	<b>26,100</b>
<b>EXPENSES</b>			
Employee benefit expenses	20	18,528	17,048
Finance costs	21	177	209
Depreciation and amortisation expense	22	1,430	1,584
Other expenses	23	4,414	4,391
<b>Total expenses</b>		<b>24,549</b>	<b>23,232</b>
<b>Profit before tax</b>		<b>4,117</b>	<b>2,868</b>
Current tax	15	1,355	735
Deferred tax	15	123	174
<b>Income tax expense</b>		<b>1,478</b>	<b>909</b>
<b>Profit for the year</b>		<b>2,639</b>	<b>1,959</b>
<b>Other comprehensive income</b>			
<b>A. Items that will be reclassified to profit or loss</b>			
The effective portion of gain on hedging instruments in a cash flow hedge	26	7	159
(Loss)/gain reclassified to income statement	26	(159)	338
Income tax effect	15	54	(174)
<b>Net other comprehensive (loss)/income that will be reclassified to profit or loss</b>		<b>(98)</b>	<b>323</b>
<b>B. Items that will not be reclassified to profit or loss</b>			
Re-measurement gain on defined benefit plans	27	28	434
Income tax effect	15	(16)	(152)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>12</b>	<b>282</b>
<b>Other comprehensive (loss)/income for the year (A+B)</b>		<b>(86)</b>	<b>605</b>
<b>Total comprehensive income for the year</b>		<b>2,553</b>	<b>2,564</b>
<b>Earnings per equity share:</b>			
(1) Basic (absolute value in INR)	24	20	15
(2) Diluted (absolute value in INR)	24	20	15

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

		<b>For the year ended</b>	
		<b>31 March 2022</b>	<b>31 March 2021</b>
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit before income tax	4,117	2,869
	<b>Adjustment for:</b>		
	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	(136)	(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	-
	<b>Operating cash flows before working capital changes</b>	<b>4,206</b>	<b>4,592</b>
	<b>Change in operating assets and liabilities:</b>		
	Decrease in trade receivables	3,003	3,421
	(Increase) / Decrease in other assets and financial assets	(1,207)	1,464
	(Decrease) / Increase in trade payable and financial liabilities	(424)	199
	Increase in other liabilities and provisions	405	599
		<b>1,777</b>	<b>5,683</b>
	<b>Cash generated from operations</b>	<b>5,983</b>	<b>10,275</b>
	Income taxes paid	(799)	(716)
	<b>Net cash inflow from operating activities (A)</b>	<b>5,184</b>	<b>9,559</b>
<b>B</b>	<b>Cash flow from investing activities:</b>		
	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	-
	<b>Net cash outflow from investing activities (B)</b>	<b>(2,824)</b>	<b>(9,412)</b>
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Principal elements of lease payments	(718)	(847)
	Interest paid	(173)	(205)
	<b>Net cash outflow from financing activities (C)</b>	<b>(891)</b>	<b>(1,052)</b>
<b>D</b>	<b>Net Increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,469</b>	<b>(905)</b>
	Effect of exchange differences on cash and cash equivalents held in foreign currency	60	6
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,390</b>	<b>1,787</b>
	Addition on account of merger	-	502
	Decrease due to transfer of cash and cash equivalent as a part of slump sale of net assets of branches	(456)	-
	<b>Cash and cash equivalents at the end of the year</b>	<b>2,463</b>	<b>1,390</b>

(continued)

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**Aricent Technologies (Holdings) Limited**  
**Statement of Cash Flows for the year ended 31 March 2022-Unaudited**  
**(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
<b>Balances per statement of cash flows</b>	<b>2,463</b>	<b>1,390</b>

**(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

## Aricent Technologies (Holdings) Limited

## Statement of Changes in Equity for the year ended 31 March 2022-Unaudited

(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	22,344	3,544	(1,738)	33	-	103	24,786
Profit for the year	-	2,639	-	-	-	-	-	2,639
Employee stock compensation expense for the year	-	-	-	-	-	2	-	2
Employee stock compensation expense for performance share 2021 plan	-	-	-	-	-	34	-	34
Other comprehensive income	-	12	-	-	-	-	(98)	(86)
<b>Total comprehensive income</b>	-	2,651	-	-	-	36	(98)	2,589
<b>At 31 March 2022</b>	<b>500</b>	<b>24,995</b>	<b>3,544</b>	<b>(1,738)</b>	<b>33</b>	<b>36</b>	<b>5</b>	<b>27,375</b>

## 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)
<b>Restated balance as at 1 April 2020</b>	<b>500</b>	<b>20,103</b>	<b>3,544</b>	<b>(1,738)</b>	<b>33</b>	<b>-</b>	<b>(220)</b>	<b>22,222</b>
Profit for the year	-	1,959	-	-	-	-	-	1,959
Other comprehensive income	-	282	-	-	-	-	323	605
<b>Total comprehensive income</b>	-	2,241	-	-	-	-	323	2,564
<b>At 31 March 2021</b>	<b>500</b>	<b>22,344</b>	<b>3,544</b>	<b>(1,738)</b>	<b>33</b>	<b>-</b>	<b>103</b>	<b>24,786</b>



## 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) has wide 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:

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

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:

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

### 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.

## 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:

<i>Category</i>	<i>Useful life estimated (Assets capitalised on or before 31 March 2021)</i>	<i>Useful life estimated (Assets capitalised post 01 April 2021)</i>
Buildings <sup>(1)</sup>	30	30
Plant and equipments		
Air conditioners	5	7
Others <sup>(1)</sup>	7	7
Computer equipments <sup>(1)</sup>	3	3-5
Furniture and fixtures <sup>(1)</sup>	5	7
Office equipments	2-5	7
Motor vehicles <sup>(1)</sup>	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**

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 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:

- . 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
- . 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.

