

**GlobalLogic India Limited**

**Statutory audit for the year ended March 31, 2018**

**INDEPENDENT AUDITOR'S REPORT****To the Members of GlobalLogic India Limited****Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of GlobalLogic India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended]. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

**Opinion**

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



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

Chartered Accountants

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2018 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 25 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Yogender Seth**

Partner

Membership Number: 94524

Place of Signature: Gurugram

Date: September 13, 2018



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

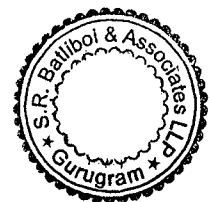
Chartered Accountants

**Annexure 1 to the Auditor's Report referred to in paragraph [1] of "Report on Other Legal and Regulatory Requirements" in our report of even date**

**Re: GlobalLogic India Limited ("the Company")**

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.  
c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii. a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

S. No.	Name of the statute	Nature of dues	Amount under dispute (Rs.)	Period to which the amount relates	Forum where dispute is pending
a.	Income tax Act, 1961	Income tax	5,174,192	AY 2002-03	Commissioner of Income tax- Appeals, Nagpur
b.	Income tax Act, 1961	Income tax	5,731,730	AY 2003-04	Commissioner of Income tax- Appeals, Nagpur
c.	Income tax Act, 1961	Income tax	6,125,350	AY 2006-07	Commissioner of Income tax- Appeals, Nagpur
d.	Income tax Act, 1961	Income tax	4,534,945	AY 2008-09	Assessing Officer, Bangalore
e.	Income tax Act, 1961	Income tax	4,557,380	AY2009-10	Deputy Commissioner of Income Tax, New Delhi
f.	Income tax Act, 1961	Income tax	86,190,420	AY2011-12	ITAT, New Delhi
g.	Income tax Act, 1961	Income tax	21,540,690	AY2012-13	Deputy Commissioner of Income Tax, New Delhi
h.	Income tax Act, 1961	Income tax	4,312,440	AY2013-14	ITAT, New Delhi
i.	Income tax Act, 1961	Income tax	59,682,490	AY2014-15	ITAT, New Delhi
j.	Finance Act, 1994	Service Tax	18,378,512	April 2011 to March 2014	Additional Commissioner, Noida Customs Commissionerate
k.	Finance Act, 1994	Service Tax	10,193,553	April 2013 to March 2015	CESTAT, Allahabad

Against the above Rs. 6,125,350, Rs. 2,267,473 and Rs. 70,000 have respectively been deposited for c, d, e and f above with the authorities.

- viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- ix. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



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

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- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per **Yogender Seth**

Partner

Membership Number: 94524

Place: Gurugram

Date: September 13, 2018



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

Chartered Accountants

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GLOBALLOGIC INDIA LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of GlobalLogic India Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide



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

Chartered Accountants

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

  
per **Yogender Seth**  
Partner  
Membership Number: 94524  
Place: Gurugram  
Date: September 13, 2018





## GlobalLogic India Limited

Balance sheet as at March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	169.52	148.25	128.90
Intangible assets	4	19.16	24.40	17.64
<b>Financial assets</b>				
Investments	5 (a)	0.01	0.01	0.01
Loans and security deposits	5 (b)	53.52	39.04	28.42
Non-current bank deposits	5 (e)	0.70	1.45	0.05
Others	5 (f)	0.22	-	-
Other non-current assets	6	22.63	16.23	7.35
Income tax assets (net)	7	137.78	26.37	78.04
Deferred tax assets (net)	20	158.74	90.24	145.01
		<u>562.28</u>	<u>345.99</u>	<u>405.42</u>
<b>Current assets</b>				
<b>Financial assets</b>				
Trade receivables	5 (c)	2,602.15	1,003.02	1,672.40
Cash and cash equivalents	5 (d)	355.66	304.72	125.57
Current bank deposits	5 (e)	0.75	-	1.40
Loans and security deposits	5 (b)	163.08	41.67	265.31
Others	5 (f)	25.06	150.76	42.09
Other current assets	6	106.11	1,450.59	139.36
		<u>3,252.81</u>	<u>2,950.76</u>	<u>2,246.13</u>
<b>TOTAL ASSETS</b>		<u><b>3,815.09</b></u>	<u><b>3,296.75</b></u>	<u><b>2,651.55</b></u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	8 (a)	1.80	1.80	1.80
<b>Other equity</b>				
Securities premium	8 (b)	12.65	12.65	12.65
Capital reserve	8 (c)	5.62	5.62	5.62
General reserve	8 (d)	26.20	26.20	26.20
Retained earnings	8 (e)	3,145.60	2,629.53	2,240.14
Share based payments reserve	8 (f)	26.09	19.72	8.67
Cash flow hedge reserve	8 (g)	16.25	98.45	27.44
<b>Total equity</b>		<u>3,234.22</u>	<u>2,793.97</u>	<u>2,322.54</u>
<b>Non-current liabilities</b>				
Provisions	9	206.56	133.96	100.78
Other non current liabilities	11	3.94	-	-
		<u>210.50</u>	<u>133.96</u>	<u>100.78</u>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables	10 (a)	233.92	243.66	140.17
Other financial liabilities	10 (b)	3.09	29.87	3.55
Other current liabilities	11	66.58	45.43	43.32
Provisions	9	66.78	49.87	41.20
<b>Total liabilities</b>		<u>370.37</u>	<u>368.83</u>	<u>228.24</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,815.09</b></u>	<u><b>3,296.75</b></u>	<u><b>2,651.55</b></u>
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration No. 101049W/E300004  
Chartered Accountants

per Yogender Seth  
Partner  
Membership No.: 94524

Place: Gurugram

Date: September 13, 2018



For and on behalf of the Board of Directors of  
GlobalLogic India Limited  
CIN - U74899DL2000PLC109036

Sumit Shod  
Director  
DIN - 01191443

Place: Noida

Date: September 13, 2018



Sanjay Kumar  
Director  
DIN-07977118

Place: Noida

Date: September 13, 2018

GlobalLogic India Limited

Statement of profit and loss for year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from operations	12	4,897.10	3,979.21
Other income	13	0.98	0.46
Finance income	14	6.43	3.08
<b>Total income</b>		<b>4,904.50</b>	<b>3,982.74</b>
<b>Expenses</b>			
Employee benefits expense	15	3,234.74	2,534.72
Other expenses	16	873.31	743.54
Finance costs	17	0.93	3.07
Depreciation and amortization expense	18	100.52	93.88
<b>Profit before tax</b>		<b>695.01</b>	<b>607.53</b>
<b>Tax expense:</b>			
Current tax		180.12	220.73
Deferred tax charge / (credit)		(16.73)	(9.87)
<b>Total tax expense</b>	20	<b>163.40</b>	<b>210.85</b>
<b>Profit for the year</b>		<b>531.60</b>	<b>396.68</b>
<b>Other comprehensive income</b>			
	32		
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
- Unrealized gain/ (losses) on derivative financial instruments (refer note 30)		(125.60)	108.59
- Income tax effect of above item		43.39	(37.58)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<b>(82.21)</b>	<b>71.01</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
- Re-measurement gains/ (losses) on defined benefit plans (refer note 23)		(23.93)	(11.16)
- Income tax effect of above item		8.39	3.86
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<b>(15.54)</b>	<b>(7.30)</b>
<b>Other comprehensive income for the year (net of tax)</b>		<b>(97.75)</b>	<b>63.71</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>433.86</b>	<b>460.39</b>
<b>Earnings per share:</b>			
	19		
Basic in INR		2,945.48	2,197.88
Diluted in INR		2,945.48	2,197.88
<b>Summary of significant accounting policies</b>			
	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

Yogender Seth  
Partner  
Membership No. : 94524

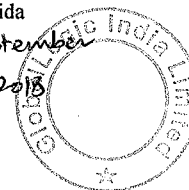
Place: Gurugram  
Date: September 13, 2018



For and on behalf of the Board of Directors of  
GlobalLogic India Limited  
CIN - U74899DL2000PLC109036

Sumit Sood  
Director  
DIN - 01191443

Place: Noida  
Date: September 13, 2018



Sanjay Kumar  
Director  
DIN-07977118

Place: Noida  
Date: September 13, 2018

**GlobalLogic India Limited**

**Cash flow statement for the year ended March 31, 2018**

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>695.01</b>	<b>607.53</b>
Adjustment to reconcile profit before tax to net cash flows :		
Depreciation/amortization	100.52	93.88
(Profit)/ loss on sale of property, plant and equipment	(0.98)	(0.46)
Unrealized foreign exchange (gain)/ loss	(104.42)	59.24
Provision for trade receivables and advances	0.35	0.65
Interest expense	-	2.83
Interest income on financial asset at amortised cost	(6.14)	(2.77)
Interest income on fixed deposits with banks	(0.29)	(0.31)
<b>Operating profit before working capital changes</b>	<b>684.04</b>	<b>760.60</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables and other liabilities	14.43	106.63
Increase/(decrease) in long-term provisions	48.67	22.03
Increase/(decrease) in short-term provisions	16.91	8.67
(Increase)/decrease in trade receivable	(1,508.93)	648.67
Decrease/(increase) in other assets	1,241.08	(1,120.36)
Decrease/(increase) in other non-current assets	(18.52)	(20.91)
<b>Cash generated from operations</b>	<b>477.68</b>	<b>405.32</b>
Direct taxes paid (net of refunds)	(291.52)	(141.00)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>186.16</b>	<b>264.32</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, intangible assets under development and capital advances	(156.35)	(94.90)
Proceeds from sale of property, plant and equipment	2.03	1.71
Interest received	0.18	0.24
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(154.14)</b>	<b>(92.95)</b>
<b>Cash flow from financing activities</b>		
Share based payment reserve	6.37	11.05
<b>Net cash used in financing activities (C)</b>	<b>6.37</b>	<b>11.05</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>38.38</b>	<b>182.42</b>
<b>Effect of exchange difference on cash &amp; cash equivalents held in foreign currency</b>	<b>12.56</b>	<b>(3.27)</b>
Cash and cash equivalents at the beginning of the year	304.72	125.57
<b>Cash and cash equivalents at the end of the year</b>	<b>355.66</b>	<b>304.72</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.11	0.06
With banks on current account		
- on deposit account	355.55	304.66
- others balances		
<b>Balances per statement of cash flows</b>	<b>355.66</b>	<b>304.72</b>
<b>Summary of significant accounting policies (refer note 2)</b>		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
ICAI Firm Registration No. 101049W/E300004  
Chartered Accountants

**For and on behalf of the Board of Directors of  
GlobalLogic India Limited**  
CIN - U74899DL2000PLC109036

per Yogender Seth  
Partner  
Membership No.: 94524



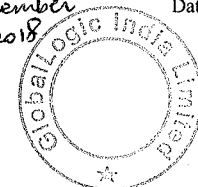
Place: Gurugram  
Date: September 13, 2018

Sumit Sood  
Director  
DIN - 01191443

Place: Noida  
Date: September 13, 2018

Sanjay Kumar  
Director  
DIN-07977118

Place: Noida  
Date: September 13, 2018



GlobalLogic India Limited  
 Statement of changes in equity for the year ended March 31, 2018  
 (All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

