



NEW AGE BUSINESS DEMANDS NEW AGE TESTING. WITH QUALITY AND SPEED

CIGNITI TECHNOLOGIES LIMITED
ANNUAL REPORT 2016-17

Contents

Corporate Overview

The World of Cigniti	04
Corporate Information	15
Chairman’s Communiqué	16
From the Desk of the CEO	18
Financial Highlights	19
The Age of Customers	20
New Age Testing is IP-Led	22
Business Success in the Digital Age	26
Diverse Customers. One Cigniti.	27
Our Success Stories	28

Reports

Management Discussion and Analysis	31
Notice	39
Board’s Report	49
Corporate Governance Report	76

Financial Statements

Consolidated Statement

Independent Auditors’ Report	94
Balance Sheet	98
Statement of Profit and Loss	99
Cash Flow Statement	100
Notes	102

Standalone Statement

Independent Auditors’ Report	124
Balance Sheet	130
Statement of Profit and Loss	131
Cash Flow Statement	132
Notes	134



Cautionary Statement Regarding Forward-Looking Statement

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expect’, ‘project’, ‘intend’, ‘plan’, ‘believe’ and other words of similar substance, in connection with any discussions regarding future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe that we have been prudent while making the assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or even otherwise.



NEW AGE BUSINESS DEMANDS NEW AGE TESTING. WITH QUALITY AND SPEED

New age businesses are digital in their true sense. The Age of Digital has mesmerized the CXO's of every industry and segment today to rethink and redefine their business strategies. Characterized by the intrinsic ability to be driven by Application Programming Interfaces (API), digital enterprises rely on analytics & intelligence. They thrive on the power of software to hit the market at unprecedented speeds - which also becomes a critical factor for their success. The world continues to be driven by digital and intelligent software. In an era of business disruptions, board room agenda envisages software quality as a strategic business enabler, differentiator, and market accelerator. Hence, successful Global businesses and technology company leaders are consciously and persistently making the right investments in ensuring software quality, as it accelerates the readiness to market.

Failing to foresee software quality as a strategic enabler for the success of a business can prove disastrous. A single software defect is enough to put at risk the market capitalization, brand reputation, and entire business model of an enterprise.

An independent study by Tricentis indicates that software failures globally impacted 4.4 billion people and 1.1 trillion assets in 2016*. On the other hand, an MIT Sloan study confirms that early digital adopters have achieved 9%+ revenue creation, 26% impact to profitability, and 12% market valuation.

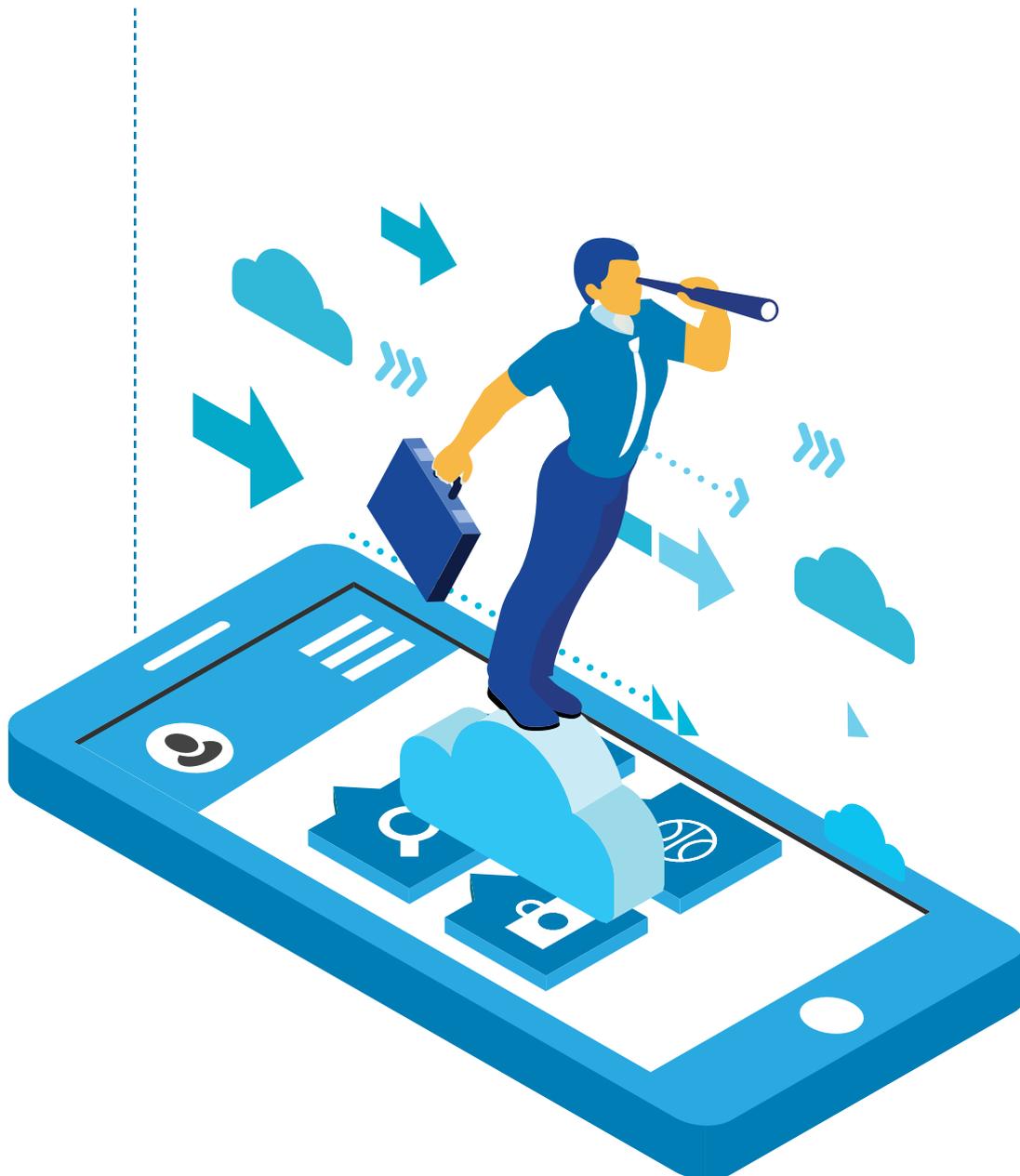
Cigniti's BlueSwan™, a next generation Proprietary Testing platform, is aligned with the needs of the market to navigate the turbulent waves of the digital era. Offering world class testing services to businesses across diversified verticals, BlueSwan™ fortifies our IP-led software testing services approach with Cigniti 4.0 services and domain-centric approach.

* Refer to 'Software Fail Report: 2016 in Review'

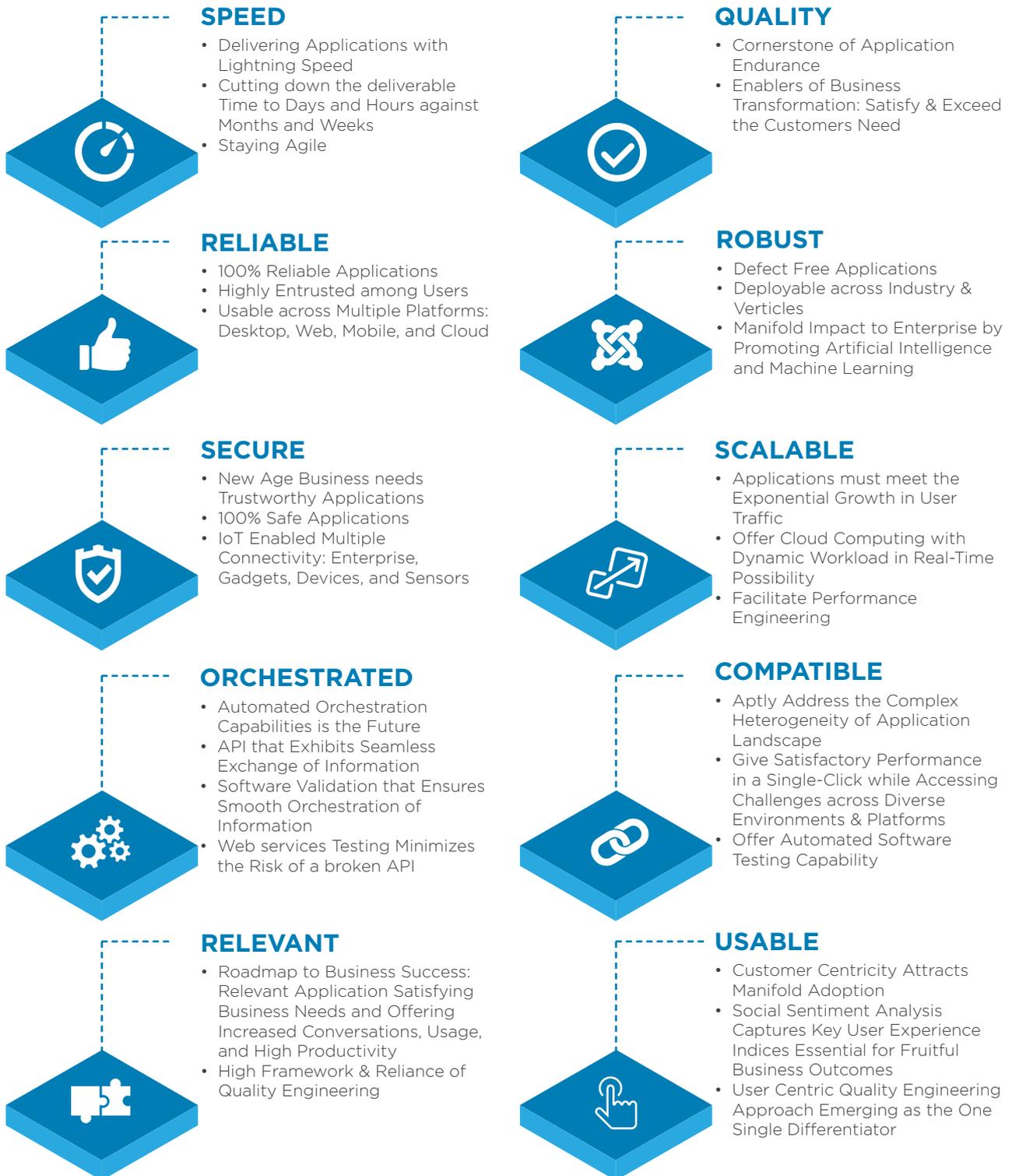
10 COMMANDMENTS OF QUALITY ENGINEERING.

FOR NEW AGE BUSINESSES TO ACHIEVE MARKET LEADERSHIP

In today's world, new age business success parameters are defined by their ability to outwit competitors, venture into niche business segment, and acquire a loyal & sizable customer base. Internet of Things (IoT) is rapidly taking over businesses determining how they interconnect; it is becoming essential for enterprises to incorporate Quality Engineering. Successful quality engineering hinges to the following 10 commandments of application characterization that can be termed successful when these are met deterministically.