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## Aricent Technologies (Holdings) Limited

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(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
<b>Cost or deemed cost</b>								
<b>As at 1 April 2020</b>	<b>1,050</b>	<b>314</b>	<b>2,603</b>	<b>249</b>	<b>267</b>	<b>8</b>	<b>4,491</b>	<b>4</b>
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
<b>As at 31 March 2021</b>	<b>1,135</b>	<b>312</b>	<b>2,903</b>	<b>288</b>	<b>300</b>	<b>8</b>	<b>4,946</b>	<b>26</b>
Additions	2	0	830	5	109	-	946	950
Disposals	41	37	759	18	61	4	920	-
Assets capitalised	-	-	-	-	-	-	-	976
<b>As at 31 March 2022</b>	<b>1,096</b>	<b>275</b>	<b>2,974</b>	<b>275</b>	<b>348</b>	<b>4</b>	<b>4,972</b>	<b>-</b>
<b>Accumulated depreciation</b>								
<b>As at 1 April 2020</b>	<b>615</b>	<b>242</b>	<b>2,302</b>	<b>212</b>	<b>204</b>	<b>6</b>	<b>3,581</b>	<b>-</b>
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	-
<b>As at 31 March 2021</b>	<b>769</b>	<b>275</b>	<b>2,548</b>	<b>264</b>	<b>243</b>	<b>7</b>	<b>4,106</b>	<b>-</b>
Charge for the year	160	24	301	8	35	1	529	-
On disposals	29	37	752	16	61	4	899	-
<b>As at 31 March 2022</b>	<b>900</b>	<b>262</b>	<b>2,097</b>	<b>256</b>	<b>217</b>	<b>4</b>	<b>3,736</b>	<b>-</b>
<b>Carrying value</b>								
<b>As at 31 March 2022</b>	<b>196</b>	<b>13</b>	<b>877</b>	<b>19</b>	<b>131</b>	<b>-</b>	<b>1,236</b>	<b>-</b>
As at 31 March 2021	366	37	355	24	57	1	840	26

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

## Aricent Technologies (Holdings) Limited

## Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

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

## CWIP aging schedule 31 March 2021

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

## 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

	Buildings	Lease hold improvements	Vehicles	Total
<b>Cost</b>				
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
<b>Amortisation</b>				
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
<b>Carrying amounts</b>				
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
<b>Total</b>	<b>1,153</b>	<b>1,804</b>

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)
<b>Balance at the end</b>	<b>1,153</b>	<b>1,804</b>

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
<b>Balance at the end</b>	<b>1,437</b>	<b>2,106</b>

Rental expense recorded for short-term and low value leases was INR 154 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
<b>Balance at the end</b>	<b>16</b>	<b>34</b>

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

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

**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%

**Aricent Technologies (Holdings) Limited****Notes forming part of financial statements for the year ended 31 March 2022-Unaudited**

(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
<b>Other financial assets (at amortised cost)</b>				
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
<b>Total other financial assets (at amortised cost)</b>	<b>345</b>	<b>342</b>	<b>1,726</b>	<b>607</b>
<b>Derivative instruments at fair value through profit or loss</b>				
Foreign exchange forward and option contracts	-	-	-	20
<b>Total derivative instruments at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>Derivative instruments designated as hedging instruments at fair value through other comprehensive income</b>				
Foreign exchange forward contracts	-	-	7	159
<b>Total derivative instruments designated as hedging instruments fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>159</b>
<b>Total</b>	<b>345</b>	<b>342</b>	<b>1,733</b>	<b>786</b>

**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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,872</b>	<b>9,055</b>

**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
<b>Total</b>	<b>7</b>	<b>159</b>

**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 (Note 9)	-	-	2,463	1,390
Investments (refer note 10)	122	-	-	-
Other financial assets (Refer note 6)	345	342	1,726	607
<b>Total</b>	<b>467</b>	<b>342</b>	<b>9,268</b>	<b>10,846</b>

## Aricent Technologies (Holdings) Limited

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(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
<b>Capital advances:</b>				
Others	482	435	-	-
<b>Advances (other than capital advances):</b>				
Advance to suppliers	-	-	59	111
Advances to employee	-	-	106	21
	<b>482</b>	<b>435</b>	<b>165</b>	<b>132</b>
Balances with government authorities	318	322	207	152
Prepaid expenses	-	-	365	298
Unbilled revenue#	-	-	70	84
Security deposits	-	28	# #####	-
Others	-	-	3	8
<b>Total</b>	<b>800</b>	<b>785</b>	<b>810</b>	<b>674</b>