Particulars	Equity share capital		Reserves and surplus					Cash flow hedge reserve [note 8 (g)]	Total	Total equity
	Shares	Share capital [note 8 (a)]	Securities premium [note 8 (b)]	Capital reserve [note 8 (c)]	General reserve [note 8 (d)]	Retained earnings [note 8 (e)]	Share based payment reserve [note 8 (f)]			
As at April 1, 2016	180,481	1.80	12.65	5.62	26.20	2,240.15	8.67	27.44	2,320.73	2,322.52
Profit for the year	-	-	-	-	-	396.68	-	-	396.68	396.68
Share-based payments	-	-	-	-	-	-	11.05	-	11.05	11.05
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	-	(7.30)	-	-	(7.30)	(7.30)
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	71.01	71.01	71.01
<b>Total comprehensive income/ (loss)</b>	-	-	-	-	-	<b>389.37</b>	<b>11.05</b>	<b>71.01</b>	<b>471.43</b>	<b>471.43</b>
As at March 31, 2017	180,481	1.80	12.65	5.62	26.20	2,629.52	19.72	98.45	2,792.17	2,793.96
Profit/(loss) for the year	-	-	-	-	-	531.60	-	-	531.60	531.60
Share-based payments	-	-	-	-	-	-	6.37	-	6.37	6.37
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	-	(15.54)	-	-	(15.54)	(15.54)
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	(82.21)	(82.21)	(82.21)
<b>Total comprehensive income/ (loss)</b>	-	-	-	-	-	<b>516.06</b>	<b>6.37</b>	<b>(82.21)</b>	<b>440.22</b>	<b>440.22</b>
As at March 31, 2018	180,481	1.80	12.65	5.62	26.20	3,145.59	26.09	16.24	3,232.40	3,234.18

Summary of significant accounting policies (refer note 2)  
 The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP  
 ICAI Firm Registration No. 101049W/E300004  
 Chartered Accountants

Yogender Seth  
 Partner  
 Membership No. : 94524

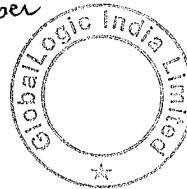
Place: Gurugram  
 Date: September 13, 2018



For and on behalf of the Board of Directors of GlobalLogic India Limited  
 CIN - U74899DL2000PLC109036

Sumit Sodh  
 Director  
 DIN - 01191443

Place: Noida  
 Date: September 13, 2018



*Sanjay Kumar*

Sanjay Kumar  
 Director  
 DIN-07977118

Place: Noida  
 Date: September 13, 2018

# GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

## 1. Corporate information

GlobalLogic India Limited (GLIL or “the Company”) (formerly known as GlobalLogic India Private Limited) is a subsidiary of GlobalLogic Inc. (formerly known as Induslogic Inc.) United States. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The company is principally engaged in providing software development and IT enabled services to its customers.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

These standalone financial statements (‘financial statements’) have been prepared to comply in all material respects with the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs (‘MCA’).

The said financial statements for the year ended 31 March 2018 are the first Ind AS financial statements of the Company. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (‘IGAAP’) which is considered as the Previous GAAP for the purposes of Ind AS 101. For details, refer Note 2.3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied by the Company to all the periods presented in the said financial statements.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company’s accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgment or complexity, are appropriately disclosed.

All the amounts included in the financial statements are reported in millions of Indian Rupees and are rounded to the nearest million, except per share data and unless stated otherwise.

### 2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss.

#### Fair value measurement

Fair value is the price at the measurement date at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company’s accounting policies require, measurement of certain financial/ non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

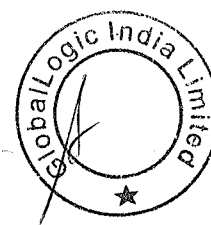
The Company is required to classify the fair valuation method of the financial/ non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair value hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The three levels of the fair value hierarchy are described below:

**Level 1:** Quoted (unadjusted) prices for identical assets or liabilities in active markets

**Level 2:** Significant inputs to the fair value measurement are directly or indirectly observable

**Level 3:** Significant inputs to the fair value measurement are unobservable.



### 2.3 Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101 on April 1, 2016 being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ending March 31, 2018, be applied retrospectively and consistently for all the periods presented. However, in preparing these financial statements, the Company has applied certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity at the transition date.

In these financial statements, the Company has presented three balance sheets – as at March 31, 2018, March 31, 2017 and April 1, 2016. The Company has also presented two statements of profit and loss, two statements of changes in equity and two statements of cash flows for the year ended March 31, 2018 and March 31, 2017 along with the necessary and related noted.

Ind AS 101 allows first time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

#### Exemptions/ exceptions from full retrospective application

(i) The Company has elected to apply the following optional exemption from full retrospective application of Ind AS:

- a) **Changes in decommissioning liabilities included in the cost of property, plant and equipment exemption:** The Company does not have material decommissioning, restoration and similar liabilities in the cost of property, plant and equipments and hence the exemption is not applicable.
- b) **Investments in fellow subsidiary:** Ind AS 101 permits a first time adopter to measure its investment in subsidiaries, associates and joint ventures, at the date of transition, at cost determined in accordance with Ind AS 27 or deemed cost. The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS or previous GAAP carrying amount at the date.

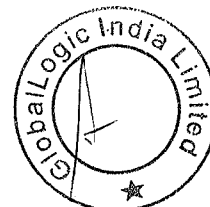
The Company has elected to measure its investment in fellow subsidiary at the previous GAAP carrying amount as its deemed cost on the transition date.

- c) **Business Combination:** A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs).

The Company has elected not to apply Ind AS 103 retrospectively to Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 and/ or Companies Act, 2013 involving IP Unity Communications Limited (transferor) and GL Software Limited (transferor) with the Company being approved by order dated May 25, 2015 of the Hon'ble High Court of Delhi, effective from the appointed date i.e. April 1, 2014.

(ii) The following mandatory exceptions from retrospective application of Ind AS have been applied by the Company:

- a) **Estimates exception:** Upon review of the estimates made under the previous GAAP, the Company has concluded that there was no necessity to revise the estimates made under Ind AS except where estimates were required by Ind AS and not required by previous GAAP.
- b) **Classification and measurement of financial assets:** Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, the classification and measurement of financial assets has been made on the basis of the facts and circumstances existed at the date of transition.
- c) **Derecognition of financial assets and liabilities exception:** Financial assets and liabilities derecognized in accordance with previous GAAP are not re-recognized under Ind AS. The Company has chosen not to apply the Ind AS 109 derecognition criteria to an earlier date. No arrangements were identified that had to be assessed under this exception.



#### 2.4 Foreign currency transactions

The financial statements are presented in Indian Rupees which is the functional and presentation currency of the Company.

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences on subsequent re-statement/ settlement, recognized in the statement of profit and loss within finance cost/ finance income. Non monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference on subsequent re-statement/ settlement recognized in the statement of profit and loss except to the extent that it relates to items recognized in the other comprehensive income or directly in equity.

#### 2.5 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, 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.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

#### 2.6 Property, plant and equipment ('PPE')

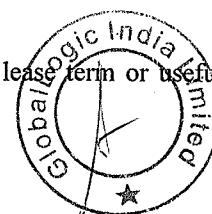
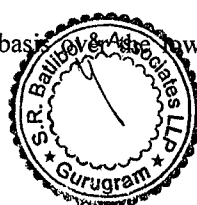
An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In case of multiple element contracts whereby the vendor supplies PPE as well as other components, PPE is recorded on the basis of relative fair values.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straightline method over the useful lives estimated by the management. Depreciation on assets purchased during the year is provided on pro rata basis from the date of purchase of fixed assets.

Leasehold improvements are amortized on a straight line basis over the lower of lease term or useful life of the respective asset.



The Company has used the following the following rates to provide depreciation on its property, plant and equipment basis its independent professional assessment:

Category of assets	Useful lives estimated by the management (years)
Plant and machinery #	5
Computers and data processing units *	3
Furniture and fittings #	5
Office equipments	5

# Plant and machinery and furniture and fittings are depreciated over the estimated useful lives of 5 years which is lower than those specified in Schedule II.

\* Computers and data processing units (comprising of servers and networks) are depreciated over the estimated useful lives of 3 years, which are lower than those specified in Schedule II.

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at-least as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are derecognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other expenses / other income.

## 2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over a period of 3 years. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed three years from the date when the asset is available for use. If the persuasive evidence exists to the effect that the useful life of an intangible asset exceed three years, the Company amortizes the asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there is significant change in the expected pattern of economic benefits from the asset, the amortization period is changed to reflect the changed pattern. Such changes are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

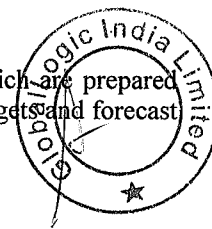
## 2.8 Impairment of non-financial assets

### Property, plant and equipment and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast





calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, if any, are recognized in the statement of profit and loss.

#### **Reversal of impairment losses**

Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the said asset in previous years.

### **2.9 Financial instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **i) Financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

#### **Cash and short-term deposits**

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

#### **Financial instruments at amortized cost**

A financial instrument is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue, trade and other receivables.

#### **Financial instruments at Fair Value through Other Comprehensive Income (OCI)**

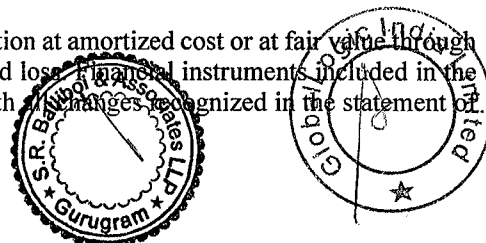
A financial instrument is classified and measured at fair value through OCI if both of the following criteria are met:

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

Financial instruments included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

#### **Financial instruments at Fair Value through Profit and Loss**

Any financial instrument, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with changes recognized in the statement of profit and loss.



**Equity investments**

Equity investment in fellow subsidiary is measured at cost.

**Derecognition of financial assets**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

**Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. 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 they 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 is recognized in the statement of profit and loss.

**ii) Financial liabilities**

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade payables and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**iii) Derivative financial instruments**

The Company uses derivative financial instruments i.e., forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss. The Company has not applied hedge accounting.

**2.10 Leases**

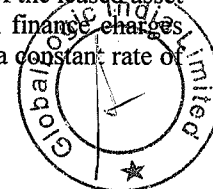
**Company as a lessee**

The determination of whether an arrangement is a lease is based on whether fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless the lease payments increase in line with expected general inflation.

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability for each period.



A leased asset is depreciated on a straight line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

## 2.11 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

### a. Current tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognised in the balance sheet as current income tax assets / liabilities.

Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs.

### b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. In situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing difference originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

## 2.12 Cash and cash equivalents

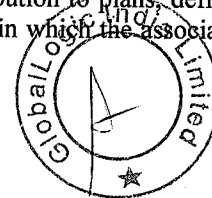
Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value).

## 2.13 Share capital / securities premium

Ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

## 2.14 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans and compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.



**a. Defined contribution plans**

Retirement benefit in the form of Provident Fund is a defined contribution plan. The contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

**b. Defined benefit plans**

In accordance with the local laws and regulations, all the employees in India are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out as at the reporting date, by an independent qualified actuary using the projected unit- credit method.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds. Actuarial gains/ losses are recognized immediately in the balance sheet with a corresponding debit/ credit to retained earnings through other comprehensive income in the year in which they occur.

**c. Compensated absences**

Accumulated leaves which is expected to be utilized within the next 12 months is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit-credit method at the year-end. The related re-measurements are recognized in the statement of profit and loss in the period in which they arise. The Company presents the entire amount as current liability in balance sheet since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**2.15 Provisions****a. General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation.

**2.16 Contingencies**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.17 Revenue recognition****Contracts involving provision of services**

Revenue is recognised when it is probable that the entity will receive the economic benefits associated with the transaction and the related revenue can be measured reliably. Revenue is recognised at the fair value of the consideration received or receivable.

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Revenue with respect to time-and-material contracts is recognized as the related services are performed or on cost plus basis.



### Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

### 2.18 Earning per share

The Company presents the Basic and Diluted EPS data.

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

### 2.19 Segment reporting policies

**Identification of segments** – Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Only those business activities are identified as operating segment for which the operating results are regularly reviewed by the CODM to make decisions about resource allocation and performance measurement.

**Allocation of common costs** – Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items** – Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies** – The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

### 2.20 Significant accounting estimates, assumptions and judgements

The preparation of the financial statements requires management to make estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

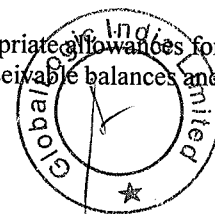
Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

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

#### (i) Provision for trade receivables

Trade receivables do not carry interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. Estimated irrecoverable amounts are based on aging of the receivable balances and



historical experience adjusted for forward looking estimates. Individual trade receivables are written off when management deems them not to be collectible. For details of allowance for doubtful debts please refer note 5 (c).

**(ii) Defined benefit plans**

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India. Further details about gratuity obligation are given in note 23.

**(iii) Contingencies**

Management judgement of contingencies is based on its internal assessments and opinions from the consultants for the possible outflow of resources, if any.

**(iv) Useful life of property, plant and equipments**

Depreciation on PPE is computed using the straightline method over the useful lives estimated by the management. Depreciation on assets purchased during the year is provided on pro rata basis from the date of purchase of fixed assets.

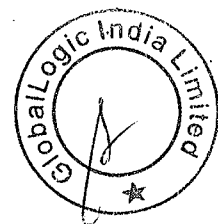
Leasehold improvements are amortized on a straight line basis over the lower of lease term or useful life of the respective asset.

The Company has used the following the following rates to provide depreciation on its property, plant and equipment basis its independent professional assessment:

Category of assets	Useful lives estimated by the management (years)
Plant and machinery #	5
Computers and data processing units *	3
Furniture and fittings #	5
Office equipments	5

# Plant and machinery and furniture and fittings are depreciated over the estimated useful lives of 5 years which is lower than those specified in Schedule II.

\* Computers and data processing units (comprising of servers and networks) are depreciated over the estimated useful lives of 3 years, which are lower than those specified in Schedule II.



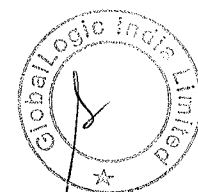
**3. Property, plant and equipment**

	Leasehold improvements	Plant and machinery	Furniture and fittings	Office equipments	Computers & data processing units	Total
<b>Cost or valuation</b>						
As at April 1, 2016	145.41	57.03	105.71	104.70	289.37	702.22
Additions	5.71	1.78	5.06	8.21	83.42	104.17
Disposals	(5.21)	(2.68)	(6.11)	(8.10)	(18.48)	(40.60)
Written off/ adjustments	-	-	-	(0.34)	-	(0.34)
<b>As at March 31, 2017</b>	<b>145.91</b>	<b>56.13</b>	<b>104.66</b>	<b>104.47</b>	<b>354.31</b>	<b>765.45</b>
<b>Cost or valuation</b>						
As at April 1, 2017	145.91	56.13	104.66	104.47	354.31	765.48
Additions	6.63	0.54	2.29	8.71	90.39	108.57
Disposals	-	-	(0.05)	(1.16)	(18.26)	(19.46)
Written off/ adjustments (refer note 1 below)	0.60	(0.04)	(0.07)	(2.33)	(1.64)	(3.48)
<b>As at March 31, 2018</b>	<b>153.14</b>	<b>56.63</b>	<b>106.83</b>	<b>109.69</b>	<b>424.80</b>	<b>851.11</b>
<b>Depreciation</b>						
As at April 1, 2016	137.50	46.52	93.03	79.93	216.34	573.32
Charge for the year	3.98	5.74	10.62	10.71	52.52	83.57
Disposals	(5.21)	(2.41)	(5.63)	(7.89)	(18.32)	(39.48)
Written off/ adjustments	-	-	-	(0.21)	-	(0.21)
<b>As at March 31, 2017</b>	<b>136.27</b>	<b>49.85</b>	<b>98.02</b>	<b>82.54</b>	<b>250.54</b>	<b>617.20</b>
<b>Depreciation</b>						
As at April 1, 2017	136.27	49.85	98.02	82.54	250.54	617.23
Charge for the year	4.54	2.38	3.51	9.64	66.19	86.26
Disposals	-	-	(0.05)	(0.61)	(18.23)	(18.89)
Written off/ adjustments (refer note 1 below)	0.55	(0.04)	(0.06)	(2.22)	(1.24)	(3.00)
<b>As at March 31, 2018</b>	<b>141.36</b>	<b>52.19</b>	<b>101.42</b>	<b>89.35</b>	<b>297.26</b>	<b>681.60</b>
<b>Net book value</b>						
As at April 1, 2016	7.91	10.51	12.68	24.76	73.03	128.90
As at March 31, 2017	9.64	6.28	6.64	21.93	103.77	148.25
As at March 31, 2018	11.78	4.44	5.41	20.34	127.54	169.51

Note 1: The Company had, upon conducting physical verification during the year, written off assets amounting to Rs. 0.57 Mn (Gross block: Rs. 4.69 Mn, Accumulated depreciation: Rs. 4.13 Mn).

**4. Intangible assets**

	Computer software
<b>Cost or valuation</b>	
As at April 1, 2016	126.32
Additions	17.07
Disposals	-
Written off/Adjustments	(4.99)
<b>As at March 31, 2017</b>	<b>138.40</b>
<b>Cost or valuation</b>	
As at April 1, 2017	138.40
Additions	9.02
Disposals	-
Written off/Adjustments	-
<b>As at March 31, 2018</b>	<b>147.42</b>
<b>Amortisation</b>	
As at April 1, 2016	108.68
Charge for the year	10.31
Disposals	-
Written off/Adjustments	(4.99)
<b>As at March 31, 2017</b>	<b>114.00</b>
<b>Amortisation</b>	
As at April 1, 2017	114.00
Charge for the year	14.26
Disposals	-
Written off/Adjustments	-
<b>As at March 31, 2018</b>	<b>128.26</b>
<b>Net book value</b>	
As at April 1, 2016	17.64
As at March 31, 2017	24.40
As at March 31, 2018	19.16



GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

5. Financial assets

5 (a) Non-current investments

	March 31, 2018	March 31, 2017	April 1, 2016
Investments in equity instruments (Unquoted) 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs 950 each fully paid-up in GlobalLogic Technologies Limited	0.01	0.01	0.01
<b>Total</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>

5 (b) Loans and security deposits  
(Unsecured, considered good unless otherwise stated) (at amortised cost)  
Non current

Fair value adjustment on security deposits*	52.80	38.10	27.02
Loan to employees	0.72	0.94	1.40
<b>Total</b>	<b>53.52</b>	<b>39.04</b>	<b>28.42</b>

Current

Fair value adjustment on security deposits*	32.19	0.39	0.45
Loan to employees	3.04	4.53	5.89
Recoverable from related parties (refer note 22)	127.86	36.75	258.97
<b>Total</b>	<b>163.08</b>	<b>41.67</b>	<b>265.31</b>

\*Security deposits primarily include deposits given towards rented premises and other miscellaneous deposits.

Loans and advances to related parties include (refer note 22):

Receivable from GlobalLogic Inc. (Holding company)	120.73	34.23	83.00
Receivable from GlobalLogic Technologies Limited (Fellow subsidiary company)	7.13	2.53	175.97

5 (c) Trade receivables

Unsecured

Receivables from others, considered good	123.26	155.90	64.26
- Receivables from related parties, considered good (refer note 22)	2,478.89	847.12	1,608.14
- Considered doubtful	1.24	1.52	0.87
<b>Total</b>	<b>2,603.40</b>	<b>1,004.54</b>	<b>1,673.27</b>
Less: Provision for trade receivables - Considered doubtful	(1.24)	(1.52)	(0.87)
<b>Total</b>	<b>2,602.15</b>	<b>1,003.02</b>	<b>1,672.40</b>

Total trade receivables

<b>Total</b>	<b>2,602.15</b>	<b>1,003.02</b>	<b>1,672.40</b>
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Receivables from related parties include (refer note 22):

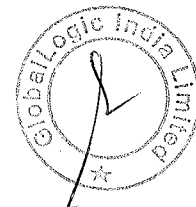
Due from Globallogic, Inc. (Holding company)	2,478.89	847.12	1,605.95
Due from GlobalLogic Israel Ltd. (Fellow subsidiary company)	-	-	2.19

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.

5 (d) Cash and cash equivalents

Balances with banks:

On current account	355.55	304.66	125.48
Cash on hand	0.11	0.06	0.09
<b>Total</b>	<b>355.66</b>	<b>304.72</b>	<b>125.57</b>



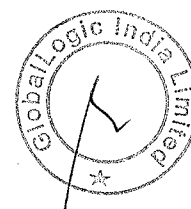


GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

	March 31, 2018	March 31, 2017	April 1, 2016
<b>5 (e) Other bank balances</b>			
<b>Non current</b>			
Margin money deposits *	-	0.75	0.05
Deposits with original maturity of more than 12 months	0.70	0.70	-
	<b>0.70</b>	<b>1.45</b>	<b>0.05</b>
<b>Current</b>			
Deposits with original maturity of more than three months but less than twelve months	-	-	0.70
Margin money deposits *	0.75	-	0.70
	<b>0.75</b>	<b>-</b>	<b>1.40</b>
* Against guarantees given to sales tax, customs & central excise authorities.			
<b>5 (f) Other financial assets</b>			
<b>(Unsecured, considered good unless stated otherwise ) (at amortised cost)</b>			
<b>Non current</b>			
Interest accrued on bank deposits	0.22	-	-
	<b>0.22</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
Interest accrued on bank deposits	0.07	0.17	0.10
Unrealized gain on derivative financial instruments	24.99	150.59	41.99
<b>Total</b>	<b>25.06</b>	<b>150.76</b>	<b>42.09</b>
<b>6. Other assets</b>			
<b>(Unsecured, considered good, unless otherwise stated)</b>			
<b>Non current</b>			
Fair value adjustment on security deposit	22.10	16.01	6.76
Prepaid expenses	0.53	0.22	0.59
	<b>22.63</b>	<b>16.23</b>	<b>7.35</b>
<b>Current</b>			
Advance given to suppliers	8.74	2.80	3.37
Capital advances	11.99	-	-
Service tax/ Goods and Service Tax input credit	13.83	1.06	1.08
Unbilled revenue	42.22	1,421.91	115.84
Fair value adjustment on security deposit	8.94	4.84	2.19
Advances to employees	11.42	12.79	10.25
Prepaid expenses	8.97	7.19	6.62
	<b>106.11</b>	<b>1,450.59</b>	<b>139.36</b>
<b>7. Income tax assets (net)</b>			
Advance income taxes (net of provision for taxation of Rs. 413.08 Mn) (March 31, 2017: Rs. 232.95 Mn, April 1, 2016: Rs. 37.08 Mn)	137.78	26.37	78.04
	<b>137.78</b>	<b>26.37</b>	<b>78.04</b>



8 (a). Share Capital

	March 31, 2018	March 31, 2017	April 1, 2016
Authorised shares 2,050,000 (March 31, 2017: 2,050,000, April 1, 2016: 2,050,000) equity shares of Rs. 10 each	20.50	20.50	20.50
Issued, subscribed and fully paid-up shares 180,481 (March 31, 2017: 180,481, April 1, 2016: 180,481) equity shares of Rs. 10 each	1.80	1.80	1.80
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1.80</b>	<b>1.80</b>	<b>1.80</b>

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

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount
At April 1, 2016	180,481	1.80
Issued during the year	-	-
At March 31, 2017	180,481	1.80
Issued during the year	-	-
At March 31, 2018	180,481	1.80

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share.