10 COMMANDMENTS OF QUALITY ENGINEERING



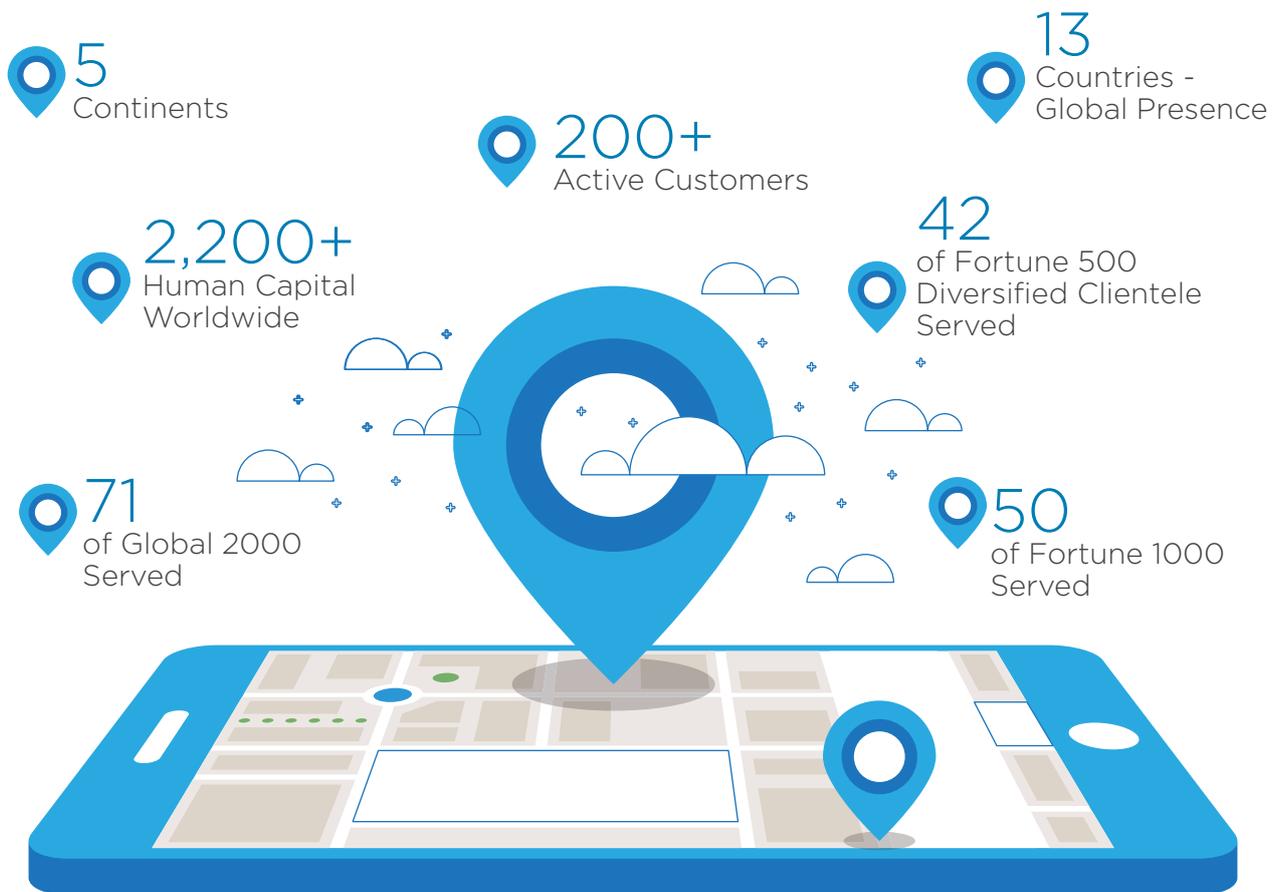
To have all the above 10 commandments succeed, building human capital that specializes in enabling digital transformation through quality engineering is a must.

Over the years, our New Age Software Testing Specialists have developed capabilities and competencies to cater to the New Age Business demands. We have quality software geeks who are specialists by skill, explorers in every sense, utopians by mindset, solvers by DNA, makers by training, and perceivers by nature. Our highly committed team puts customer experience at the center ensuring the applications are reliable, robust, secure, and usable.

THE WORLD OF CIGNITI

Cigniti Technologies Ltd., headquartered at Hyderabad, India is the second largest independent software testing pure-play Company by headcount - as per NelsonHall NEAT chart for Software Testing, 2016. Our team of 2200+ professionals is spread across US, UK, India, Australia, Canada, and South Africa. We are the world's first Independent Software Testing Services Company to be appraised at CMMI-SVC v1.3, Maturity Level 5, and we also are ISO 9001:2008 & ISO 27001:2013 certified.

Cigniti in Numbers



Our Edge

Cigniti's key strengths lie in its 2,200+ professionals, IP-led innovation, and experience in working across industries. We are betting high on our next generation proprietary testing platform called BlueSwan™. It consists of five elements: Verita, Velocita, Cesta, Praxia, and Prudentia that help Align, Assure, and Accelerate the Digital Transformation journey of enterprises.

We also have a strategic partnership with leading tool vendors that helps us offer various solutions to our clients.

Being Relevant in the Age of Continuous Testing and Digital

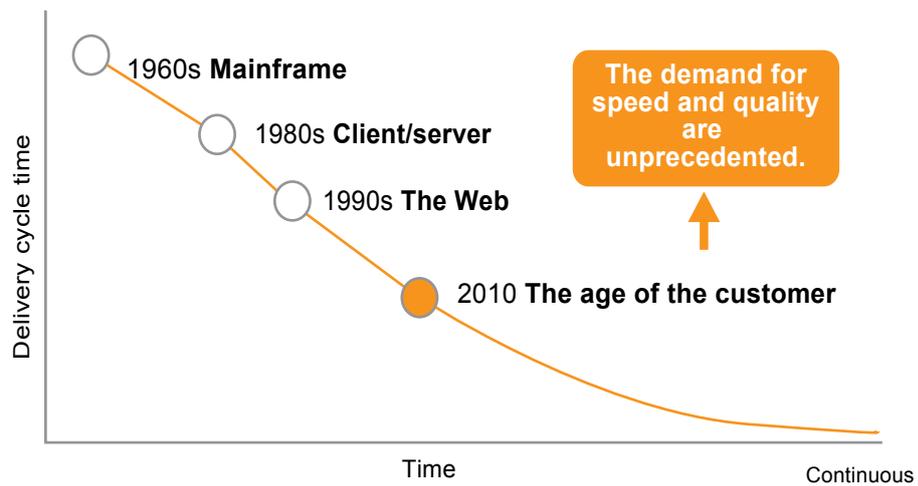
The new age business is often termed as the 'Age of the Customer'. An age, where customers want applications delivered right the first time. The age of customer also means that applications can either make or break with the slightest window of opportunity that knocks the door. Hence, the age of customer calls for continuous testing. A Forrester study confirms that unprecedented speed of software delivery has made quality and speed a strategic pursuit for enterprises. Integration with Dev and Ops brings immediately visible acceleration, while quality engineering along with continuous testing ensures market leadership. Leading global analysts and researchers envisage DevTestOps as a phenomenon that will propel businesses whose customers are scouting for first-time ready software.

Where speed and quality are not the usual..

FORRESTER RESEARCH | APPLICATION DEVELOPMENT & DELIVERY PROFESSIONALS

AD&D Leaders Face Unprecedented Demand For Speed And Quality

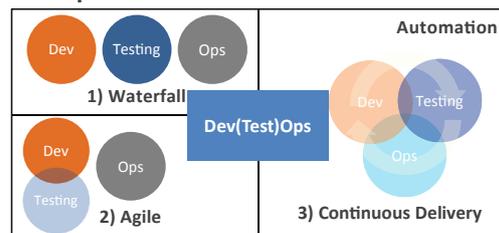
Five Must-Do's For Testing Quality At Speed



Based on a study conducted on 149 IT professional from organizations:

Agile testing forces new testing practices, and clients don't do well

Testing must be continuous and integrated with development and operations



Source: 2015 Forrester Survey Report

Business Highlights

Operational Highlights

Leadership Announcement

- Mr. Srikanth Chakkilam, Executive Director, has taken over as CEO of Cigniti Technologies.
- IT Industry Leader, Mr. Phaneesh Murthy joined Cigniti Technologies as a Non-Executive Director.

New Client Wins in FY17



Launch of BlueSwan™



Salient features

- Next generation proprietary testing platform
- Aligns to cater to the growing digital needs of enterprises
- Key enabler towards being the leader in independent software testing service
- Fortifies our IP-led software testing services approach along with the Cigniti 4.0 services and Domain centric approach for offering world class testing services to business across the different verticals
- Accelerates Quality Engineering for the digital enterprises

Analyst Mentions for BlueSwan™



- **Forrester**
BlueSwan™ is a key ingredient of Cigniti's Continuous Testing Services



- **Everest Group**
Cigniti's BlueSwan™ solutions is a key platform enabling Quality Engineering and DevOps



- **Gartner**
BlueSwan™ is a key strength differentiator in Cigniti's Application Testing Services

Analyst Mentions

Cigniti continued its spree of Analysts recognition for the Financial Year 2016-17. It has reinforced our ability to provide World-class testing and Quality Engineering services to clients across the globe helping them succeed in their Digital, Agile, and DevOps transformation initiatives.

Cigniti is proud to be positioned in the Gartner’s Magic Quadrant for Application Testing Services, Worldwide for 2 years in a row.

Positioned as a ‘NICHE PLAYER’ in 2016 Magic Quadrant#



#Gartner Positions Cigniti Technologies as a ‘Niche Player’ in 2016 Magic Quadrant for Application Testing Services, Worldwide.

Cigniti is mentioned as a Sampled Vendor in the New Hype Cycle for DevOps that Gartner has released (Hype Cycle for DevOps, 2016 Published: 26 July 2016 Analyst(s): David Paul Williams, Nathan Wilson).



Hype Cycle for DevOps
Hype Cycle report recognizes our DevOps story, the proprietary DevOps dashboard IP we built.

Cigniti is mentioned as a Sampled Vendor in the New Hype Cycle for Full Cycle Application Services - Hype Cycle for Application Services, 2016 Published: 12 July 2016 Analyst(s): Frances Karamouzis.



Hype Cycle for Application Services
Getting featured in this report strengthens and shows our positioning as a vendor who has been consistently counted to be along with the Tier 1 full cycle providers like CTS, Accenture, CapGemini, Infosys, TCS.

Mentioned and sampled in the "Market Trends: Application Testing Services Must Address the Shift to Digital Business Requirements"- Published: 4 May 2016 Analyst(s): Susanne Matson.