#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
<b>Unsecured</b>		
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)
<b>Total</b>	<b>5,079</b>	<b>8,849</b>

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 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

	Not due	Outstanding for the following periods from the due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed Trade receivables</b>							
a) considered good	3,821	1,047	40	-	59	112	5,079
b) which have significant increase in credit risk	9	19	14	5	13	-	60
c) credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>							
a) Considered good	-	-	-	-	-	-	-
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
	<b>3,830</b>	<b>1,066</b>	<b>54</b>	<b>5</b>	<b>72</b>	<b>112</b>	<b>5,139</b>
Less : Loss allowance							(60)
<b>Total</b>							<b>5,079</b>

## Ageing of Trade receivables for 31 March 2021

	Not due	Outstanding for the following periods from the due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed Trade receivables</b>							
a) considered good	5,608	2,244	591	290	62	54	8,849
b) which have significant increase in credit risk	34	16	24	-	23	52	149
c) credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>							
a) Considered good	-	-	-	-	-	-	-
b) which have significant increase in credit risk	-	-	-	-	-	-	-
c) credit impaired	-	-	-	-	-	-	-
	<b>5,642</b>	<b>2,260</b>	<b>615</b>	<b>290</b>	<b>85</b>	<b>106</b>	<b>8,998</b>
Less : Loss allowance							(149)
<b>Total</b>							<b>8,849</b>

## 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
<b>Total</b>	<b>2,463</b>	<b>1,390</b>

## Aricent Technologies (Holdings) Limited

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

## 10. Investments

	As at	
	31 March 2022	31 March 2021
<b>Non Current Investments carried at cost</b>		
<b>Investment in Secured debentures</b>		
28,000 units (Mar 21 : Nil) in 7.65% IL&FS Financial Services Limited	7	-
82,000 units (Mar 21 : Nil) in 7.70% IL&FS Financial Services Limited	20	-
24,000 units (Mar 21 : Nil) in 7.85% IL&FS Financial Services Limited	6	-
40,000 units (Mar 21 : Nil) in 7.88% IL&FS Financial Services Limited	10	-
28,400 units (Mar 21 : Nil) in 8.00% IL&FS Financial Services Limited	7	-
30,000 units (Mar 21 : Nil) in 8.23% IL&FS Financial Services Limited	8	-
34,500 units (Mar 21 : Nil) in 8.51% IL&FS Financial Services Limited	8	-
26,300 units (Mar 21 : Nil) in 8.60% IL&FS Financial Services Limited	7	-
45,000 units (Mar 21 : Nil) in 8.70% IL&FS Financial Services Limited	11	-
10,000 units (Mar 21 : Nil) in 8.75% IL&FS Financial Services Limited	19	-
35 units (Mar 21 : Nil) in 9.10% IL&FS Financial Services Limited	9	-
32 units (Mar 21 : Nil) in 9.15% IL&FS Financial Services Limited	8	-
<b>Investment in Unsecured debentures</b>		
28,000 units (Mar 21 : Nil) in 8.65% IL&FS Financial Services Limited	1	-
42,500 units (Mar 21 : Nil) in 8.68% IL&FS Financial Services Limited	1	-
<b>Total</b>	<b>122</b>	<b>-</b>

	As at	
	31 March 2022	31 March 2021
<b>Current Investments</b>		
<b>Investments in mutual funds -quoted carried at fair value through profit and loss</b>		
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	-
<b>Current investments - carrying value</b>	<b>12,872</b>	<b>9,035</b>
<b>Total</b>	<b>12,872</b>	<b>9,035</b>
<b>Aggregate book value of quoted investments</b>	<b>12,872</b>	<b>9,035</b>
<b>Aggregate market value of quoted investments</b>	<b>12,872</b>	<b>9,035</b>
<b>Aggregate value of unquoted investments</b>	<b>-</b>	<b>-</b>



## Aricent Technologies (Holdings) Limited

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

## 11. Share capital

	As at	
	31 March 2022	31 March 2021
<b>Authorised</b>		
140,100,000 (31 March 2021: 140,000,000) 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
	<b>16,402</b>	<b>16,402</b>
<b>Issued, subscribed and fully paid-up</b>		
131,196,104 (31 March 2021: 131,196,104) equity shares of INR 10 each	1,312	1,312
<b>Total</b>	<b>1,312</b>	<b>1,312</b>

## 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
<b>Equity shares</b>				
At the commencement of the year	131,196,104	1,312	131,196,104	1,312
<b>At the end of the year</b>	<b>131,196,104</b>	<b>1,312</b>	<b>131,196,104</b>	<b>1,312</b>

## 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
<b>Equity shares of INR 10 each fully paid up held by</b>				
(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
<b>Equity shares of INR 10 each fully paid up held by</b>				
(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%	-