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

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

	March 31, 2018	March 31, 2017	April 1, 2016
<b>GlobalLogic Inc, the Holding Company</b> 180,475 (March 31, 2017: 180,475, April 1, 2016: 180,475) equity shares of Rs. 10 each fully paid	1.80	1.80	1.80
<b>GlobalLogic Technologies Limited, subsidiary of the Holding Company</b> 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	0.001	0.001	0.001
<b>Mr. Mandeep Mehta</b> Nil (March 31, 2017: Nil, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	-	-	0.001
<b>Ms. A Nandini</b> 1 (March 31, 2017: 1, April 1, 2016: Nil) equity shares of Rs. 10 each fully paid	0.001	0.001	-
<b>Mr. Robinson Massey</b> 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	0.001	0.001	0.001
<b>Ms. Ranji Srivastava</b> 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	0.001	0.001	0.001
<b>Mr. Sumit Sood</b> 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	0.001	0.001	0.001
<b>Mr. Kunal Dutt</b> 1 (March 31, 2017: 1, April 1, 2016: 1) equity shares of Rs. 10 each fully paid	0.001	0.001	0.001

d) Details of shareholders holding more than 5% shares in the company

Equity shares of INR 10 each fully paid	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares	% holding in the equity shares	No. of shares	% holding in the equity shares	No. of shares	% holding in the equity shares
Globallogic Inc, the Holding Company*	180,481	100%	180,481	100%	180,481	100%
<b>Total</b>	<b>180,481</b>		<b>180,481</b>		<b>180,481</b>	

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

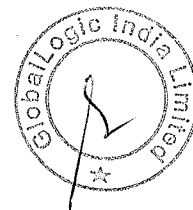
\* including shares held by others, on behalf of GlobalLogic Inc, which has beneficial ownership of the shares.

8 (b). Securities premium

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	12.65	12.65	12.65
	<b>12.65</b>	<b>12.65</b>	<b>12.65</b>

8 (c). Capital reserve

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	5.62	5.62	5.62
	<b>5.62</b>	<b>5.62</b>	<b>5.62</b>



8 (d). General reserve account

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	26.20	26.20	26.20
	<u>26.20</u>	<u>26.20</u>	<u>26.20</u>

8 (e). Retained earnings

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	2,629.53	2,240.14	1,518.74
Profit for the year	531.60	396.68	728.44
Re-measurement gains/ (losses) on defined benefit plans	(15.53)	(7.29)	(7.03)
	<u>3,145.60</u>	<u>2,629.53</u>	<u>2,240.14</u>

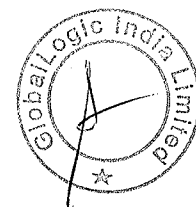
8 (f). Share based payments reserve

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	19.72	8.67	-
Share based payments during the year	6.37	11.05	8.67
	<u>26.09</u>	<u>19.72</u>	<u>8.67</u>

8 (g). Cash flow hedge reserve

	March 31, 2018	March 31, 2017	April 1, 2016
Balance as per last financial statements	98.45	27.44	41.99
Other comprehensive income/(loss)	(82.20)	71.01	(14.55)
	<u>16.25</u>	<u>98.45</u>	<u>27.44</u>

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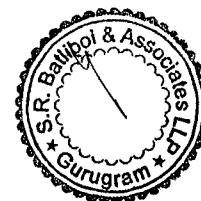


**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

	March 31, 2018	March 31, 2017	April 1, 2016
<b>9. Provisions</b>			
<b><u>Non-current</u></b>			
<b>Provision for employee benefits</b>			
Provision for gratuity	206.56	133.96	100.78
	<b>206.56</b>	<b>133.96</b>	<b>100.78</b>
<b><u>Current</u></b>			
<b>Provision for employee benefits</b>			
Provision for gratuity	26.49	26.25	27.89
Provision for compensated absences	40.29	23.62	13.31
	<b>66.78</b>	<b>49.87</b>	<b>41.20</b>
<b>10. Financial liabilities</b>			
<b>10 (a) Trade payables</b>			
Trade payables (refer note 26 for details of dues to micro and small enterprises)	219.71	189.29	130.10
Trade payables to related parties (refer note 22)	14.21	54.37	10.07
<b>Total</b>	<b>233.92</b>	<b>243.66</b>	<b>140.17</b>
Trade payables are non-interest bearing and are normally settled on 15 to 45 day terms.			
<b>Trade payables to related parties include (refer note 22):</b>			
GlobalLogic Inc. (Holding company)	4.54	1.28	8.62
GlobalLogic Technologies Limited (Fellow subsidiary company)	9.66	44.83	1.45
GlobalLogic Worldwide Limited (Fellow subsidiary company)	-	8.27	-
<b>10 (b) Other current financial liabilities</b>			
Payable for capital purchases	3.09	29.87	3.55
<b>Total</b>	<b>3.09</b>	<b>29.87</b>	<b>3.55</b>
<b>11. Other liabilities</b>			
<b><u>Non-current</u></b>			
Provision for lease equalisation	3.94	-	-
	<b>3.94</b>	<b>-</b>	<b>-</b>
<b><u>Current</u></b>			
Statutory dues payable	59.99	44.37	42.61
Advance from customers	3.88	0.78	0.71
Deferred revenue	-	0.28	-
Provision for lease equalisation	2.71	-	-
	<b>66.58</b>	<b>45.43</b>	<b>43.32</b>



**GlobalLogic India Limited**  
**Notes to financial statements for the year ended March 31, 2018**  
*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

	March 31, 2018	March 31, 2017
<b>12 Revenue from operations</b>		
Revenue from services	4,897.10	3,979.21
	<b>4,897.10</b>	<b>3,979.21</b>
<b>13 Other income</b>		
Profit on sale of fixed assets (net)	0.98	0.46
	<b>0.98</b>	<b>0.46</b>
<b>14 Finance income</b>		
Interest income		
- Bank deposits (Tax deducted at source Rs. 0.01 Mn (March 31, 2017: Rs. 0.01 Mn))	0.29	0.31
Unwinding of discount on fair value of security deposit	6.14	2.77
	<b>6.43</b>	<b>3.08</b>
<b>15 Employee benefits expense</b>		
Salaries and bonus	2,964.04	2,379.77
Share based payment expense (refer note 34)	71.54	11.05
Contribution to provident fund	62.17	52.29
Gratuity expenses (refer note 23)	63.74	32.43
Staff welfare expenses	73.25	59.18
	<b>3,234.74</b>	<b>2,534.72</b>
<b>16 Other expenses</b>		
Power, fuel and water charges	67.27	55.45
Sub-contracting expenses	134.34	99.01
Rent	181.88	118.57
Rates and taxes	1.29	0.77
Repair and maintenance		
-Building	64.31	48.35
-Plant and machinery	14.85	15.02
Insurance	1.71	1.54
Security charges	16.00	13.86
Advertising and business promotion	27.01	13.27
Travelling and conveyance	231.96	189.39
Communication	25.24	24.52
Printing and stationery	2.58	2.74
Payment to auditor (refer note 1 below)	7.22	6.71
CSR expenditure (refer note 2 below)	9.77	1.90
Provision for doubtful debts and advances	0.35	0.65
Legal and professional fees	80.61	77.33
Exchange difference (net)	5.87	72.97
Miscellaneous expenses	1.06	1.49
<b>Total</b>	<b>873.31</b>	<b>743.54</b>

**Note 1**

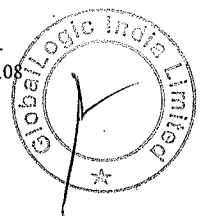
**Payment to auditors**

-Audit fees	5.76	5.76
-Tax audit fees	0.64	0.64
-Other services	0.14	-
-Out-of-pocket expenses	0.68	0.31
<b>Total</b>	<b>7.22</b>	<b>6.71</b>

**Note 2**

**CSR expenditure**

a) Gross amount required to be spent by the Company during the year	10.07	8.08	
b) Amount spent during the year ending on March 31, 2018:	<b>In Cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	9.77	0.30	10.07
b) Amount spent during the year ending on March 31, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.90	6.18	8.08



GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

17 Finance cost	March 31, 2018	March 31, 2017
Interest expense on income tax	-	2.83
Bank charges	0.93	0.24
	<b>0.93</b>	<b>3.07</b>

18 Depreciation and amortization expense	March 31, 2018	March 31, 2017
Depreciation of tangible assets	87.44	83.57
Amortisation of intangible assets	13.08	10.31
<b>Total</b>	<b>100.52</b>	<b>93.88</b>

19 Earnings per share (EPS)

The computation of earnings per share is as follows:

Net profit as per statement of profit and loss for computation of EPS	531.60	396.68
Weighted average number of equity shares outstanding in calculating Basic EPS	180,481.00	180,481.00
Weighted average number of equity shares outstanding in calculating dilutive EPS	180,481.00	180,481.00
Nominal value of equity shares (in Rs.)	10.00	10.00
Earnings per equity share (in Rs.)		
-Basic	2,945.48	2,197.88
-Diluted	2,945.48	2,197.88

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

20 Income tax

a) The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

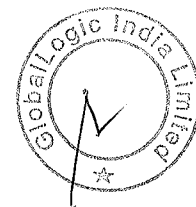
(i) Profit or loss

*Tax Expense:*

Current tax	222.19	220.73
Adjustments in respect of current income tax of previous year	(42.06)	-
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	(16.73)	(9.87)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>163.40</b>	<b>210.85</b>

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018, March 31, 2017.

Profit before tax	695.01	607.53
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	240.53	210.25
Effect of:		
Reassessment of tax uncertainty	(31.37)	-
Tax on permanent differences	2.54	1.26
Taxes on 10AA exemption	(50.58)	-
Others	2.29	(0.66)
Income tax expense	163.40	210.85
<b>Income tax expense reported in the statement of profit and loss</b>	<b>163.40</b>	<b>210.85</b>



GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

20 Income tax (Cont'd)

Balance sheet:

e) Deferred tax

Deferred tax relates to the following:

Balance sheet

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	71.23	68.43	73.45
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	12.36	8.66	7.41
Provision for doubtful debts and advances	0.48	0.57	0.35
Provision for gratuity and compensated absence	82.71	63.62	46.07
Others	0.67	1.25	1.52
MAT credit entitlement	-	-	30.93
<b>Total (A)</b>	<b>167.46</b>	<b>142.53</b>	<b>159.73</b>
<b>Deferred tax liabilities relates to the following:</b>			
Impact of unrealized gain on derivative financial instruments	(8.72)	(52.10)	(14.52)
Others	0.01	(0.20)	(0.20)
<b>Total (B)</b>	<b>(8.71)</b>	<b>(52.29)</b>	<b>(14.72)</b>
<b>Net deferred tax assets</b>	<b>158.74</b>	<b>90.24</b>	<b>145.01</b>

Statement of profit and loss

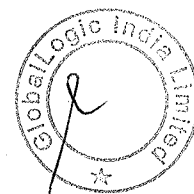
	As at March 31, 2018	As at March 31, 2017
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(2.80)	5.02
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	(3.71)	(1.12)
Provision for doubtful debts and advances	0.09	(0.22)
Provision for gratuity and compensated absence	(10.68)	(13.69)
Others	0.37	0.15
<b>Net deferred tax charge / (income) on profit for the year</b>	<b>(16.73)</b>	<b>(9.87)</b>

Other comprehensive income

Deferred tax related to items recognised in OCI during the year:

Net gain on remeasurements of defined benefit plans	(8.39)	(3.86)
Unrealized (gain)/loss on derivative financial instruments	(43.39)	37.58
<b>Income tax charge / (credit)</b>	<b>(51.78)</b>	<b>33.72</b>

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## 21 Fair value measurement

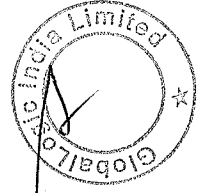
a) The carrying value of financial instruments by categories is as under:

	Notes	March 31, 2018			March 31, 2017			April 1, 2016					
		FVTPL	FVTOCI	Amortised Cost	Total carrying value	FVTPL	FVTOCI	Amortised Cost	Total carrying value	FVTPL	FVTOCI	Amortised Cost	Total carrying value
<b>Assets</b>													
<b>Non-current assets</b>													
Financial assets													
Investments	5 (a)	-	-	0.01	0.01	-	-	0.01	-	-	-	0.01	0.01
Loans and security deposits	5 (b)	-	-	53.52	53.52	-	-	39.04	-	-	-	39.04	28.42
Non-current bank deposits	5 (e)	-	-	0.70	0.70	-	-	1.45	-	-	-	1.45	0.05
Others	5 (f)	-	-	0.22	0.22	-	-	-	-	-	-	-	-
		-	-	<b>54.45</b>	<b>54.45</b>	-	-	<b>40.50</b>	-	-	-	<b>40.50</b>	<b>28.48</b>
<b>Current assets</b>													
Financial assets													
Trade receivables	5 (c)	-	-	2,602.15	2,602.15	-	-	1,003.02	-	-	-	1,003.02	1,672.40
Cash and cash equivalents	5 (d)	-	-	355.66	355.66	-	-	304.72	-	-	-	304.72	125.57
Current bank deposits	5 (e)	-	-	0.75	0.75	-	-	-	-	-	-	-	1.40
Loans and security deposits	5 (b)	-	-	163.08	163.08	-	-	41.67	-	-	-	41.67	265.31
Others	5 (f)	0.03	24.96	0.07	25.06	0.03	150.56	0.17	150.76	0.03	41.97	0.10	42.09
		<b>0.03</b>	<b>24.96</b>	<b>3,121.71</b>	<b>3,146.70</b>	<b>0.03</b>	<b>150.56</b>	<b>1,349.58</b>	<b>1,500.17</b>	<b>0.03</b>	<b>41.97</b>	<b>2,064.78</b>	<b>2,106.77</b>
<b>Liabilities</b>													
<b>Current liabilities</b>													
Financial liabilities													
Trade payables	10 (a)	-	-	233.92	233.92	-	-	243.66	243.66	-	-	140.17	140.17
Other financial liabilities	10 (b)	-	-	3.09	3.09	-	-	29.87	29.87	-	-	3.55	3.55
		-	-	<b>237.01</b>	<b>237.01</b>	-	-	<b>273.53</b>	<b>273.53</b>	-	-	<b>143.72</b>	<b>143.72</b>

The fair values of trade receivables, cash and cash equivalents, other current financial asset, trade payables and other current financial liabilities are considered to be same as their carrying values due to their short term nature.

The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.





**21 b) Fair value hierarchy and valuation techniques used to determine fair values:**

To provide an indication about the reliability of inputs used in determining fair value, the Company has classified its financial instrument into three levels prescribed under the accounting standard. The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**(i) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as :**

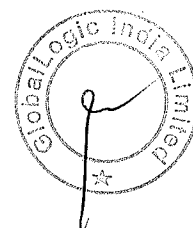
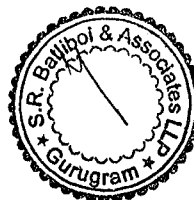
At March 31, 2018	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at FVTPL</b>				
Unrealized gain on derivative financial instruments	-	0.03	-	0.03
<b>Assets measured at FVTOCI</b>				
Unrealized gain on derivative financial instruments	-	24.96	-	24.96
At March 31, 2017	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at FVTPL</b>				
Unrealized gain on derivative financial instruments	-	0.03	-	0.03
<b>Assets measured at FVTOCI</b>				
Unrealized gain on derivative financial instruments	-	150.56	-	150.56
At April 1, 2016	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at FVTPL</b>				
Unrealized gain on derivative financial instruments	-	0.03	-	0.03
<b>Assets measured at FVTOCI</b>				
Unrealized gain on derivative financial instruments	-	41.97	-	41.97

\*There were no transfers between the Level 1, Level 2 and Level 3 during all the years presented.

\* There is no change in the valuation technique during the period.

**Valuation techniques used to derive Level 2 fair values**

The Company's derivative financial instruments consists of foreign currency forward exchange contracts. Fair value of derivative financial instruments are based on bank quotations and are classified as Level 2.



## 22 Related parties disclosures

## Names of related parties and related party relationship

Sr.No.	Related Party	Country of Incorporation		Nature of Relationship		
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	April 1, 2016
1	GlobalLogic Holdings Inc.	United States of America	Ultimate Holding Company	Ultimate Holding Company	Ultimate Holding Company	Ultimate Holding Company
2	GlobalLogic Inc.	United States of America	Holding Company	Holding Company	Holding Company	Holding Company
3	GlobalLogic Israel Limited	Israel	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary
4	GlobalLogic Worldwide Limited	United Kingdom	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary
5	GlobalLogic SA	Poland	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary
6	GlobalLogic Technologies Limited	India	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary
7	Key Management Personnel:					
	Mr. Sumit Sood - Director (joined w.e.f. 20.03.2015)					
	Mr. Sanjay Kumar - Additional Director (joined w.e.f. 15.11.2017)					
	Mr. Harinder Bhatia - Director (joined w.e.f. 03.04.2016 and left w.e.f. 12.09.2017)					
	Mr. Bhartendu Kumar Gairola - Independent director					
	Mr. Gopal Bimal - Director (joined w.e.f. 31.08.2017 and left w.e.f. 16.11.2017)					
	Ms. Drushiti Rahul Desai - Independent director					

Nature of transaction	2017-18		2016-17	
	Holding Company	Fellow subsidiary	Holding Company	Fellow subsidiary
<b>A. Transactions</b>				
Sale of Services				
GlobalLogic Inc	4,163.50	-	3,381.25	-
GlobalLogic Israel Ltd.	-	-	-	2.44
GlobalLogic SA	-	1.69	-	-
Purchase of services				
GlobalLogic Technologies Ltd.	-	134.34	-	99.01
Purchase of fixed assets				
GlobalLogic Technologies Ltd.	-	1.97	-	-
Expenses incurred by the company for				
GlobalLogic Inc	143.48	-	120.68	-
GlobalLogic Technologies Ltd.	-	4.60	-	2.53
Expenses incurred on behalf of company				
GlobalLogic Inc	3.22	-	-	-
Receipt against reimbursement of expenses				
GlobalLogic Inc	57.49	-	169.15	-
GlobalLogic Technologies Ltd.	-	-	-	175.97

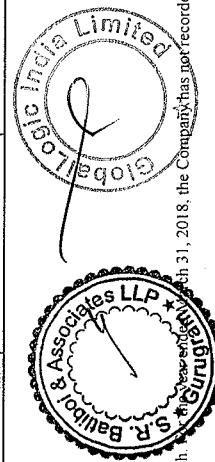
Nature of transaction	2017-18		2016-17		2015-16	
	Holding Company	Fellow subsidiary	Holding Company	Fellow subsidiary	Holding Company	Fellow subsidiary
<b>B. Outstanding Balances with related parties</b>						
Trade receivables and unbilled revenues						
GlobalLogic Inc.	2,478.89	-	2,208.08	-	1,605.95	-
GlobalLogic Israel Limited	-	-	-	-	-	2.19
Reimbursements						
GlobalLogic Inc.	120.73	-	34.23	-	83.00	-
GlobalLogic Technologies Limited	-	7.13	2.53	-	-	173.97
Trade payables						
GlobalLogic Technologies Limited	-	9.66	-	-	-	-
Other payables						
GlobalLogic Inc.	4.54	-	1.28	-	8.62	-
GlobalLogic Technologies Limited	-	-	-	-	-	-
GlobalLogic Worldwide Limited	-	-	-	-	-	1.45
Balances						
GlobalLogic Technologies Ltd.	-	-	-	8.27	-	-

## C. Key management personnel compensation

Particulars	March 31, 2018	March 31, 2017
Short-term employee benefits	21.85	23.23
Long term employee benefits	-	-
Post-employment benefits	0.35	0.38
Share based payments*	26.93	-

\*Payment has been made on behalf of parent company

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and their settlement occurs in cash. Impairment of receivables relating to amounts owed by related parties (March 31, 2017: Nil, April 1, 2016: Nil).



**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

**23 Post-employment benefits plan**

**Gratuity**

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement or on termination of employment for an amount based on the respective employee's salary and the years of employment with the Company.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans:

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

	March 31, 2018	March 31, 2017
Current service cost	27.57	22.83
Interest cost on benefit obligation	11.20	9.60
Past service cost	24.97	-
<b>Net benefit expense</b>	<b>63.74</b>	<b>32.43</b>

**Balance sheet**

**Benefit asset/liability**

	March 31, 2018	March 31, 2017	April 1, 2016
Present value of defined benefit obligation	233.05	160.22	128.67
<b>Net asset/(liability) recognised in balance sheet</b>	<b>233.05</b>	<b>160.22</b>	<b>128.67</b>

**Changes in the present value of the defined benefit obligation are as follows:**

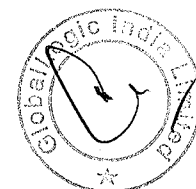
	March 31, 2018	March 31, 2017
Opening defined benefit obligation	160.22	128.67
Current service cost	27.57	22.83
Interest cost	11.20	9.60
Past service cost	24.97	-
<b>Total amount recognised in profit &amp; loss</b>	<b>63.74</b>	<b>32.43</b>
Re-measurement losses of defined benefit plan :		
- Due to changes in demographic assumptions	4.05	(4.79)
- Due to changes in financial assumptions	11.22	9.68
- Due to experience adjustment	8.66	6.27
<b>Total amount recognised in other comprehensive income</b>	<b>23.93</b>	<b>11.16</b>
Benefits paid	(14.89)	(12.04)
<b>Closing defined benefit obligation</b>	<b>233.05</b>	<b>160.22</b>

**The principal assumptions used in determining gratuity benefits are as below:**

	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.63%	6.96%	7.61%
Employee turnover	15%	20.00%	26.00%
Salary escalation rate	10%	8.00%	7.50%

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 in the employment market.

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.18 years (March 31, 2017: 5.63 years)



GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

Amounts for the current and previous four periods are as follows:

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Gratuity</b>					
Defined benefit obligation	233.05	160.22	128.67	116.38	101.32
Experience adjustments on liabilities gain / (loss)	8.66	6.27	(6.41)	1.34	9.07

Sensitivity Analysis:

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

	March 31, 2018	March 31, 2017
Projected benefit obligation on current assumptions	233.05	160.22
Delta effect of +1 % change in discount rate	(9.16)	(6.30)
Delta effect of -1 % change in discount rate	9.73	6.85
Delta effect of +1 % change in salary escalation rate	9.61	6.61
Delta effect of -1 % Change in salary escalation rate	(8.73)	(6.00)

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

Within one year	27.48	25.71
Within one - three years	52.63	47.68
Within three - five years	57.25	43.54
Above five years	124.83	109.42
Weighted average duration (in years)	7.18	5.63

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**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

**24 Segment information**

Ind AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations pre-dominantly relate to providing software development and IT enabled services to its holding Company in the United States of America and to its domestic customers in India. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, information has been presented only for geographical segments. The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in segment information, and are as set out in the significant accounting policies.