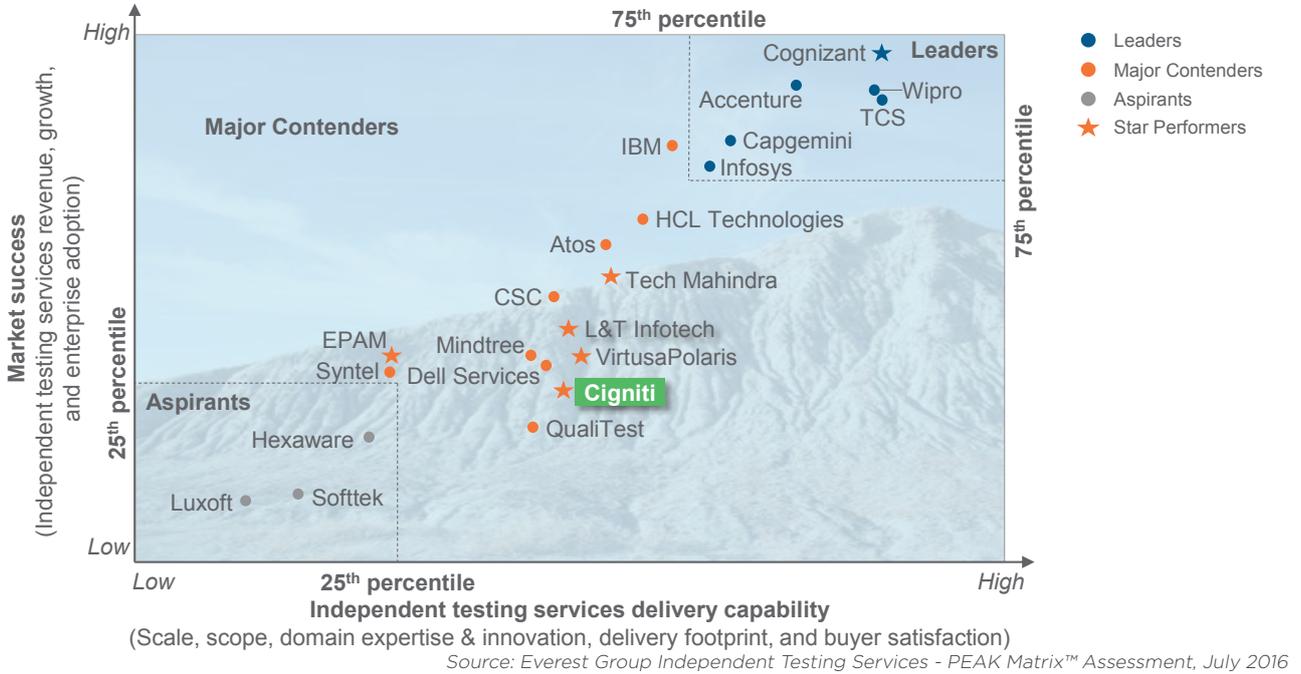


Market Trends: Application Testing Services Must Address the Shift to Digital Business Requirements
Cigniti Technologies has been positioned as a Pure-play testing provider with strong revenue growth over recent years; heavily leveraging India-based delivery.

Mentions (Hype Cycle for DevOps, Application Services + Market Trends: Digital) 2016

Cigniti has been positioned as a ‘Star Performer’ and ‘Major Contender’ in the Everest Group PEAK Matrix™ for Independent Testing Report, 2016. The Everest Group has once again conferred Cigniti with the ‘Best in Class’ rating for ‘Buyer Satisfaction’ in the Service Provider Assessment.

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for independent testing services



Cigniti Technologies is recognized as a Leader by NelsonHall, in the Pure-Play market segment in the NEAT report for Software Testing, 2016. Cigniti has also been identified as a Leader in the Overall, Digital, and Consulting market segments.



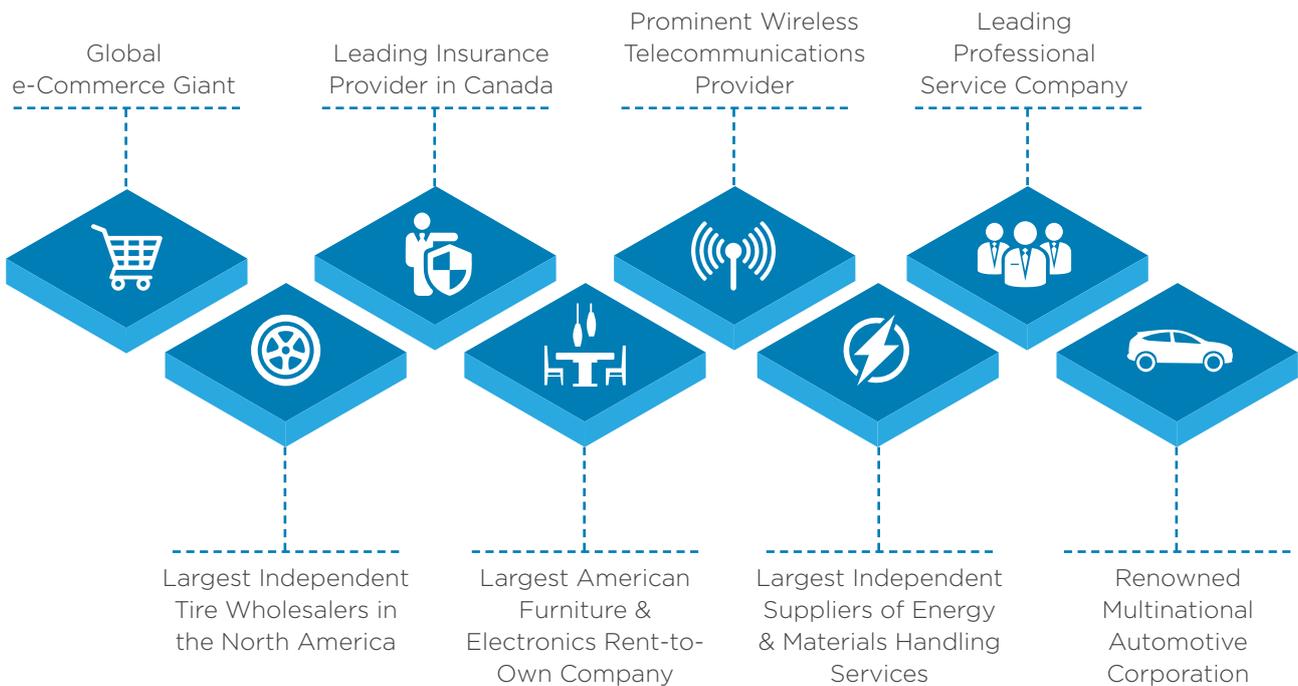
Source: NelsonHall Software Testing NEAT Charts, July 2016

Partnering for Growth

In FY17, Cigniti forged 10 strategic partnerships to strengthen its portfolio. Our partnerships and newly added alliances further enables Cigniti to cater to the diverse needs of modern day enterprises in the emerging areas of DevOps, Continuous testing, Digital assurance, Application Performance Management, Robotic Process Automation, Cyber security, and IoT.

 Radically Simple Test Data Management	 AWS Device Farm	 API Testing	 APM & RUM	 DevOps, ARA, SV	 TDM, Data as a Service	 APM & RUM	 DevOps, ARA
 Mobile Automation, Device Lab	 Functional Automation, ALM	 Code Analysis	 DevOps, Xamarin Test Cloud	 Performance Testing	 APM & RUM	 Cloud Performance Testing	 Call Center and Business Process Automation
 SV, API Testing, Functional Automation	 Crowdtesting, Digital Assurance	 On-demand Mobile Testing Infrastructure	 Test Management	 Mobile Automation	 Cross Browser Testing, Selenium Testing	 Device Anywhere, Real Device Monitoring	 Functional Automation, API, SV
 RPA	 Performance Testing	 Functional Automation, Performance	 Continuous Testing	 Security Testing	 Mobile Testing	 Test Management	 DevOps & ARA

Key Clients Won in 2016-17 Across Continents & Industry Verticals



Expansion of Global Delivery Center, Hyderabad

Cigniti expanded its Global Delivery Center at Hyderabad, India with the inauguration of two new Test Engineering centers. Our total office space across the globe now touches 1.8 Lakh sq ft. The added global test engineering centers further fortify our ability to grow in line with our ambition to become the world's largest and the most respected independent software testing services company.

One Cigniti

As part of 'One Cigniti' program, three entities of the USA, namely Cigniti Inc, Cigniti Technologies Inc. and Gallop Inc. have been merged into a single legal entity with effect from December 31, 2016. The subsidiary in the USA is called Cigniti Technologies Inc.

IP, Patents & Trademarks

- Patents Granted (US Patent Application No: 14/680, 132 dated April 7, 2014)
'System and Method for Converting the Business Processes to Test-Centric Activity Diagrams' (Cesta)
- Patents Applied (Cesta)
 - i) Overall Test Tool Migration Pipeline
 - ii) Smart Migration/Remediation Engine

Awards & Recognition

- Cigniti received the BEST EMPLOYER BRANDS AWARD @ the 11th Employer Branding Awards (Regional Round)
- Won SmartCEO 2017 Future 50 Award



BEST EMPLOYER 2016-2017
EMPLOYER BRANDING INSTITUTE - INDIA

 **FUN AND JOY AT WORK**



LiQE Goes Global



LiQE@Texas, US

More than 120 Quality Assurance Leaders from over 100 Companies, and 12 industry thought leaders as panelists came together on September 15, 2016 at the Gaylord Texan resort, to discuss and share their views on the software testing trends that are powering the future. LiQE 2016 was the 4th edition in the last three years, and has become one of the leading platforms for Quality Assurance (QA) leaders in North America.



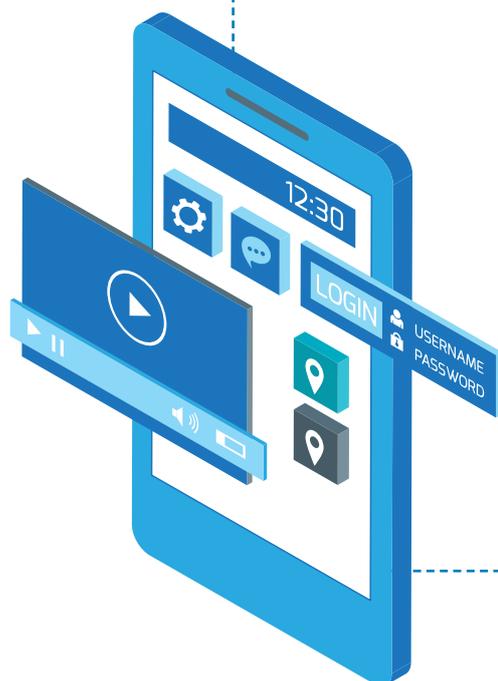
LiQE@London, U.K.