**Aricent Technologies (Holdings) Limited**

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

**12. Other equity**

	As at	
	31 March 2022	31 March 2021
<b>Capital redemption reserve</b>		
At the commencement of the year	3,544	3,544
<b>At the end of the year</b>	<b>3,544</b>	<b>3,544</b>
<b>Securities premium reserve</b>		
At the commencement of the year	500	500
<b>At the end of the year</b>	<b>500</b>	<b>500</b>
<b>Retained earnings</b>		
At the commencement of the year	22,344	19,778
Add: addition on account of Merger	-	325
<b>Adjusted balance at the commencement of the year</b>	<b>22,344</b>	<b>20,103</b>
Add: Profit for the year	2,639	1,959
Add: Other comprehensive income	12	282
<b>At the end of the year</b>	<b>24,995</b>	<b>22,344</b>
<b>Cash flow hedge reserve</b>		
At the commencement of the year	103	(220)
Changes during the year (net)	(98)	323
<b>At the end of the year</b>	<b>5</b>	<b>103</b>
<b>Capital reserve</b>		
At the commencement of the year	(1,738)	-
Add: addition on account of Merger	-	(1,738)
<b>At the end of the year</b>	<b>(1,738)</b>	<b>(1,738)</b>
<b>Deemed contribution from parent company</b>		
At the commencement of the year	33	33
<b>At the end of the year</b>	<b>33</b>	<b>33</b>
<b>Share based payment reserve</b>		
At the commencement of the year	*	-
Employee stock compensation expense for the year	2	*
Employee stock compensation expense for performance share 2021 plan	34	-
<b>At the end of the year</b>	<b>36</b>	<b>*</b>
<b>Total</b>	<b>27,375</b>	<b>24,787</b>

\* 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)

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

13. Other financial liabilities

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

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
<b>Total</b>	<b>1,812</b>	<b>2,405</b>

14. Provisions

	Non-current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Provision for employee benefits</b>				
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
	<b>1,335</b>	<b>1,772</b>	<b>1,394</b>	<b>1,236</b>
<b>Other provisions</b>				
Provision for warranty	-	-	33	31
Provision for site restoration	55	52	6	6
	<b>55</b>	<b>52</b>	<b>39</b>	<b>37</b>
<b>Total</b>	<b>1,390</b>	<b>1,824</b>	<b>1,433</b>	<b>1,273</b>

Movement in provision for warranty and site restorations

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

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
<b>Current income tax</b>		
Current tax on profits for the year	1,358	929
Adjustments for current tax of prior periods	(3)	(194)
	<b>1,355</b>	<b>735</b>
<b>Deferred income tax liability / (asset), net</b>		
Deferred tax charge / (credit)	123	(357)
MAT credit utilized	-	531
<b>Deferred tax expense</b>	<b>123</b>	<b>174</b>
<b>Tax expense for the year</b>	<b>1,478</b>	<b>909</b>

(b) Amounts recognised in other comprehensive income

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

(c) Reconciliation of effective tax rate

Particulars	Year ended	
	31 March 2022	31 March 2021
<b>Profit before tax</b>	<b>4,117</b>	<b>2,868</b>
Tax using the Company's domestic tax rate (Current year and previous year 34.944%)	1,438	1,003
<b>Tax effect of:</b>		
Income taxes relating to prior years *	64	(194)
Deferred tax adjustments as per tax return of previous years	-	-
Tax effect due to income tax holidays/deductions	(55)	(41)
Reversal of DTA on account of change in tax laws	73	(217)
Non-deductible tax expenses	11	-
Other items	(53)	358
<b>Total</b>	<b>1,478</b>	<b>909</b>

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

**15. Income tax (continued)**

**Deferred tax assets (net)**

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

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 FY 2024-25.

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 Rs. 1 (31 March 2021 Rs 217) 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 (i.e. 31 December 2021). 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.

## Aricent Technologies (Holdings) Limited

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

## 16. Other liabilities

	Non Current as at		Current as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Statutory liabilities	-	-	686	466
Unearned revenue	-	-	229	141
Advances from customers	-	-	23	66
Other liabilities	127	124	1	79
<b>Total</b>	<b>127</b>	<b>124</b>	<b>939</b>	<b>752</b>

## 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
<b>Total</b>	<b>1,297</b>	<b>1,554</b>

\* Below rounding off norms, refer note 36

## Ageing of Trade Payable for 31 March 2022

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

## Ageing of Trade Payable for 31 March 2021

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

\* Below rounding off norms, refer note 36

**Aricent Technologies (Holdings) Limited**  
**Notes forming part of financial statements for the year ended 31 March 2022-Unaudited**  
**(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
<b>Total</b>	<b>26,785</b>	<b>25,466</b>

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.

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

**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)
<b>Total</b>	<b>26,785</b>	<b>25,466</b>

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.

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.

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

**18. Revenue from operations (continued)**

**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 revaluations, 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	136	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
Reversal of loss allowance on trade receivables	89	-
Miscellaneous income	36	1
<b>Total</b>	<b>1,881</b>	<b>634</b>

**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
<b>Total</b>	<b>20</b>	<b>48</b>

**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	567
Retirement benefits expense (Gratuity and pension), refer note 27	351	324
Compensated absences	238	326
Share based payments to employees (refer note 28)	36	*
Staff welfare expenses	233	206
<b>Total</b>	<b>18,528</b>	<b>17,048</b>

\* Below rounding off norms. Refer note 36.