Business segment of the Company is primarily related to providing software development and IT enabled services. The service do not have any different risk and return and thus the Company has only one business segment.

The Company reports geographical segment information on the basis of geographical location of the customers / assets. The Company operates in two principal geographical areas of the world which are: India and United States of America (USA).

*Geographical information:*

The following table presents geographical information regarding the Company's revenue:

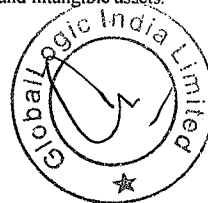
	March 31, 2018	March 31, 2017
USA	4,413.97	3,489.21
India	481.44	487.56
Others	1.69	2.44
<b>Total</b>	<b>4,897.10</b>	<b>3,979.22</b>

The following tables present geographical information regarding the Company's non current assets as defined in Ind AS 108 :

As at	March 31, 2018	March 31, 2017	April 1, 2016
India	188.67	172.65	146.54
<b>Total</b>	<b>188.67</b>	<b>172.65</b>	<b>146.54</b>

Non-current operating assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

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## 25 Commitments and contingencies

## (a) Leases

## Operating leases

The Company's leasing arrangements are in respect of operating leases for office premises and guest houses. These leasing arrangement ranges from 11 months to 5 years. Total lease payments recognised in the statement of profit and loss for the year is Rs. 181.88 Mn (March 31, 2017: Rs. 118.57 Mn).

The future aggregate minimum lease payments under non-cancellable operating leases are as under:

	March 31, 2018	March 31, 2017	April 1, 2016
<b>Outstanding as at year end:</b>			
Not later than one year	215.91	147.80	63.12
Later than one year but not later than five years	782.53	439.31	202.76
Later than five years	34.39	-	-
<b>Total</b>	<b>1,032.83</b>	<b>587.11</b>	<b>265.88</b>

## (b) Commitments

At March 31, 2018, the Company has commitments of Rs.105.67 Mn (March 31, 2017: Rs. 2.21 Mn relating to capital contracts).

## (c) Contingent liabilities

## (i) Contingent liabilities not provided for in respect of:

	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	April 1, 2016 (Rs.)
Guarantees given by the bank on behalf of the Company	0.75	0.75	0.75
Claims against the Company not acknowledged as debts *	21.16	15.15	14.30
Income-tax demand **	4.53	4.53	4.53
<b>Total</b>	<b>26.44</b>	<b>20.43</b>	<b>19.58</b>

\* Rs. 6 Mn (March 31, 2017: Rs. Nil, April 1, 2016: Rs. Nil) represents custom duty for the Assessment year 2009-10 relating to goods cleared from customs valuing Rs. 38.92 Mn basis the exemption under Notification No. 52/2003 dated 31.03.2003. After the show cause notice the case is listed for hearing, notice will be sent to the counsel for appearance before Commissioner of customs (import). The management believes that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

\* Rs. 10.19 Mn (March 31, 2017: Rs. 10.19 Mn, April 1, 2016: Rs. 10.19 Mn) represents claim of claim made by M/s Telarix, Inc., one of its former consultants, for defamation, illegal usage and infringement of intellectual property rights which is contested by the company and is pending before the Additional District Judge, Bangalore Rural District, Bangalore. The management believes that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

\* Rs. 4.96 Mn (March 31, 2017: Rs. 4.96 Mn, April 1, 2016: Rs. 4.11 Mn) in respect of claim made by an employee which is contested in the court by the Company. The management does not expect these claims to succeed accordingly no provision for the contingent liability has been recognized in the financial statements.

\*\* Rs. 4.53 Mn (March 31, 2017: Rs. 4.53 Mn, April 1, 2016: Rs. 4.53 Mn) income tax demand for the Assessment Year 2008-09 relating to transfer pricing provisions per Section 92 of the Income Tax Act, 1961 wherein assessing officer has filed an appeal in Karnataka High Court against the order of Tribunal. The High Court has dismissed the appeal filed by the Tax Authorities. Further, in the year 2013-14, 50% demand for Rs.2.27 Mn has been paid under protest.

## (ii) Claims against the Company not acknowledged as debts (cases where the possibility of any outflow in the settlement is remote):

	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	April 1, 2016 (Rs.)
Income-tax demand *	193.31	168.57	198.56
Service tax demand**	28.57	36.62	-
<b>Total</b>	<b>221.88</b>	<b>205.19</b>	<b>198.56</b>

## \* Income-tax demand includes:

- Rs.59,682,490 (March 31, 2017: Rs. Nil, April 1, 2016: Rs. Nil) represents income tax demand for the Assessment Year 2014-15 as per the order passed by Assessing officer dated August 9, 2018 u/s 154/143(3)/144C(5) of the Income-tax Act, 1961 (Act). The company has filed an appeal before Tribunal against the order. The management based on expert opinion and in view of the relief granted by Tribunal to the company in similar matter for earlier years is of the view that that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

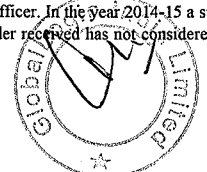
- Rs. 4,312,440 (March 31, 2017: Rs. Nil, April 1, 2016: Rs. Nil) represents income tax demand for the Assessment Year 2013-14 as per final assessment order passed by the assessing officer u/s 144C read with 143(3) of the Act. The company has filed appeal with Tribunal dated December 19, 2017. The management based on expert opinion and in view of the relief granted by Tribunal to the company in similar matter for earlier years is of the view that that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

- Rs. 21,540,690 (March 31, 2017: Rs. 21,540,690, April 1, 2016: Rs. 15,774,697) represents income tax demand for the Assessment Year 2012-13 as per rectification order passed by assessing officer u/s 154 of the Act. Further, the company has obtained a favourable order passed by the Tribunal dated December 12, 2017. As evident from the order, the issue has been decided in favour of the company. Accordingly the company has not considered any provision against this demand in the financial statements.

- Rs. 86,190,420 (March 31, 2017: Rs. 86,190,420, April 1, 2016: Rs. 149,083,570) represents income tax demand for the Assessment Year 2011-12 on the basis of order passed u/s 154/143(3)/144C of the Act. The Company has filed appeal with Tribunal on December 21, 2015 and the matter is currently pending with Tribunal for disposal. The management based on expert opinion and in view of the relief granted by Tribunal to the company in similar matter for earlier years is of the view that that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

- Rs. NIL (March 31, 2017: Rs. 12,116,107, April 1, 2016: Rs. 12,116,107) represents income tax demand for the Assessment Year 2010-11 on the basis of order passed by AO dated August 19, 2015 u/s 154/143(3) r.w.s. 144C of the Act. Further, the company has also obtained a favourable order passed by the Tribunal dated December 12, 2017. As evident from the order, the issue has been decided in favour of the company. However, the revenue has filed an appeal in the High Court and the same is pending for disposal. As tribunal has passed favorable order, the company has not considered any provision against this demand in the financial statements.

- Rs. 4,557,380 (March 31, 2017: Rs. 4,557,380, April 1, 2016: Rs. 4,557,380) represents income tax demand for the Assessment Year 2009-10 on the basis of order passed by AO u/s 154/143(3) r.w.s. 144C(5) dated June 11, 2014. In the year 2014-15 a sum of Rs 70,000 has been paid by the Company under protest as per directions from Tribunal. Further, the Company has obtained a favourable order from Tribunal dated December 31, 2014. The Company has also filed rectification application to claim proper credit of tax deducted at source to the Assessing officer. In the year 2014-15 a sum of Rs.70,000 has been paid by the Company under protest as per directions from Tribunal. The management based on expert opinion and in view of the favourable order received has not considered any provision against this demand in the financial statements.



**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

- Rs. NIL (March 31, 2017: Rs. 27,132,517, April 1, 2016: Rs. 27,132,517) represents income tax demand for the Assessment Year 2006-2007 on the basis of order passed by AO u/s 254/143(3) of the Act. The company had obtained a favourable order from Tribunal. However revenue department has filed an appeal before the High Court of Delhi, which was returned back due to some defect, and never came up for hearing. As per the order passed by assessing officer, refund of Rs. 2,38,33,245 has been determined as refundable to company.

- Rs. 6,125,350 (March 31, 2017: Rs. 6,125,350, April 1, 2016: Rs. 6,125,350) represents income tax demand for the Assessment Year 2006-2007 on the basis of order passed by AO u/s 143(3) of the Act. The Company has filed an appeal with CIT (Appeals) Nagpur. On the basis of legal advice received, the management is hopeful of a favorable decision. A sum of Rs. 6,125,350 has been paid by the Company under protest in respect of this demand in prior years.

- Rs. 5,731,730 (March 31, 2017: Rs. 5,731,730, April 1, 2016: Rs. 5,731,730) represents income tax demand for the Assessment Year 2003-2004 on the basis of order passed by AO u/s 143(3)/147 of the Act. The Company has filed an appeal with CIT (Appeals) Nagpur. The management based on expert opinion is of the view that that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

- Rs. 5,174,192 (March 31, 2017: Rs. 5,174,192, April 1, 2016: Rs. 5,174,192) represents income tax demand for the Assessment Year 2002-2003 on the basis of order passed by AO u/s 143(3)/147 of the Act. The Company has filed an appeal with CIT (Appeals) Nagpur. The management based on expert opinion is of the view that that the likelihood of the case going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

**\*\* Service tax demand includes:**

- Rs. 10,193,553 (March 31, 2017: Rs. 18,449,484, April 1, 2016: Nil) represents service tax demand for the period April 2013 to March 2015 as per order dated March 22, 2017. The company has filed appeal before the tribunal against the order of Commissioner (Appeals). The management believes that the likelihood of the case/appeal going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

- Rs. 18,378,512 (March 31, 2017: Rs. 18,378,512, April 1, 2016: Nil) represents service tax demand for the period April 2011 to March 2014 as per Show Cause Notice dated October 19, 2016. The company has filed appeal before Commissioner (Appeals). The management believes that the likelihood of the case/appeal going in favor of the Company is probable and accordingly has not considered any provision against this demand in the financial statements.

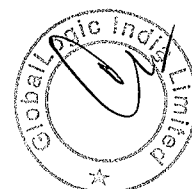
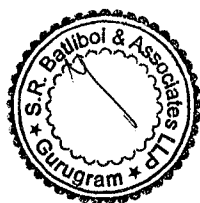
**26 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
The principal amount remaining unpaid to any supplier as at the end of each accounting year	-	-	-
The interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-	-
The amount of interest paid by the buyer in terms of section 16 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
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.	-	-	-

27 The Company has four units registered under the Special Economic Zones ("SEZ") Act, 2005 including one unit in Bangalore which was registered under Special Economic Zone ("SEZ") Act, 2005 on January 25, 2018 and the unit will be operational from FY 2018-19. In accordance with the SEZ Rules, 2006 the Company is required to maintain positive foreign exchange earnings, net of imports. The management is confident of continuing to achieve such commitments in future periods.

28 The Company had a service delivery agreement with GlobalLogic Inc. for rendering of software development and other allied services. On December 1, 2016, the Company entered into a reseller agreement and a delivery service agreement with GlobalLogic Worldwide Limited. As per this agreement, the services rendered was to be billed to GlobalLogic Worldwide Limited effective December 1, 2016. GlobalLogic Inc. and GlobalLogic Worldwide Limited, both are the parties controlled by GlobalLogic Holdings Limited.

In August 2017, the Company had entered into a rescission agreement with GlobalLogic Worldwide Limited effective the original date of the agreement confirming that no services were rendered under that agreement. Accordingly, the billing to GlobalLogic Worldwide Limited had been considered as void by the Company and the revenue earned from GlobalLogic Inc had been accrued as at year end and recognised in unbilled revenues in previous year.