Thought Leaders across U.K. and Europe including Dominique Raviart from NelsonHall and Colin O'Brein, Head of QA at Ryanair, have shared their experiences of the role Digital QA plays in customer engagement. The conference was attended by several QA leaders from the regions.



LiQE@Sydney - CIO MeetUp

The Australian edition of LiQE witnessed over 25 CIOs/CXOs coming from Australia to attend the MeetUp on the theme 'Digital experiences will be the heart of your Customer Engagement - Digital QA will be Key'.



Our Thought Leadership Assets: Snapshot



Case Studies: 113



White Papers: 32



Blogs: 300+



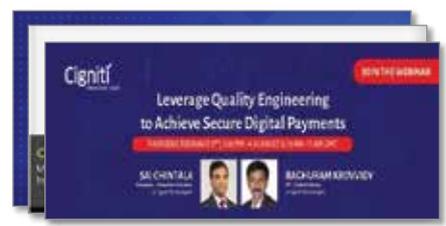
e-Books: 7



Videos: 24

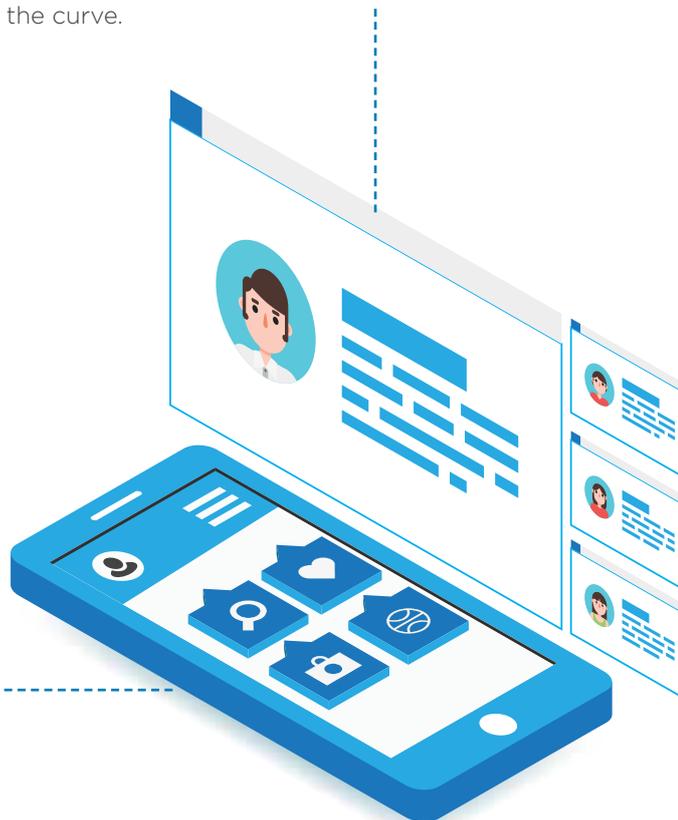


Testimonials: 12

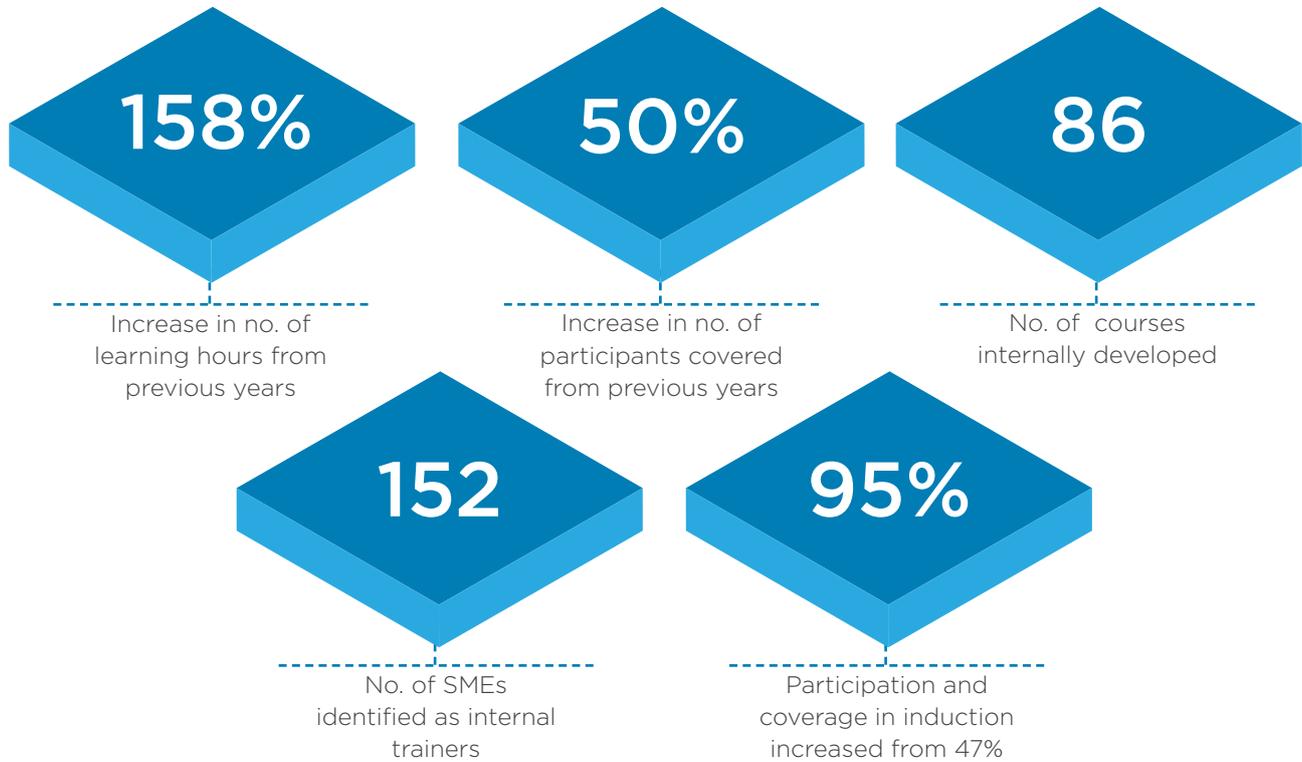


Webinars: 24

- Cigniti has established itself as a leader and is further strengthening its position in digital assurance and software testing services community by focusing on thoroughly researched articles, content and videos which are regularly published and spread through blogs, white papers, events, magazines, and other publications.
- Senior Management from the Company, at several platforms, spoke on several digital assurance and software testing trends that assure the digital transformation initiatives of several enterprises.
- Cigniti has published an eBook showcasing insights and trends observed in the software testing space based on individual experiences, leading analyst reports, empirical findings and observations from independent testing services provider perspective. It gives a deep insight into each testing organization and practitioner aligning to stay ahead of the curve.



OUR GLOBAL TALENT DEVELOPMENT UPDATES



Programs wise

Program	No. of Programs Offered	No. of Participants Covered	Learning Hours	Avg. Feedback
Technical/Domain	120	938	7,603	3.7
Process	30	354	1,160	3.7
Behavioral	33	241	1,011	3.8
MODC	96	246	3,505	-
Induction	20	832	9,984	3.8
Total	203	2,611	23,263	3.73

Note:

- Training tracker maintained by Talent Development team
- The time frame considered for the above data is from April 1, 2016 to March 31, 2017

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. C. V. Subramanyam

Chairman & Managing Director (DIN: 00071378)

Mr. C. Srikanth

Executive Director (DIN: 06441390)

Mr. Sudhakar Pennam

Director (DIN: 05350817)

Mr. K. Ch. Subba Rao

Independent Director (DIN: 01685123)

Mr. Mani Subramanian

Independent Director (DIN: 00608214)

Mr. K. Nageswara Rao

Independent Director (DIN: 02754936)

Mrs. K. Krishna Priya

Independent Director (DIN: 06591012)

CHIEF FINANCIAL OFFICER:

Mr. Krishnan Venkatachary

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mrs. A. N. Vasudha

REGISTERED OFFICE:

Suit No. 106 & 107, 6-3-456/C, MGR Estates
Dwarakapuri Colony, Panjagutta,
Hyderabad- 500082,
Telangana State.
Tel: (040) 40382255, Fax: (040) 30702299

GLOBAL DELIVERY CENTER:

6th Floor, ORION Block, "The V" (Ascendas),
Plot No# 17, Software Units Layout,
Madhapur, Hyderabad - 500 081.
Tel: (040) 30702255, Fax: (040) 30702299
Website: www.cigniti.com
Email: info@cigniti.com

CORPORATE IDENTITY NUMBER:

L72200TG1998PLC030081

STATUTORY AUDITORS:

M/s. P. Murali & Co.,

Chartered Accountants
6-3-655/2/3, Somajiguda,
Hyderabad - 500 082.

BANKERS:

The Federal Bank Ltd.
Secunderabad Branch
Axis Bank Ltd.
Madhapur, Hyderabad.

Oriental Bank of Commerce
S. D Road, Secunderabad.

ICICI Bank Ltd.
Khairatabad, Hyderabad.

HDFC Bank Ltd.
Lakdikapool, Hyderabad.

AUDIT COMMITTEE:

Mr. K. Ch. Subba Rao - Chairman
Mr. K. Nageswara Rao - Member
Mrs. Krishna Kumari - Member

NOMINATION & REMUNERATION COMMITTEE:

Mr. K. Ch. Subba Rao - Chairman
Mr. K. Nageswara Rao - Member
Mrs. Krishna Priya - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Mr. K. Nageswara Rao - Chairman
Mr. K. Ch. Subba Rao - Member
Mrs. Krishna Priya - Member

RISK MANAGEMENT COMMITTEE:

Mr. K. Nageswara Rao - Chairman
Mr. C. Srikanth - Member
Mr. C.V. Subramanyam - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Mr. K. Ch. Subba Rao - Chairman
Mr. K. Nageswara Rao - Member
Mr. C.V. Subramanyam - Member

REGISTRAR & SHARE TRANSFER AGENTS:

M/s. Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad-500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

LISTED AT:

BSE Limited
National Stock Exchange Limited

DEMAT ISIN NUMBER IN NSDL & CDSL:

INE675C01017

WEBSITE:

www.cigniti.com

INVESTOR E-MAIL ID:

company.secretary@cigniti.com

CHAIRMAN'S COMMUNIQUÉ



Dear Stakeholders,

I am very pleased to reconnect with you and outline the glimpses of our performance during the last year.

New age business demands continuous testing backed by quality and delivered at speed. Enterprises are deploying Agile and DevOps practices for enhancing customer experience and creating value. Forrester's Data Global Business Technographics Developer Survey, 2016 cites that the teams delivering code on a monthly basis grew from 33% in 2015 to 36% in 2016. This transference is a key business enhancer for consolidating our position in the independent software testing arena. We are confident that our 10 Commandments of Quality Engineering would guide the New Age Businesses to accomplish Market Leadership.