**Aricent Technologies (Holdings) Limited**  
**Notes forming part of financial statements for the year ended 31 March 2022-Unaudited**  
**(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
<b>Total</b>	<b>177</b>	<b>209</b>

**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
<b>Total</b>	<b>1,430</b>	<b>1,584</b>

**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
Loss allowance on trade receivables	-	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)	18	20
Insurance	10	14
Bank charges	12	9
Bad debt written off	154	-
Miscellaneous expenses	123	188
<b>Total</b>	<b>4,414</b>	<b>4,391</b>

**(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 in month of April 2022

	Year ended	
	31 March 2022	31 March 2021
Amount required to be spent as per section 135 of the Companies Act, 2013	59	68
<b>Ongoing projects, other than construction/acquisition of any assets</b>		
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
<b>Total amount spent during the year</b>	<b>31</b>	<b>57</b>

**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	-



**Aricent Technologies (Holdings) Limited**

Notes forming part of financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

**23. Other expenses (continued)****(ii) Payments to the auditors comprises (net of input tax credit, where applicable):**

	Year ended	
	31 March 2022	31 March 2021
Statutory audit fee	10	12
Tax audit fee	2	2
Other services	6	6
Out of pocket expenses	*	*
<b>Total</b>	<b>18</b>	<b>20</b>

\*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	2,639	1,959
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 Companies 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.

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

**(l) Estimation of uncertainties relating to the global health pandemic from COVID-19**

The World Health Organization in February 2020 declared outbreak of Coronavirus (COVID -19) as a pandemic. The pandemic rapidly spread throughout the world, including India. While Governments around the world including India took significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities, the COVID -19 pandemic did cause significant disturbance and slowdown of economic activity which led to the Company's offices being closed down in March 2020. The offices subsequently reopened in June 2020 in line with the resumption of economic activity and continues to function albeit in a limited fashion, there has been a second wave impacting the world at different points in time and impacting India since April 21. The Company has taken into cognizance all the possible impact of the known events arising from COVID-19 pandemic, and based on its review, there is no significant impact on its financial statements. However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

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

<b>Forward Contracts Outstanding</b> <span style="float: right;">(in million)</span>			
	<b>Currency to Sell</b>	<b>Notional Coverage</b>	<b>Foreign Currency</b>
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:

<b>Forward Contracts Outstanding</b> <span style="float: right;">(in million)</span>			
	<b>Currency to Sell</b>	<b>Notional Coverage</b>	<b>Foreign Currency</b>
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:

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Balance at the beginning of the year - Asset/(liability)</b>	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)
<b>Balance at the end of the year - asset / (liability)</b>	<b>5</b>	<b>103</b>

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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**Aricent Technologies (Holdings) Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited**  
**(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 167 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 534 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	
	31 March 2022	31 March 2021
<b>Present value of defined benefit obligation</b>		
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)
<b>Balance as at the end of the year (A)</b>	<b>8,726</b>	<b>8,482</b>
<b>Fair value of plan assets</b>		
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)
<b>Balance as at the end of the year (B)</b>	<b>8,303</b>	<b>8,333</b>
<b>Deficit funding post surrender (C)</b>	<b>48</b>	<b>-</b>
<b>Amount recognized in balance sheet (A-B-C)</b>	<b>375</b>	<b>149</b>

**Net cost recognized during the year ended**

	31 March 2022	31 March 2021
<b>Amount recognized in Statement of Profit and Loss</b>		
Service cost	141	342
Net interest on net defined benefit liability / (asset)	3	20
<b>Amount recognized in Other Comprehensive Income</b>		
Actuarial (gain)/loss recognized in OCI	257	(460)
<b>Net Defined benefit cost</b>	<b>401</b>	<b>(98)</b>

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

	As at	
	31 March 2022	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	
	31 March 2022	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%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Aricent Technologies (Holdings) Limited

## Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited

(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)	-
<b>Balance as at the end of the year</b>	<b>1,495</b>	<b>1,706</b>	<b>-</b>	<b>254</b>

## 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)	-	*	-	-
<b>Balance as at the end of the year</b>	<b>18</b>	<b>44</b>	<b>-</b>	<b>-</b>

\* 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
<b>Liability recognised in the Balance Sheet as at the end of the year</b>	<b>1,477</b>	<b>1,662</b>	<b>-</b>	<b>254</b>
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
<b>Total</b>	<b>65</b>	<b>318</b>	<b>(12)</b>	<b>13</b>

## 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
<b>Total</b>	<b>347</b>	<b>319</b>	<b>3</b>	<b>5</b>

## 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)	*	*	-	-
<b>Total</b>	<b>(282)</b>	<b>6</b>	<b>(15)</b>	<b>8</b>

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

**Aricent Technologies (Holdings) Limited**  
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**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
<b>Total</b>	<b>2,482</b>	<b>2,485</b>

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
<b>Main market conditions at grant date:</b>	
Volatility	30.97%
Risk free interest rate	-0.4246%
Expected dividend rate	0.2605%
Charge for the year	34
Share based payment reserve	34

**Aricent Technologies (Holdings) Limited**  
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**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 which might have a material impact on the financial statements.