**29 Capital management**

The Company's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Company includes within net debt, trade and other payables less cash and cash equivalents.

The Company monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total capital plus underlying net debt. The Company's policy is to keep the gearing ratio below 5%.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

As at	March 31, 2018	March 31, 2017	April 1, 2016
Trade payables	233.92	243.66	140.17
Other payables	69.68	75.30	46.87
Less: Cash and cash equivalent	(355.66)	(304.72)	(125.57)
<b>Net debt</b>	<b>(52.06)</b>	<b>14.24</b>	<b>61.47</b>
Equity	3,234.22	2,793.97	2,322.54
<b>Total capital</b>	<b>3,234.22</b>	<b>2,793.97</b>	<b>2,322.54</b>
<b>Capital and net debt</b>	<b>3,182.16</b>	<b>2,808.20</b>	<b>2,384.01</b>
Gearing ratio (%)	-1.64%	0.51%	2.58%

**30 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short term deposits which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risk, liquidity risk and credit risk.

The Board of Directors review and agree policies for managing each of these risks which are summarised below.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Intercompany transactions and import purchases.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency of the foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue is in US Dollar while a large portion of costs are in Indian rupees. The fluctuation in exchange rates in respect to the Indian rupee may have potential impact on the statement of profit and loss and other comprehensive income and equity.

To mitigate the foreign currency risk the Company uses derivatives as governed by the Company's strategy, which provides principles on the use of forward contracts consistent with the Company's Risk Management Policy.

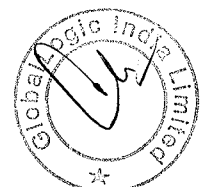
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Forward contract outstanding (USD)	45.70	37.40	33.53
Forward contract outstanding (INR)	3,067.55	2,642.75	2,338.89
Average strike price	67.11	70.68	69.72
Change in fair value for calculating hedge effectiveness	24.96	150.56	41.97

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately Rs. 25.93 Mn for the year ended 31 March, 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2018, 31 March 2017 and 1 April 2016 is as below:

	Net financial assets			Net financial liabilities		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
USD/INR	26.00	22.42	16.83	0.07	0.16	0.07





**Liquidity risk**

Company monitor their risk of shortage of funds using cash flow forecasting model.

The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner. The maturity profile of the Company's financial liabilities based on contractual undiscounted payments is given below:

Particulars	<1 year	1-5 years	>5 years	Total
<b>As at March 31, 2018</b>				
Trade payables	233.92	-	-	233.92
Other financial liabilities	3.09	-	-	3.09
<b>Total</b>	<b>237.01</b>	<b>-</b>	<b>-</b>	<b>237.01</b>
<b>As at March 31, 2017</b>				
Trade payables	243.66	-	-	243.66
Other financial liabilities	29.87	-	-	29.87
<b>Total</b>	<b>273.53</b>	<b>-</b>	<b>-</b>	<b>273.53</b>
<b>As at April 1, 2016</b>				
Trade payables	140.17	-	-	140.17
Other financial liabilities	3.55	-	-	3.55
<b>Total</b>	<b>143.72</b>	<b>-</b>	<b>-</b>	<b>143.72</b>

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party, the risk of deterioration of credit worthiness of the counter party as well as concentration risks of financial assets and thereby exposing the Company to potential financial losses.

The Company is exposed to credit risk mainly with respect to trade receivables and derivative financial instruments.

**Trade receivables**

Trade receivables of the Company are typically non-interest bearing unsecured and derived from sales made. The customer base is majorly comprised geographically in United States of America and India.

As there is no independent credit ratings of the customers available with the Company, the management reviews the credit worthiness of its customers based on their financial position, past experience and other factors. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The credit provided to customer generally ranges from 30 days to 90 days. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date by grouping the receivables in homogenous group. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The aging analysis of trade receivables (gross) as of reporting date is as follows:

Particulars	Neither past due date nor impaired	Less than 30 days	30 to 60 days	61 to 90 days	Above 90 days	Total
Trade receivables as of March 31, 2018	522.69	21.66	732.02	377.98	947.81	2,602.15
Trade receivables as of March 31, 2017	83.26	53.71	20.44	-	845.61	1,003.02
Trade receivables as of April 1, 2016	36.41	315.96	215.15	211.37	893.5	1,672.40

The Company has provision of Rs. 1.2 Mn (March 31, 2017 - Rs. 1.5 Mn, April 1, 2016 - Rs. 0.8 Mn) for doubtful debts. None of those trade receivables past due or impaired have had their terms renegotiated. The Company has GlobalLogic Inc. (Holding Company) as its significant customer constituting 90% of revenues. The Company periodically assesses the financial reliability taking into account the financial condition, current economic trends and aging of trade receivables and estimates the expected credit loss to be nil as 95% of trade receivables relates to the amount owed by the Holding Company.



**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

**31 First time adoption of Ind AS**

The adoption of Ind AS is carried out in accordance with Ind AS 101 on April 1, 2016 being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ended March 31, 2018, be applied retrospectively and consistently for all the periods presented. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity at the transition date.

In these financial statements, the Company has presented three balance sheets -- as at 31 March 2018, 31 March 2017 and 1 April 2016. The Company has also presented two statements of profit and loss, two statements of changes in equity and two statements of cash-flows for the year ended 31 March 2018 and 31 March 2017 along with the necessary and related noted.

Ind AS 101 allows first time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind AS.

**A. Exemptions from retrospective application:**

**a) Changes in decommissioning liabilities included in the cost of property, plant and equipment exemption**

The Company does not have material decommissioning, restoration and similar liabilities in the cost of property, plant and equipments and hence the exemption is not applicable.

**b) Investments in fellow subsidiary**

Ind AS 101 permits a first time adopter to measure its investment in subsidiaries, associates and joint ventures, at the date of transition, at cost determined in accordance with Ind AS 27 or deemed cost. The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS or previous GAAP carrying amount at the date.

The Company has elected to measure its investment in fellow subsidiary at the previous GAAP carrying amount as its deemed cost on the transition date.

**c) Business Combination**

A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs).

The Company has elected not to apply Ind AS 103 retrospectively to Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 and/ or Companies Act, 2013 involving IP Unity Communications Limited (transferor) and GL Software Limited (transferor) with the Company being approved by order dated May 25, 2015 of the Hon'ble High Court of Delhi, effective from the appointed date i.e. April 1, 2014.

**B. Exceptions from full retrospective application:**

**a) Estimates**

Upon review of the estimates made under the previous GAAP, the Company has concluded that there was no necessity to revise the estimates made under Ind AS except where estimates were required by Ind AS and not required by previous GAAP.

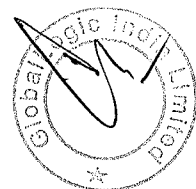
**b) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, the classification and measurement of financial assets has been made on the basis of the facts and circumstances existed at the date of transition.

**c) De-recognition of financial assets and liabilities**

Financial assets and liabilities derecognized in accordance with previous GAAP are not re-recognized under Ind AS. The Company has chosen not to apply the Ind AS 109 derecognition criteria to an earlier date. No arrangements were identified that had to be assessed under this exception.

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**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

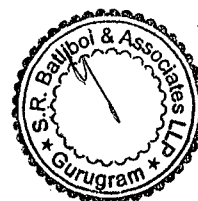
*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

**Reconciliation of equity as at April 1, 2016**

	Footnotes	Previous GAAP	GAAP Adjustments	Ind AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		128.90	-	128.90
Intangible assets		17.64	-	17.64
<b>Financial assets</b>				
Investments		0.01	-	0.01
Loans and security deposits	I	37.63	(9.21)	28.42
Non-current bank deposits		0.05	-	0.05
Other non-current assets	I	33.17	(25.82)	7.35
Income tax assets (net)	IX	45.46	32.58	78.04
Deferred tax assets (net)	II	160.76	(15.75)	145.01
		<u>423.62</u>	<u>(18.21)</u>	<u>405.42</u>
<b>Current assets</b>				
<b>Financial assets</b>				
Trade receivables		1,672.40	-	1,672.40
Cash and cash equivalents		125.57	-	125.57
Current bank deposits		1.40	-	1.40
Loans and security deposits		265.31	-	265.31
Others	III	0.10	41.99	42.09
Other current assets	I	137.17	2.19	139.36
		<u>2,201.95</u>	<u>44.18</u>	<u>2,246.13</u>
<b>TOTAL ASSETS</b>		<u>2,625.57</u>	<u>25.97</u>	<u>2,651.55</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		1.80	-	1.80
<b>Other equity</b>				
Securities premium		12.65	-	12.65
Capital reserve		5.62	-	5.62
General reserve		26.20	-	26.20
Retained earnings		2,246.46	(6.32)	2,240.14
Share based payments reserve	VI	-	8.67	8.67
Cash flow hedge reserve	III	-	27.44	27.44
<b>Total Equity</b>		<u>2,292.73</u>	<u>29.78</u>	<u>2,322.51</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions		100.78	-	100.78
Other non-current liabilities	IV	2.76	(2.76)	-
		<u>103.54</u>	<u>(2.76)</u>	<u>100.78</u>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables		140.17	-	140.17
Other financial liabilities		3.55	-	3.55
Other current liabilities	IV	44.37	(1.06)	43.32
Provisions		41.20	-	41.20
		<u>229.30</u>	<u>(1.06)</u>	<u>228.25</u>
<b>TOTAL</b>		<u>2,625.57</u>	<u>25.97</u>	<u>2,651.55</u>

Note : The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



GlobalLogic India Limited

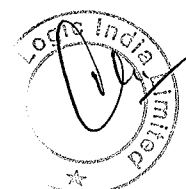
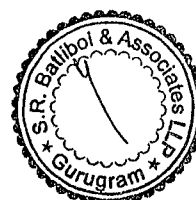
Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

Reconciliation of equity as at March 31, 2017

		Previous GAAP	GAAP Adjustments	Ind AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		148.25	-	148.25
Intangible assets		24.40	-	24.40
Financial assets				
Investments		0.01	-	0.01
Loans and security deposits	I	60.76	(21.72)	39.04
Non-current bank deposits		1.45	-	1.45
Others		-	-	-
Other non-current assets	I	0.22	16.01	16.24
Income tax assets (net)	IX	100.03	(73.66)	26.37
Deferred tax assets (net)	II	146.22	(55.99)	90.23
		<b>481.34</b>	<b>(135.35)</b>	<b>345.98</b>
<b>Current assets</b>				
Financial assets				
Trade receivables		1,003.02	-	1,003.02
Cash and cash equivalents		304.72	-	304.72
Current bank deposits		-	-	-
Loans and security deposits		41.67	-	41.67
Others	III	0.17	150.59	150.76
Other current assets	I	1,445.74	4.84	1,450.59
		<b>2,795.32</b>	<b>155.44</b>	<b>2,950.76</b>
<b>TOTAL ASSETS</b>		<b>3,276.66</b>	<b>20.08</b>	<b>3,296.75</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		1.80	-	1.80
Other equity				
Securities premium		12.65	-	12.65
Capital reserve		5.62	-	5.62
General reserve		26.20	-	26.20
Retained earnings		2,642.74	(13.18)	2,629.56
Share based payments reserve	VI	-	19.72	19.72
Cash flow hedge reserve	III	-	98.45	98.45
Equity attributable to equity holders of the parent		<b>2,689.02</b>	<b>104.99</b>	<b>2,794.00</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions		133.96	-	133.96
Provision for lease equalisation	IV	11.07	(11.07)	-
		<b>145.04</b>	<b>(11.07)</b>	<b>133.96</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables		243.62	-	243.62
Other financial liabilities		29.86	-	29.86
Other current liabilities	IV	45.61	(0.18)	45.43
Provisions		49.87	-	49.87
Liabilities for current tax (net)	IX	73.66	(73.66)	-
		<b>442.63</b>	<b>(73.84)</b>	<b>368.78</b>
<b>TOTAL</b>		<b>3,276.68</b>	<b>20.08</b>	<b>3,296.75</b>