NelsonHall IT Services, July 2016 report estimated that the Global Testing Spending had 6% share of the total IT

spending. It valued the total (global) testing spending (including both Specialized Testing Services and Traditional Testing Services) at \$38.2 bn in 2015, and forecasted to touch \$42.8 bn in 2020. NelsonHall has revised its guesstimates for Specialized Testing Services (STS) in the range of 7-8% growth, owing to growing preference of new age business towards specialized and digital testing offerings against core function testing. The report cites that BFS organizations in North America and the U.K. (including Europe and ANZ) will scout for cost optimization and market acceleration with quality. With Cloud computing spearheading the Digital Testing spending growth by 18% in the STS, the STS are expected to grow at 7% p.a., while the Traditional Testing Services would de-grow by 3% p.a. The digital spending pie is expected to be at 19% of the total Specialized Testing Services by 2020 from 13% in 2015.

FY17 was very eventful and we took some very strategic decisions for the future of Cigniti. Mr. Srikanth Chakkilam has been appointed as the Chief Executive Officer (CEO) of Cigniti Technologies Ltd. that would drive the Company towards new heights. Furthermore, the inclusion of Mr. Phaneesh Murthy to the board as a Non-Executive Director will also provide strategic insights for achieving overall business growth. Strengthening of the leadership at the top gratifies me that we are well equipped for becoming the preferred choice of the new age enterprises for meeting their digital demands.

BlueSwan™, our next generation proprietary platform was launched to accelerate the quality engineering needs of digital enterprises. It is a key enabler fortifying our leadership in independent testing services. With One Cigniti, we are now the second largest software

testing pure-play player by headcount. During the year, we inaugurated two new Test Engineering centers to our Global Delivery Center at Hyderabad, India. We have continued to forge strategic partnerships in our managed services and continuous testing portfolios.

During the year, we garnered several analyst mentions. We are proud to be consistently positioned in the Gartner's Magic Quadrant for 2 years in a row. Gartner positioned us as a 'Niche Player' in 2016 Magic Quadrant for Application Testing Services, Worldwide. The Everest Group positioned us as a 'Star Performer' and 'Major Contender' in the Everest Group PEAK Matrix™ for Independent Testing Report, 2016. The Everest Group has once again conferred us with the 'Best in Class' rating for 'Buyer Satisfaction', in the Service Provider Assessment. Forrester cited us in multiple Testing Reports. NelsonHall ranked us as a 'Leader' in Pure Play, Digital, Consulting segments, and the Overall market segment, in the Software Testing NEAT Charts, and mentioned Cigniti as the Second Largest software testing pure-play Company by headcount.

We were also bestowed with various awards and accolades in FY17. We were honored as the BEST EMPLOYER BRANDS AWARD @ the 11th Employer Branding Awards (Regional Round). We also won the SmartCEO 2017 Future 50 Award.

The total revenue for the year stood at ₹ 61,926 Lakh, as against ₹ 59,484 Lakh in FY 16. The company registered a net loss of ₹ 43,823.78 Lakh. This is mainly on account of charging of exceptional items, and charging of expenditure as per accounting guidelines as explained in detail in our notes to accounts section. These are one-time in nature, and the company is confident of its continued growth performance for the ensuing years.

We have set our global footprints in 5 continents and 13 countries, catering over 350 satisfied clientele. We serve 71 of the Global 2000, 50 of the Fortune 1000, and 42 of Fortune 500 Companies. We are associated with key clients across industry verticals. Our dedicated 'human capital' consists of over 2,200 valuable resources, including 2,000+ career testers.

In 2016, LiQE, our flagship Global Thought Leadership Event for Quality Engineering went global with six editions being organized across Dallas, New York, California, London, and Sydney. It was lauded amongst software testing professionals across geographies attended by Clients, Prospects, and Partners. Over the years, we have built strategic partnerships, successful acquisitions, and have created capabilities to incorporate acquisitions across cultures.

Further the Company shall continue to invest in R&D in a measured way to maintain its competitive advantage of its software testing service business. The investments shall be in the areas of new age DevOps, Agile, Digital, Cyber Security, IoT, and Cloud computing areas as per ever changing business needs. Further the Company is taking adequate measures to charge these investments periodically and shall not accumulate the same in its books.

We have reinforced our vertical focus - Airlines, Banking, Financial Services, Healthcare, Insurance, Life Science, Retail, and Travel & Hospitality via committed domain competency group under the global delivery leadership. Our state-of-the-art testing infrastructure is proficient to satisfy our spectrum of clientele across domains and geographies.

With the above continued efforts the Company is confident of achieving a robust growth in the ensuing years. This confidence is further substantiated by the healthy order book position and clear visibility on the order pipeline. We genuinely work towards bridging the communal gaps through our CSR initiatives. 'Cignificance' strives to bring transformational changes in the area of free and quality education.

Finally, I take this rare opportunity to thank our stakeholders for rendering their continuous support and a strong belief in us. I would especially like to give a vote of thanks to all the Cignitians for their perennial positivity aiding us to surmount new peaks.

Yours Truly,

C. V. Subramanyam
Chairman & Managing Director



BlueSwan™,
our next generation
proprietary platform was
launched to accelerate the
quality engineering needs of
digital enterprises. It is a key
enabler fortifying our
leadership in
independent
testing
services.

FROM THE DESK OF THE CEO

Software Quality has become the key initiative for the enterprises in the Digital world. In fact it has become an agenda for board room discussion for sure. Modern day business leaders and CXOs today focus on ensuring software quality initiatives that rank right on top of their business agenda to drive profitability and market leadership. It is no more a one person/one department focus. Hence, it has further strengthened the case to invest in deep rooted, forward looking, quality engineering aspects to stay relevant in the realm of new age businesses which thrive on customer centricity. Every Organization thus focussing all their energies and budgets in transforming their products and services to be digitally ready, need to ensure software quality is taken care with highest priority. All the above stated factors, clearly drive down the point that new age businesses need new age testing to deliver both quality and speed. Hence, world over Global 2000 companies, Fortune 500 companies and leading, upcoming independent software vendors, product companies and startups are partnering with accomplished software quality engineering and independent software testing service providers. This translates to a stated market potential of 25.9 Billion USD for the independent software testing services providers by 2020 and am very confident that we at Cigniti are well positioned to ride this wave of growth.



Srikanth Chakkilam
Chief Executive Officer

While that said, IP-led software testing services which bring in innovation, acceleration, and assure impeccable software quality is the way forward. Hence, I am very confident and excited to be at the intersection of automation, intelligence and digital. I assure that Cigniti will deliver sustained growth on all fronts in the days to come.



“An independent study by Tricentis indicates that in 2016, worldwide, 4.4 billion people and 1.1 trillion in assets were impacted by software failures. A study by MIT Sloan shows that Early Digital adopters are achieving 9%+ revenue creation, 26% impact to profitability, and 12% market valuation.”

FINANCIAL HIGHLIGHTS

Five Years' Financial (Consolidated)

(in ₹ Lakhs)

Particulars	Financial Year Ended March 31,				
	2013	2014	2015	2016	2017
Revenue	15,088	25,910	37,888	59,484	61,926
Revenue Growth (in %)	347%	72%	46%	57%	4%
EBITDA	880	3,648	3,961	10,135	(1,984)
Depreciation and Amortization Expense	157	243	542	1,129	1,696
Finance Costs	31	119	294	603	1,610
Profit Before Tax	692	3,285	3,125	8,403	(38,497)
Profit After Tax	500	2,554	2,570	4,968	(39,126)
Earnings Per Share (₹)					
Basic	2.66	12.27	11.04	19.89	(168.39)
Diluted	2.91	12.27	11.04	19.89	(168.39)
Networth	5,585	11,242	26,908	35,962	(4,081)
Total Capital Employed	5,731	11,436	27,446	36,344	(1,805)
Debt-Equity Ratio (in Times)	0.34	0.23	0.16	0.27	(3.42)
Book Value Per Share (₹)	30	54	109	141	(15)
Current Assets	5,214	8,728	24,159	28,124	16,316
Current Liabilities	4,148	7,053	10,962	27,249	25,316
Current Ratio (in Times)	1.26	1.24	2.20	1.03	0.64
Trade Receivable	4,013	6,386	13,470	17,582	11,237
Receivable in Days	97	90	130	108	66

THE AGE OF CUSTOMERS

Market Leadership in the digital age entails imperative approach to deliver impeccable software quality to amplify customer experience.

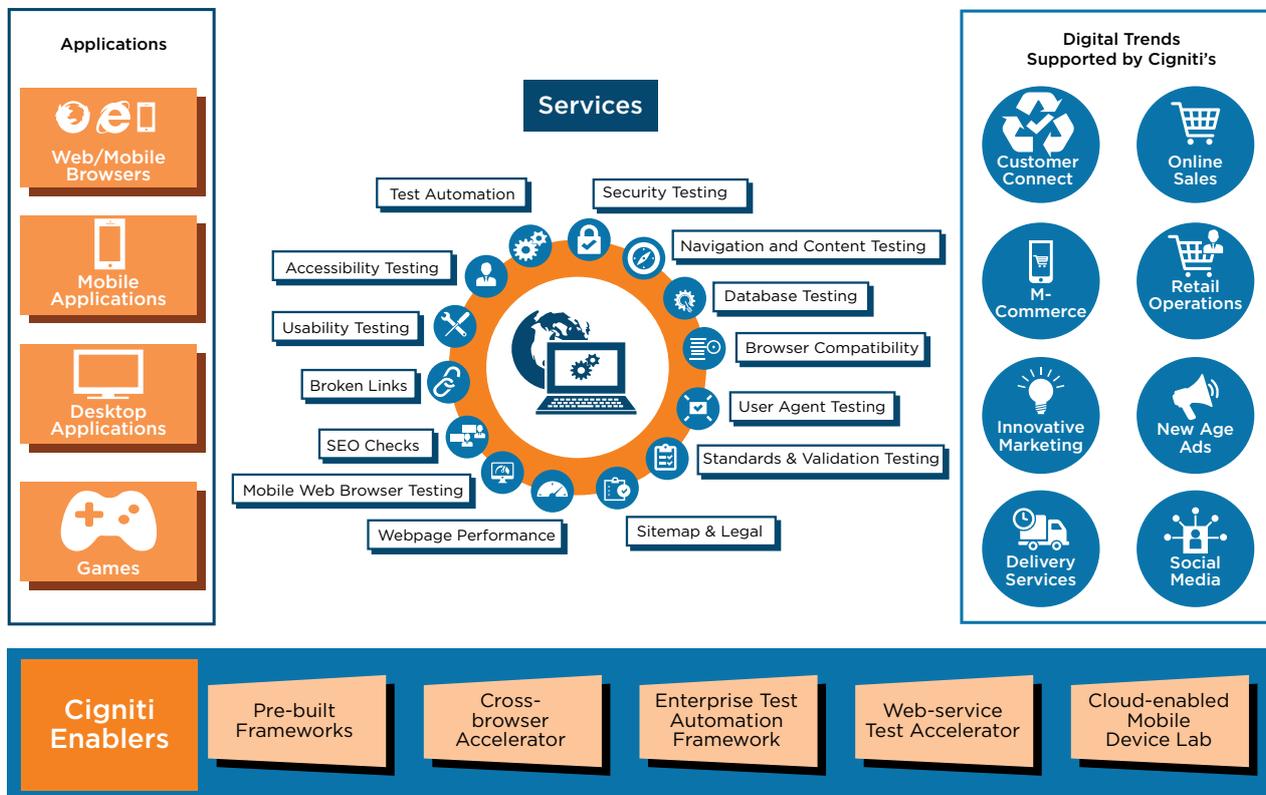
Cigniti's Digital Assurance & Testing solutions cater to the multi-faceted needs of digital transformation testing. Customers need to be assured with Digital transformation with a comprehensive testing across their digital value chain. This includes digital applications, mobile applications, customer experience, web portals, web content, digital assets, analytics, and the entire digital ecosystem - which in turn includes cloud, mobility, big data, and connected devices.