**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.

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

**29. Commitments and contingencies (continued)**

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.

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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**Aricent Technologies (Holdings) Limited****Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited**

(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 (formerly known as Aricent 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.

## Aricent Technologies (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited

(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	<b>Whole time directors</b> Ashwani Lal Krishna Chandra Reddy  <b>Independent directors</b> 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)  <b>Directors:</b> 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)  <b>Others:</b> Parveen Jain (Company Secretary) Jitendra Grover (CFO)
e.	Trusts set-up by the Company	Aricent Employees Provident Fund Trust ( till 30 June 2021) 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		
	<b>Transactions during the year</b>		
	Revenue from operations	34	2
	Expenses (sub-contracting expenses)	81	22
	Sale of fixed assets	18	-
	Purchase of fixed assets	25	-
	<b>Balance outstanding at the year end</b>		
	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		
	<b>Transactions during the year</b>		
	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
	<b>Balance outstanding as at the year end</b>		
	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 financial assets ( other receivable)	23	-

**Aricent Technologies (Holdings) Limited****Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited****(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
d	Ultimate holding company		
	<b>Transactions during the year</b>		
	Deemed contribution in relation to equity share subscription plan	36	*
e	Trusts set-up by the Company		
	<b>Transactions during the year</b>		
	Contributions made during the year	584	950
	Purchase of financial assets during the year	122	-
	<b>Balance outstanding as at the year end</b>		
	Contributions payable at the year end	-	79
f.	Key managerial personnel		
	<b>Compensation during the year</b>		
	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	*	*
	<b>Balance outstanding as at the year end</b>		
	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:

Location	Revenue for year ended	
	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
<b>Total</b>	<b>26,785</b>	<b>25,466</b>

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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**Aricent Technologies (Holdings) Limited****Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited**

(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
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at amortised cost</b>		
Trade receivables	5,079	8,849
Cash and cash equivalents	2,463	1,390
Investment	122	-
Other financial assets	2,071	607
<b>Financial assets measured at fair value through profit or loss</b>		
Investments in mutual funds	12,872	9,035
Foreign exchange forward and option contracts	-	20
<b>Financial assets - derivative (cash flow hedge designated for hedge accounting)</b>		
Foreign exchange forward contracts	7	159
<b>Total</b>	<b>22,614</b>	<b>20,060</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	1,297	1,554
Lease liabilities	1,153	1,804
Other financial liabilities	515	851
<b>Total</b>	<b>2,965</b>	<b>4,209</b>

**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
<b><u>As of 31 March 2022</u></b>			
<b>Financial assets at fair value</b>			
Foreign exchange forward and option contracts	-	7	-
Investments in mutual funds	12,872	-	-
<b><u>As of 31 March 2021</u></b>			
<b>Financial assets at fair value</b>			
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:

- 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.
- 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.

**Aricent Technologies (Holdings) Limited****Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited****(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.

**Aricent Technologies (Holdings) Limited**

Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited

(All amounts in INR million, unless otherwise stated)

**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
<b>As at 31 March 2022</b>					
Trade payables	1,297	1,297	1,297	-	-
Lease liabilities	1,153	1,437	665	727	45
Other financial liabilities	515	515	515	-	-
	<b>2,965</b>	<b>3,249</b>	<b>2,477</b>	<b>727</b>	<b>45</b>

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

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 result of these transactions as per below table:

Branch	Amount
US branch	350
Canada branch	81
Germany branch	318
<b>Total</b>	<b>749</b>

**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
<b>17</b>	<b>Trade payables</b>		
	- Due to micro and small enterprises	-	0.01
<b>20</b>	<b>Employee benefit expenses</b>		
	Share based payments to employees	-	0.31
<b>23</b>	<b>Corporate Social Responsibility</b>		
	Interim support to Disaster relief related requests from the NGOs/CBOs/others	-	-
<b>27</b>	<b>Employee benefits</b>		
	Actuarial gain/(loss) on plan assets	0.30	0.45
<b>23(ii)</b>	<b>Payments to the auditors</b>		
	Out of pocket expenses	0.15	0.03
<b>28</b>	<b>Share ownership plan</b>		
	Charge for the year	-	0.31
	Employee stock option reserve	-	0.31
<b>30</b>	<b>Related party transactions</b>		
	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-Unaudited****(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	4.92	4.05	21%
Debt-equity ratio*	Total Debt	Shareholder's Equity	0.04	0.07	-42%
Debt service coverage ratio*	Earnings available for debt service	Debt service	3.06	3.50	-13%
Return on equity ratio*	Net Profits after taxes	Average Shareholder's Equity	2.41%	1.92%	26%
Trade receivables turnover ratio*	Revenue	Average Trade Receivable	0.96	0.61	58%
Trade payable turnover ratio	Purchases of other expenses and service	Average Trade Payables	0.81	0.71	15%
Net capital turnover ratio	Revenue	Working Capital	1.46	1.63	-10%
Net profit ratio*	Net Profit	Revenue	9.85%	7.69%	28%
Return on capital employed*	Earnings before interest and taxes	Capital Employed	14.39%	11.03%	30%
<b>Return on Investment</b>					
Mutual funds	Return on Mutual fund	Average Investment	1.02%	0.94%	8%
Fixed deposit	Interest on fixed deposit	Average Investment	0.96%	1.72%	-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 on equity ratio.
- 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 -fixed deposit - Change in investments strategy from Investment in fixed deposits to mutual funds resulted in decline in return on investment in fixed deposits