Note : The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



**GlobalLogic India Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)*

**Reconciliation of total comprehensive income for the year ending March 31, 2017**

	Footnotes	Previous GAAP (Regrouped)	GAAP Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	III, VI	3,871.24	107.97	3,979.21
Other income	III	35.62	(35.16)	0.46
Finance income	I	0.14	2.94	3.08
<b>Total income (I)</b>		<b>3,907.00</b>	<b>75.75</b>	<b>3,982.74</b>
<b>Expenses</b>				
Employee benefits expense	V, VI	2,534.82	(0.11)	2,534.72
Other expenses	I, IV	674.61	68.93	743.54
Finance costs		3.07	-	3.07
Depreciation and amortisation expense		93.88	-	93.88
<b>Earnings before exceptional items</b>		<b>600.62</b>	<b>6.92</b>	<b>607.53</b>
Exceptional items		-	-	-
<b>Profit before tax</b>		<b>600.62</b>	<b>6.92</b>	<b>607.53</b>
<b>Tax expense:</b>				
- Current tax		220.73	-	220.73
- Deferred tax (income)/expense		(16.39)	6.51	(9.87)
<b>Total tax expense</b>		<b>204.34</b>	<b>6.51</b>	<b>210.85</b>
<b>Profit for the year</b>		<b>396.27</b>	<b>0.41</b>	<b>396.68</b>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods :				
- Unrealized gain/ (loss) on derivative financial instruments	III	-	108.59	108.59
- Income tax effect of above item	III	-	(37.58)	(37.58)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :				
- Re-measurement gain/ (losses) of defined benefit plan	V	-	(11.16)	(11.16)
- Income tax relating to this item	V	-	3.86	3.86
<b>Other comprehensive income for the year (net of tax)</b>	VII	<b>-</b>	<b>63.71</b>	<b>63.71</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>396.27</b>	<b>64.13</b>	<b>460.39</b>

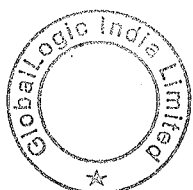
Note : The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Note (I): Lease security deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value at initial recognition. Accordingly, the Company has fair valued these security deposits under Ind AS. Subsequently, the security deposits are required to be measured at amortised cost using effective interest rate method. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent. This resulted in net decrease in retained earnings by Rs. 0.86 million and Rs. 0.26 million as at March 31, 2017 and April 1, 2016 respectively. The profit and total comprehensive income for the year ended March 31, 2017 increased by Rs. 2.94 million on account of accretion of interest on security deposits and decreased by Rs. 3.38 million due to amortization of prepaid rent.

**Note (II): Deferred tax**

Deferred tax has been recognized on the adjustments made on transition to Ind AS. This has resulted in net decrease in retained earnings by Rs. 55.99 million as at March 31, 2017 and Rs. 15.76 million as at April 1, 2016. Further, MAT credit of Rs. 30.93 million has been reclassified to deferred tax as at April 1, 2016.



GlobalLogic India Limited

Notes to financial statements for the year ended March 31, 2018

(All amounts are in millions of Indian Rupees, except per share data and as stated otherwise)

**Note (III): Unrealized gain on derivative financial instruments**

Under the previous GAAP, as per the ICAI announcement, accounting for forward contract for highly probable transaction pertaining to revenues, were marked to market on a portfolio basis and the net loss after considering the offsetting effect of underlying hedge item is charged to the statement of profit and loss. Net gains were ignored keeping in view the principle of prudence as enunciated in AS 1.

Under Ind AS, the fair value of such contracts is recognized with changes in fair value being recognized in the other comprehensive income and transferred to statement of profit and loss under revenues, at the time of recording the highly probable transaction. This resulted in net increase in retained earnings by Rs. 150.59 million and Rs. 41.99 million as at March 31, 2017 and April 1, 2016 respectively. The profit and total comprehensive income for the year ended March 31, 2017 increased by Rs. 108.59 million.

**Note (IV): Lease and related incentive**

Under the previous GAAP, lease rentals under an operating lease were recognized as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit even if the payment were not on that basis. Accordingly, the lease rental expenses were being straight lined and lease equalisation reserve ('LER') was recorded considering the escalations. However, Ind AS does not mandate straight lining of lease escalations, if they are in line with the expected general inflation, compensating the lessor for expected inflationary cost. As the lease escalations for the operating lease entered by the Company are in line with the expected general inflation, the Company has reversed LER created earlier which has resulted in net increase in retained earnings by Rs. 11.25 million as at March 31, 2017 and Rs. 3.84 million as at April 1, 2016. Further, profit and total comprehensive income for the year ended March 31, 2017 increased by Rs. 7.44 million.

**Note (V): Remeasurement of defined benefit obligations**

Under Ind AS, re-measurements i.e. actuarial gains and losses on defined benefit obligation excluding amounts included in the net interest expense in net defined benefit liability are recognized in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these re-measurements were required to be recognized in the statement of profit and loss.

**Note (VI): Accounting of options expenses**

Under Ind AS, shared based payment cost on account of options granted to employees of GlobalLogic India Limited is recognised on transition to Ind AS. This has resulted in net decrease in retained earnings by Rs. 19.72 millions as at March 31, 2017 and Rs. 8.67 millions as at April 1, 2016.

**Note (VII): Other comprehensive income**

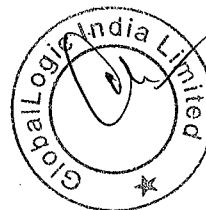
Under previous GAAP, there was no concept of other comprehensive income and hence, previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

**Note (VIII): Explanation of material adjustments to statement of cash flows**

There were no material differences between the statement of cash flows presented under Ind AS and the previous GAAP except due to reclassification adjustments recorded under Ind AS.

**Note (IX): Reclassifications/ regroupings**

Previous year figures have been regrouped / reclassified, where necessary, to confirm to this year's classification.



**32 Components of other comprehensive income**

	March 31, 2018	March 31, 2017
<b>A. Items that will not be reclassified to statement of profit and loss</b>		
<b>Retained earnings (Actuarial gain (loss) relating to defined benefit obligations)</b>		
Opening balance (net of tax)	(6.35)	0.95
Actuarial gains (losses)	(23.93)	(11.16)
Income tax benefit (expense)	8.28	3.86
<b>Closing balance (net of tax)</b>	<b>(21.99)</b>	<b>(6.35)</b>
<b>B. Items that will be reclassified subsequently to statement of profit and loss</b>		
<b>Retained earnings (Unrealized gain (loss) on derivative financial instruments)</b>		
Opening balance (net of tax)	98.45	27.44
Unrealized gains (losses)	(125.60)	108.59
Income tax benefit (expense)	43.39	(37.58)
<b>Closing balance (net of tax)</b>	<b>16.25</b>	<b>98.45</b>
<b>Total</b>	<b>(5.74)</b>	<b>92.10</b>

**33 Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

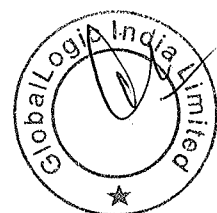
Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

**Ind AS 112 Disclosure of Interests in Other Entities**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held-for sale.

The above mentioned Ind AS is not applicable to the Company.



### Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

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

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

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

### Ind AS 40 Transfers of Investment property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

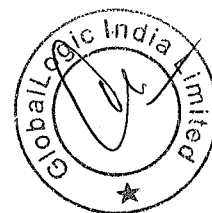
These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

### Ind AS 28 Investments in Associates and Joint Ventures

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.





34. Share-based payments

The Ultimate Holding Company, GlobalLogic Holdings Limited ("GHL"), has granted stock options to certain employees of the Company under stock option scheme.

**GlobalLogic Holdings Limited 2013 Stock Option Plan**

In December 2013, GHL adopted the GlobalLogic Holdings Limited 2013 Stock Option Plan ("the plan") to promote the long-term growth and profitability of GHL and its subsidiaries. Under the plan, GHL may make awards to present and future officers, directors, employees, consultants and advisors of the GHL or its subsidiaries at the sole discretion of the board of directors.

Option award vesting is split into two components with 29.4% of each stock option grant designated as a Time Vesting Option and 70.6% of each stock option grant designated as a Performance Vesting Option. Time Vesting options vest over a period of four years from the date of grant with 25% vesting each year on the anniversary of the grant. Vesting of Performance Vesting options occurs only upon a liquidity event, such as an initial public offering or a sale of GHL to an unrelated party. The number of Performance Vesting options that vest will be determined based on a multiple of a return on the invested capital into GHL. Because vesting of the Performance Vesting options is contingent on a liquidity event, which is not probable until consummated, expense for these options is recorded only upon consummation of a liquidity event. In addition, such options are excluded from the number of vested and expected to vest options until these performance metrics are met.

Stock option activity under the 2013 Stock Option Plan was as follows:

The expense recognised for employee services received during the year is shown in the following table:

	31-Mar-18	31-Mar-17
Expense arising from equity-settled share-based payment transactions	6,361,595	11,050,433
<b>Total expense arising from share-based payment transactions</b>	<b>6,361,595</b>	<b>11,050,433</b>

**Movements during the year**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	Number	WAEP	Number	WAEP
Opening	10,240	19,399,084	11,257	8,672,098
Exercised	1,481	-	-	-
Forfeited	201	(175,879)	867	(323,447)
Expired	93	-	150	-
Charge during the year	-	6,361,595	-	11,050,433
	<b>8,465</b>	<b>25,584,800</b>	<b>10,240</b>	<b>19,399,084</b>

The fair value of each Time Vesting Option was estimated on the date of grant using the Black-Scholes option pricing model. The following table presents a weighted-average summary of the assumptions used to determine the fair value of each option on the date of grant:

	31-Mar-18	31-Mar-17
Dividend yield (%)	0%	0%
Expected terms (years)	6.1	6.1
Expected volatility (%)	43.50%	56%
Risk-free interest rate (%)	2%	1.60%
Expected life of share options/SARs (years)		
Weighted average share price (INR)		

On January 2017, Canada Pension Plan Investment Board (CPPIB) and Apax Partners signed a definitive purchase and sale agreement to acquire stake in GlobalLogic Holdings Limited (GHL) (Ultimate Holding Company). The acquisition was consummated on April 14, 2017. As part of Shareholder Agreement entered in connection with CPPIB transaction, the option holders were allowed to 'tag along' and exercise their options on a cashless basis. Accordingly, approximately 1,280 vested options (net) related to the employees of the Company were tagged along. Consequently, a reimbursement agreement was entered between the Company and GHL, according to which the Company paid Rs. 65 Mn to the employees and recorded it as an expense.

As per our report of even date

For S R Batliboi & Associates LLP  
 Chartered Accountants  
 CAI Firm Registration Number - 101049W / E300004

per Yogender Seth  
 Partner  
 Membership No. 94524

Place: Gurugram  
 Date: September 13, 2018



For and on the behalf of the Board of Directors of  
 GlobalLogic India Limited  
 CIN No. U74899DL2000PLC109036

Sumit Sood  
 Director  
 DIN No. 07121668

Place: Noida  
 Date: September 13, 2018

Sanjay Kumar  
 Director  
 DIN-07977118

Place: Noida

Date: September 13, 2018