Our Digital Assurance & Testing Snapshot



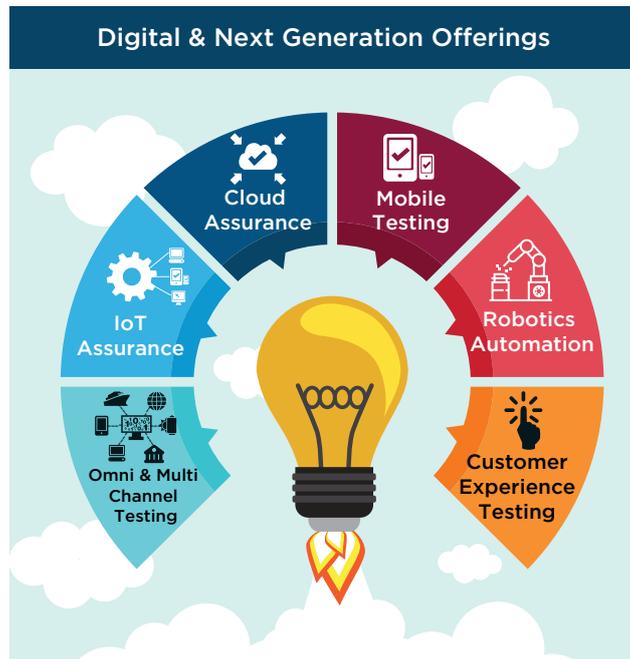
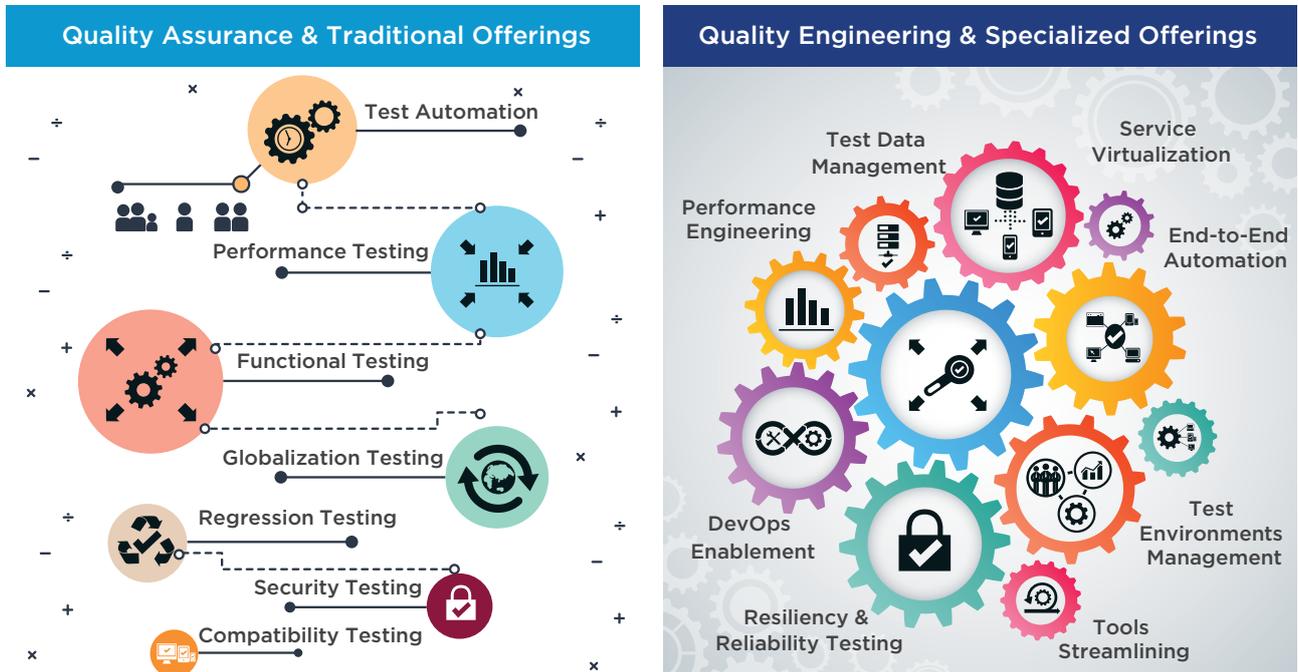
Banking on our rich experience and expertise in the digital domain, we provide holistic solutions to our customers. The new age customer leverages our value-adding elements like reusable test assets and an in-house suite of testing tools and accelerators. Further, our solutions are designed with customer-centricity and agility that bring customer satisfaction and augmented business.

Digital Testing CoE



Our Digital Testing Center of Excellence (CoE) enables organizations to achieve faster time to the market for their digital initiatives.

Cigniti 4.0 has adept understanding of the independent testing service market, which is a preferred choice of leading companies across the globe.



Cigniti stays ahead of the IT curve by investing in state-of-the-art labs to create and deliver solutions for emerging trends like IoT, Digital Experience, Agile, and DevOps.

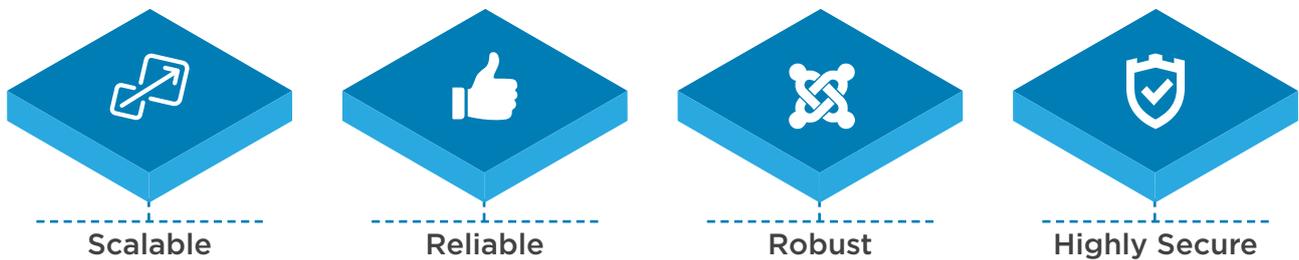
NEW AGE TESTING IS IP-LED

New age digital business requires the finest Quality Engineering services. It should be driven by intelligence and automation, and aptly crafted and built for the Agile and DevOps environment keeping customer experience in mind. The state-of-the-art Quality Engineering services must leverage deep domain expertise to provide tailor-made industry solutions along with delivering Quality@Speed.

BlueSwan™: Align, Assure, Accelerate

At LiQE 2016, Dallas, Cigniti launched BlueSwan™, the result of our collective years of expertise and extensive research. BlueSwan™ is a next generation proprietary Software Testing platform aimed to be our torchbearer of innovation in Quality Engineering for Digital Enterprises and our key enabler towards being the leader in independent software testing services.

BlueSwan™ aligns with the needs of the market in the digital era, assures impeccable software quality, and helps clients deliver applications that are truly:



It fortifies our IP-led software testing services approach, and complements Cigniti 4.0 services and Domain-centric approach for offering world class testing services to diversified business and verticals.



Cigniti's Next Generation Software Testing Platform

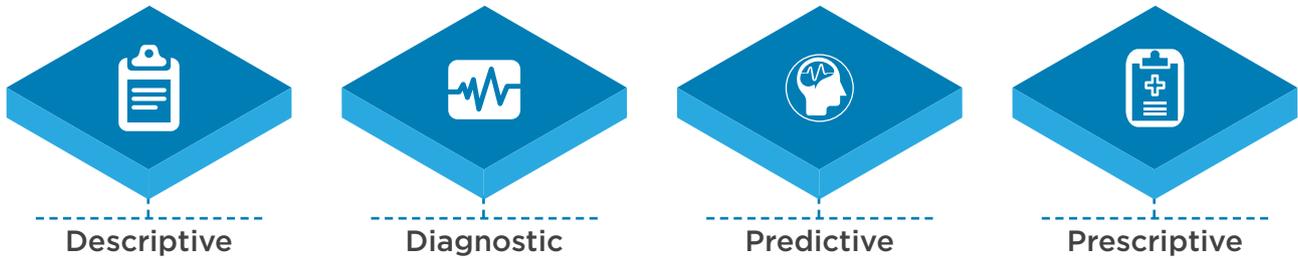


Verita

Quality Engineering Platform and Dashboard with Predict Capabilities.

Verita is a role-based system, catering to the needs of diverse stakeholders inside the enterprise with a holistic view of Release Readiness, Lead Time, Test Center of Quality (TCOQ), and Quality.

Verita is power packed to analyze data and provides 3,600 solutions which are:



Velocita

Test Automation Accelerator for desktop, web, mobile, COTS, ERP and Digital Applications.

Velocita power packs and delivers automation, web services, and performance test accelerators for mobile, web, and desktop applications. Additionally, it delivers automation scripts, workflow processes, product accelerators, industry accelerators, digital accelerators, such as cross-browser test accelerator, for SAP, PeopleSoft, Guidewire, Oracle, and Salesforce.