**(b) Other regulatory information****(i) Details of benami property held**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Borrowing secured against current assets**

The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

**(iii) Willful defaulter**

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Relationship with struck off companies**

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

**(v) Compliance with number of layers of companies**

The Company does not have any subsidiaries and hence this clause is not applicable.

**(vi) Compliance with approved scheme(s) of arrangements**

The Company has complied all approved scheme of arrangement which has an accounting impact on current or previous financial year.

**Aricent Technologies (Holdings) Limited****Notes forming part of the financial statements for the year ended 31 March 2022-Unaudited****(All amounts in INR million, unless otherwise stated)****39. Additional information (Continued)****(vii) Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities understanding (whether recorded in writing or otherwise) that the group shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(ix) Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**(xi) Registration of charges or satisfaction with Registrar of Companies**

The Company has no charges or satisfaction to be registered with Registrar of Companies during the current or previous year.

**(xii) Loans or advances to specified persons**

The Company has not provided any loans or advances to specified persons being promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) during the current or previous year.





## Balance Sheet as at 31 March 2021

(All amounts in INR million, unless otherwise stated)

	Note	As at	
		31 March 2021	31 March 2020
<b>I ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	840	910
Right of use assets	4	1,694	1,917
Capital work-in-progress	3	26	4
Goodwill	5	7,803	4,874
Other intangible assets	5	391	130
Financial assets			
(i) Investment in subsidiaries	12	-	5,609
(ii) Loans	6	342	321
(iii) Other financial assets	7	-	46
Income tax assets (net)	17	1,144	1,158
Deferred tax assets (net)	17	1,364	1,967
Other non-current assets	8	785	680
<b>Total non-current assets</b>		<b>14,389</b>	<b>17,616</b>
<b>Current assets</b>			
Financial assets			
(i) Trade receivables	9	8,849	12,105
(ii) Cash and cash equivalents	10	1,390	1,787
(iii) Bank balances other than (ii) above	11	-	22
(iv) Loans	6	28	3
(v) Investments in mutual funds	12	9,035	-
(vi) Other financial assets	7	758	2,058
Other current assets	8	674	548
<b>Total current assets</b>		<b>20,734</b>	<b>16,523</b>
<b>Total assets</b>		<b>35,123</b>	<b>34,139</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	1,312	1,312
Other equity	14	24,787	23,635
<b>Total equity</b>		<b>26,099</b>	<b>24,947</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease Liabilities	4	1,115	1,348
Provisions	16	1,824	2,126
Income tax liabilities (net)	17	842	876
Other non-current liabilities	18	124	119
<b>Total non-current liabilities</b>		<b>3,905</b>	<b>4,469</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables			
- Due to micro and small enterprises	19	-	-
- Due to other than micro and small enterprises	19	1,554	1,690
(ii) Other financial liabilities	15	851	977
(iii) Lease liabilities	4	689	618
Provisions	16	1,273	894
Other current liabilities	18	752	544
<b>Total current liabilities</b>		<b>5,119</b>	<b>4,723</b>
<b>Total equity and liabilities</b>		<b>35,123</b>	<b>34,139</b>

The accompanying notes 1 to 43 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**

Partner

Membership No : 048125

Place: Pune

Date: 19 July 2021

For and on behalf of the Board of Directors

**Krishna Chandra Reddy**

Managing Director

DIN – 07573071

**Parveen Jain**

Company Secretary

Place: Gurugram

Date: 19 July 2021

**Sujit Sircar**

Director

DIN – 00026417

**Jitendra Grover**

Chief Financial Officer



## Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in INR million, unless otherwise stated)