Cesta

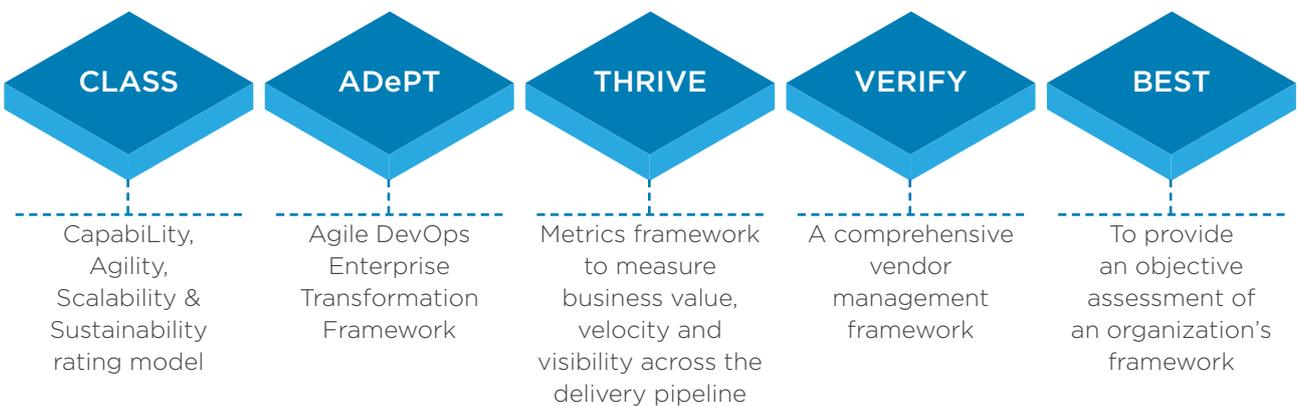
Cesta is the world's first integrated test asset migration platform, consisting of QuickLean, Migrate2Selenium, and Migrate2TestComplete.

Cesta offers holistic solutions to companies that are looking at migrating hundreds of old, as well as existing test scripts. It provides its expertise in the challenging migration journey and saves enterprises precious cost and time.

Praxia

Process accelerator platform to transform testing practices by assessing processes, practices, tools, skills, and risks.

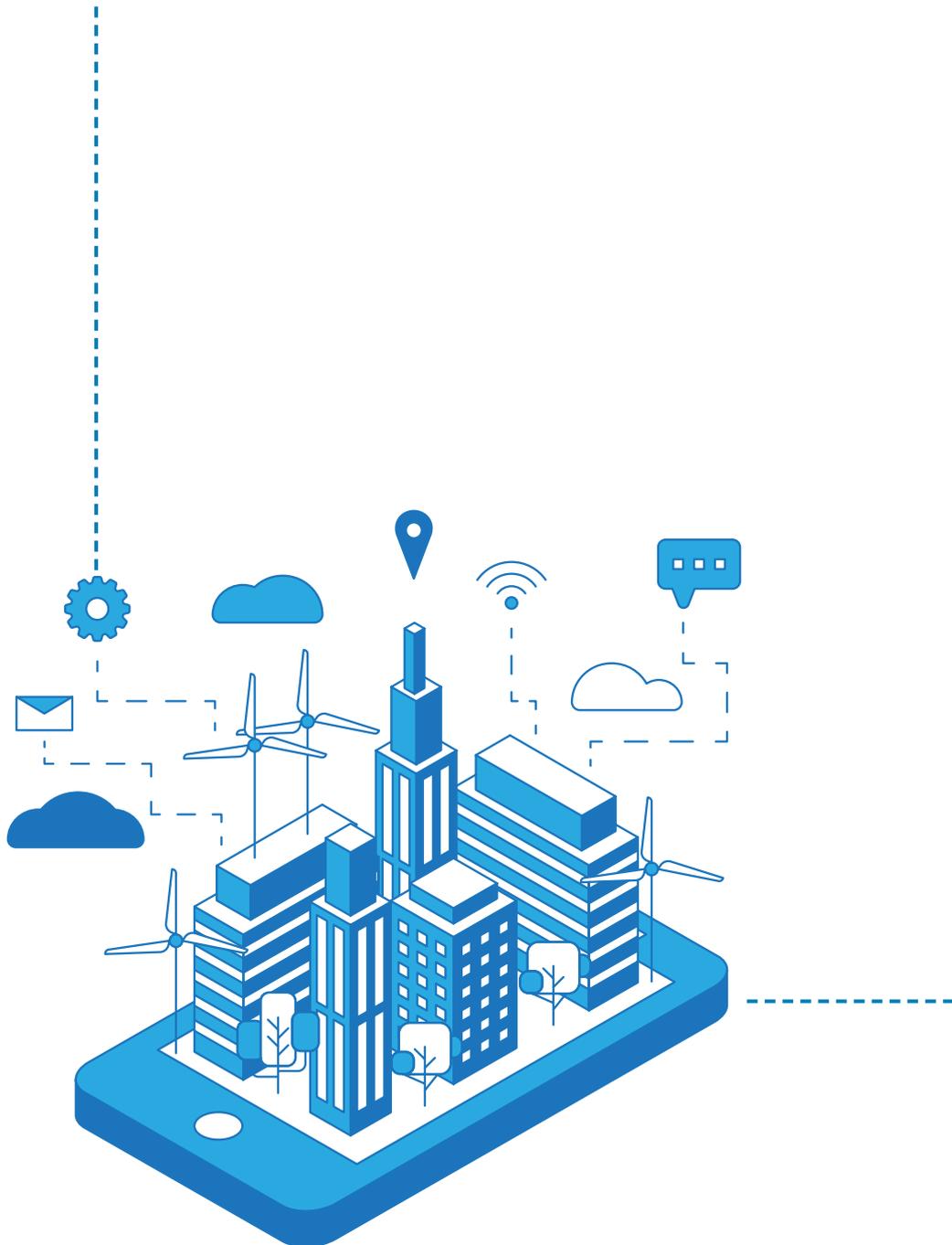
Praxia implements 5 of Cigniti's IP frameworks to accelerate the digital transformation journey of enterprises, namely:



Prudentia

Model-based testing tool, which automatically generates software testing procedures, using models of system requirements.

Prudentia, Cigniti's model-based testing tool, automatically generates software testing scenarios and procedures using models of systems requirements and behavior. Prudentia taps Cigniti's globally patented algorithm to create intelligent test scenarios.

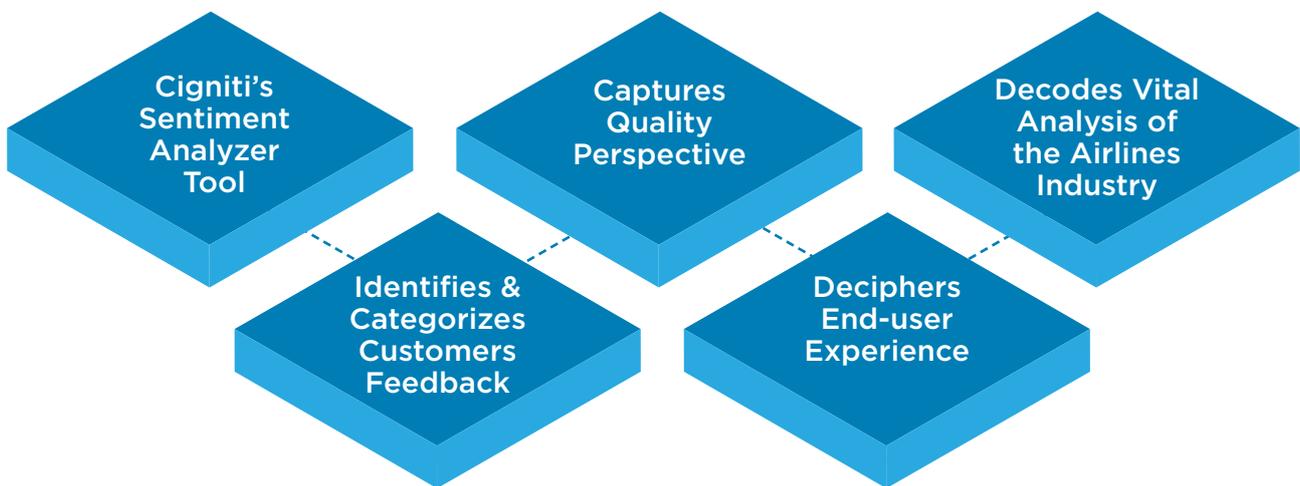


SENTIMENT ANALYSIS OF DIGITAL APPS FOR AIRLINES' - A CIGNITI RESEARCH

Rationale behind our Research & IP

In today's digital age, damage caused by dissatisfied customers could be long lasting to an enterprise with an impact that could be deeper than anticipated. There is a high correlation between customer experience and purchase intentions, across all industries. With the proliferation and influence of the web today, Airlines need to reconsider how they handle complaints and need to be in a position where they are aware of the feedback, to begin with. Social media has made transparency a crucial element in the decision-making process. Whether customers have had a good or bad experience with the application, there will be a feedback of it left over in the reviews and rating section. In this manner, ratings play a massive role in customer adoption process.

Cigniti's Sentiment Analyzer: A Snapshot



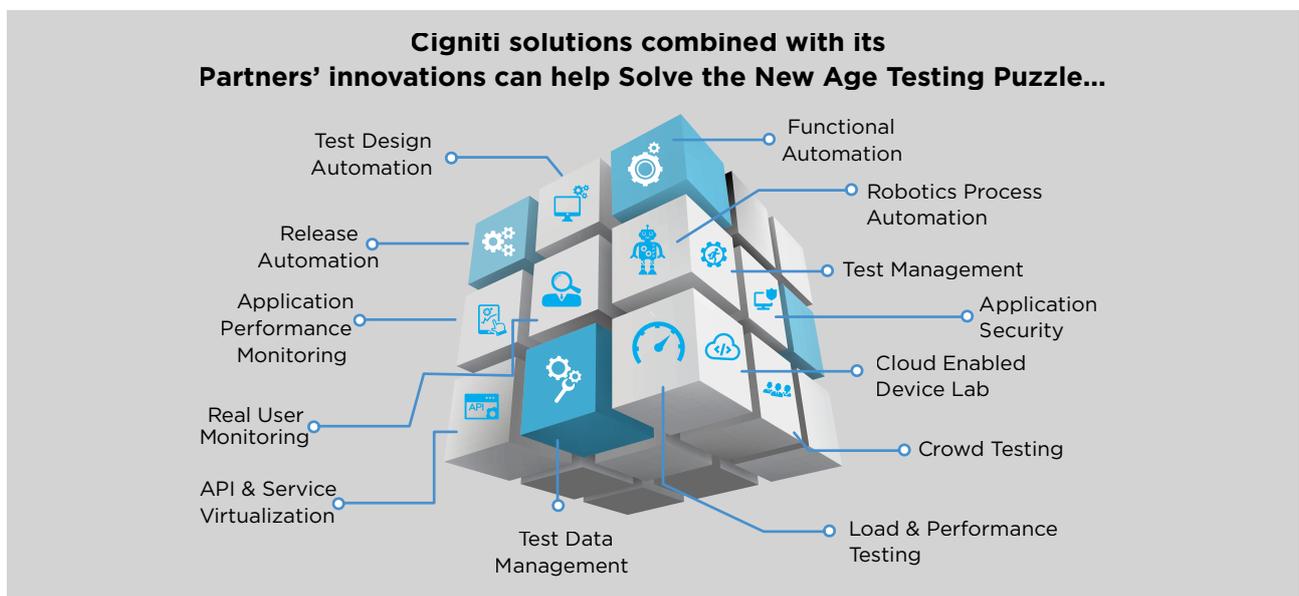
Cigniti Innovations and R&D team has created a Sentiment Analyzer Tool powered by Machine Learning & AI. It identifies and categorizes end-users feedback (both objective and subjective) from a product and service quality perspective leading to actionable insights. The information is gathered from app store reviews, Twitter, and Facebook conversations. The analysis helps qualify topics, sentiment, feature requests, what works, what doesn't work, quality issues, regression issues from the conversations. It also captures key insights of end-user sentiments like positive, negative or neutral.