	Note	For the year ended	
		31 March 2021	31 March 2020
<b>INCOME</b>			
Revenue from operations	20	25,466	24,666
Other income	21	634	803
<b>Total income</b>		<b>26,100</b>	<b>25,469</b>
<b>EXPENSES</b>			
Employee benefit expenses	22	17,047	15,627
Finance costs	23	209	193
Depreciation and amortisation expense	24	1,584	1,397
Other expenses	25	4,391	4,765
<b>Total expenses</b>		<b>23,231</b>	<b>21,982</b>
<b>Profit before tax</b>		<b>2,869</b>	<b>3,487</b>
Current tax	17	735	114
Deferred tax	17	174	(3,654)
<b>Income tax expense</b>		<b>909</b>	<b>(3,540)</b>
<b>Profit for the year</b>		<b>1,960</b>	<b>7,027</b>
<b>Other comprehensive income</b>			
<b>A. Items that will be reclassified to profit or loss</b>			
The effective portion of gain / (loss) on hedging instruments in a cash flow hedge	28	159	(338)
Gain/(loss) reclassified to income statement	28	338	(108)
Income tax effect	17	(174)	156
<b>Net other comprehensive income/(loss) that will be reclassified to profit or loss</b>		<b>323</b>	<b>(290)</b>
<b>B. Items that will not be reclassified to profit or loss</b>			
Re-measurement gain/(loss) on defined benefit plans	29	434	(564)
Income tax effect	17	(152)	205
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss</b>		<b>282</b>	<b>(359)</b>
<b>Other comprehensive income/(loss) for the year (A+B)</b>		<b>605</b>	<b>(649)</b>
<b>Total comprehensive income for the year</b>		<b>2,565</b>	<b>6,378</b>
<b>Earnings per equity share:</b>			
(1) Basic (absolute value in INR)	26	15	54
(2) Diluted (absolute value in INR)	26	15	54

The accompanying notes 1 to 43 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 and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

(Registration No. FRN 012754N/N500016)

Jeetendra Mirchandani

Partner

Membership No : 048125

Place: Pune

Date: 19 July 2021

Krishna Chandra Reddy

Managing Director

DIN – 07573071

Parveen Jain

Company Secretary

Place: Gurugram

Date: 19 July 2021

Sujit Sircar

Director

DIN – 00026417

Jitendra Grover

Chief Financial Officer



## Statement of Cash Flows for the year ended 31 March 2021

(All amounts in INR million, unless otherwise stated)

	For the year ended	
	31 March 2021	31 March 2020
<b>A Cash flow from operating activities</b>		
Profit before income tax	2,869	3,487
<b>Adjustment for:</b>		
Depreciation and amortisation expense	1,584	1,397
(Gain)/loss on sale of property, plant and equipment (net) and right of use assets	(4)	2
Provision for doubtful receivables	53	52
Provision for doubtful deposits and advances	-	35
Gain on sale of current investment (net)	-	(24)
Unrealised gain on current investments (net)	(85)	-
Liabilities/provisions no longer required written back	(13)	(118)
Unrealized foreign exchange fluctuation loss/(gain) (net)	(6)	24
Interest income (including fair value change in financial instruments)	(15)	(31)
Finance costs (including fair value change in financial instruments)	209	193
<b>Operating cash flows before working capital changes</b>	<b>4,592</b>	<b>5,017</b>
<b>Change in operating assets and liabilities:</b>		
Decrease/(Increase) in trade receivables	3,421	(2,304)
Decrease/(Increase) in other assets and financial assets	1,464	(3,514)
Increase in trade payable and financial liabilities	199	213
Increase in other liabilities and provisions	599	2,695
	<b>5,683</b>	<b>(2,910)</b>
<b>Cash generated from operations</b>	<b>10,275</b>	<b>2,107</b>
Income taxes paid	(716)	(584)
<b>Net cash inflow from operating activities (A)</b>	<b>9,559</b>	<b>1,523</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment including intangible assets and CWIP	(465)	(308)
Proceeds from sale of property, plant and equipment including intangible assets	3	8
Purchase of mutual funds	(8,950)	(1,700)
Redemption of mutual funds	-	1,928
<b>Net cash outflow from investing activities (B)</b>	<b>(9,412)</b>	<b>(72)</b>
<b>C Cash flow from financing activities:</b>		
Payments of lease liabilities	(847)	(564)
Interest paid	(205)	(189)
<b>Net cash outflow from financing activities (C)</b>	<b>(1,052)</b>	<b>(753)</b>
<b>D Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>(905)</b>	<b>698</b>
Effect of exchange differences on cash and cash equivalents held in foreign currency	6	(24)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,787</b>	<b>1,113</b>
Addition on account of merger (refer note 39)	502	-
<b>Cash and cash equivalents at the end of the year</b>	<b>1,390</b>	<b>1,787</b>

(Continued)



## Statement of Cash Flows for the year ended 31 March 2021 (Continued)

(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 2021	31 March 2020
Components of cash and cash equivalents		
- in current accounts	370	383
- in EEFC accounts	384	648
- in deposits with original maturity of less than three months	636	756
<b>Balances per statement of cash flows</b>	<b>1,390</b>	<b>1,787</b>

#### (b) Non-cash financing and investing activities

	For the year ended	
	31 March 2021	31 March 2020
- Acquisition of right-of-use assets	739	-
- On account of merger (refer note 39)		
- Reversal of investments	(5,609)	-
- Goodwill and other fixed assets	3,383	-

The accompanying notes 1 to 43 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**

Partner

Membership No : 048125

Place: Pune

Date: 19 July 2021

For and on behalf of the Board of Directors

**Krishna Chandra Reddy**

Managing Director

DIN – 07573071

**Parveen Jain**

Company Secretary

Place: Gurugram

Date: 19 July 2021

**Sujit Sircar**

Director

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**Jitendra Grover**

Chief Financial Officer