The sentiment analysis was conducted by monitoring conversations that were categorized by application capabilities and service quality. A Service Quality Index, representing the user experience satisfaction as per surveyed customers was generated. Cigniti's Digital Rank was arrived by analyzing the sentiment of customers expressed as ratings and reviews from mobile apps and other interfaces. It further led to a comparable study of top-ranking airlines with their respective industry rankings. Cigniti's Sentiment Analysis exposed the difference in their rankings as compared to their original industry rankings.

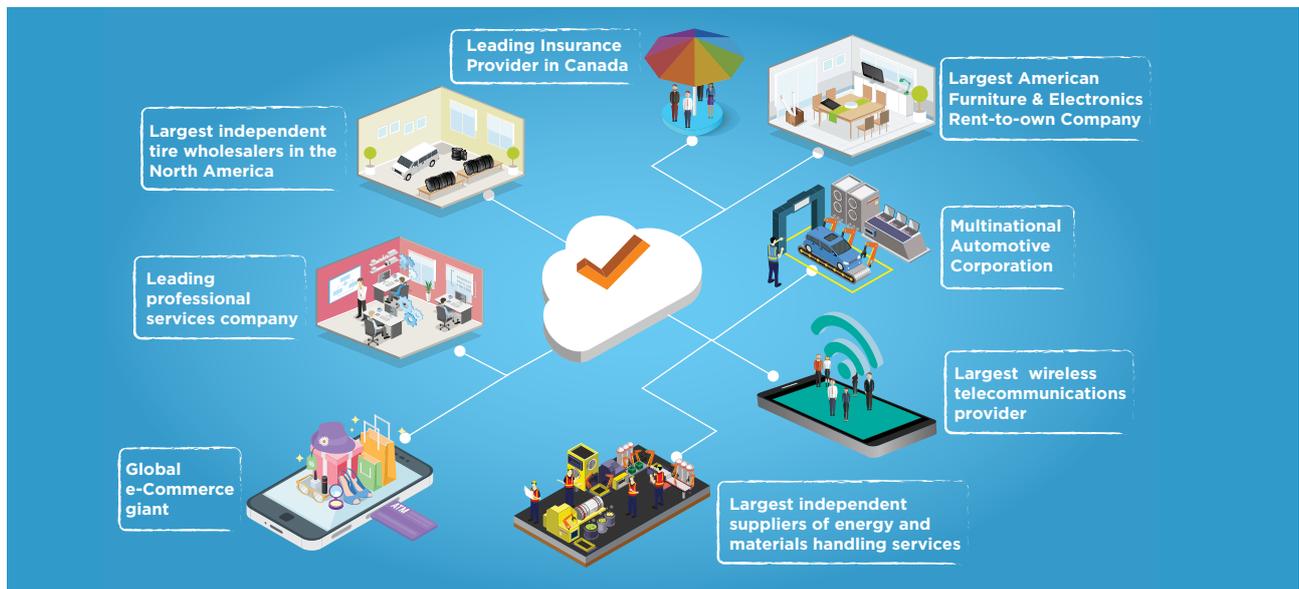
BUSINESS SUCCESS IN THE AGE OF CUSTOMER

In a highly competitive Digital Age, the customer is well informed and conducts a thorough research before opting for a product or service. With the access to genuine feedback across social, mobile, analytics, and cloud, the choices are determined. Thus, the revenue of an enterprise is directly proportional to favorable customer experiences.

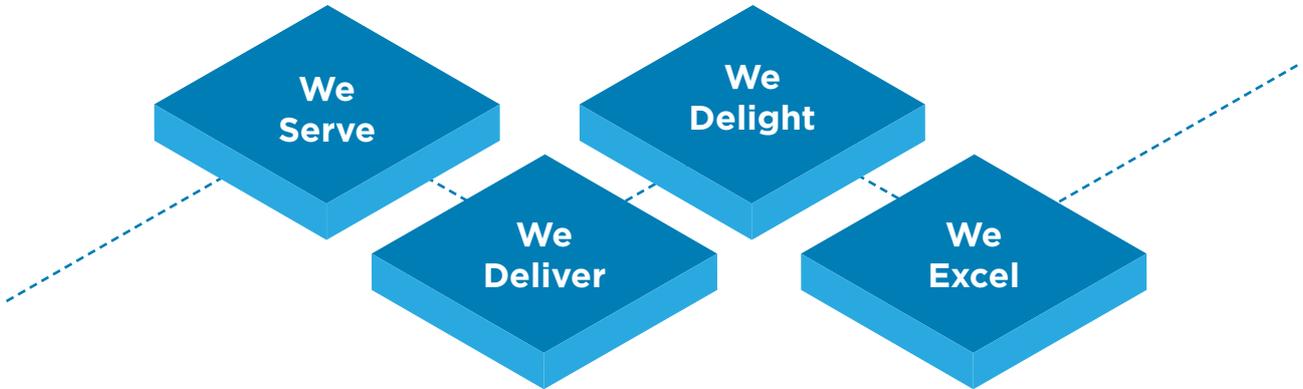
Technology plays a key role to appease customers demanding world-class services. IoT has forced enterprises to opt for Quality Engineering across industry verticals. These services are driven by intelligence and automation. It tests the quality of the product or services in the development stage itself. It focuses on customer experience via digital assurance accomplished by executing Agile and DevOps. Quality Engineering assists enterprises to offer customized products or services at speed without any compromise on the quality.



Cigniti stays ahead of the IT curve by being invested in state-of-the-art labs to create and deliver solutions for emerging trends like IoT, Digital Experience, Agile, and DevOps.



DIVERSE CUSTOMERS. ONE CIGNITI.



OUR SUCCESS STORIES



The illustration depicts a central computer monitor with a shopping cart icon. Dotted lines radiate from the monitor to various icons representing e-commerce processes: a storefront, a barcode, a calculator, a 'free' tag, a 40% off tag, a gift box, a smartphone with a shopping cart, a delivery truck, a '\$50' tag, a shopping basket, a 'BUY' button, a map with a location pin, a magnifying glass, a tablet, an envelope, a credit card, and gears.

Cigniti helped World's largest e-Commerce portal enhance customer experience and improve productivity by 40%.

About the Client
The Client is a global e-Commerce giant who provides on demand online videos and the largest Internet-based retailer in the world by total sales and market capitalization. The Client was looking for expansion and wanted to explore the Indian market.



The illustration shows a white SUV parked on a road. In the foreground, a large, detailed tire with a five-spoke wheel is shown in a cutaway view. The background features a blue sky with clouds and green trees.

Cigniti's end-to-end testing services helped America's premier Tire Distributor establish a TCoE that helped reduce test execution time by 90%.

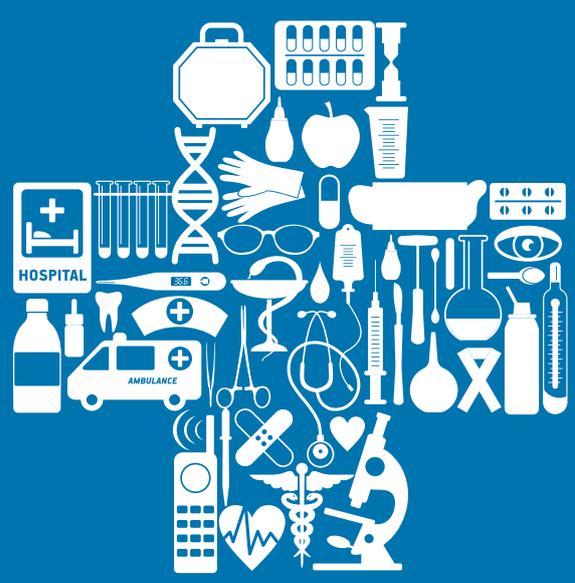
About the Client
The Client is American premier tire distributor. They serve customers from over 100 distribution centers across the United States, with nearly 10 million square feet of inventory supported by a rapid delivery network.



Cigniti's Test Management and Test Automation Services helped UK's first completely Digital Bank Reduce Test Cycle Time and Achieve Timely Delivery.

About the Client

The Client is UK's first completely digital bank, optimised for mobile devices. Authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA), it is redefining the banking sector, making things straightforward and personal. This digital entity is always at hand, as it packs an entire bank into its application using leading technologies. It has created 1.4 million logos in a bid to tailor the customer experience and seeks to be a "customer-obsessed" organisation.



Cigniti's Advisory & Test Management Services and experience in TCoEs helped an American Multinational Pharma & Consumer Packaged Goods Manufacturer Reduce Integration complexities by identifying critical integration points through cloud migration impact analysis.

About the Client

The Client is an American Multinational Pharma & Consumer Packaged Goods Manufacturer with a presence in over 60 countries.

LIFE@CIGNITI: WORK = PLAY



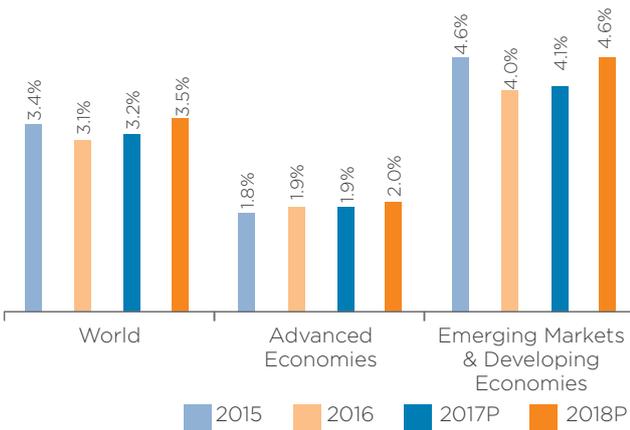
MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

Global Review

As per the World Economic Outlook report by International Monetary Fund (IMF), the global economy grew by 3.1% in the year 2016. The global economic growth was muted in 2016, where both Advanced Economies (AEs) and the Emerging Markets & Developing Economies (EMDEs) experienced a slowdown. The global growth can find its momentum with a more than expected policy stimulus in the United States or China. Protectionist policies and practices in some economies can risk global financial conditions. In 2016, the U.S. registered 1.6% GDP growth. IMF forecasts the EMDEs growth rate of 4.5% in 2017, whereas AEs growth is pegged at 2.0%. It foresees the global economic growth improving at 3.5%.

Exhibit 1: Global GDP Growth, %



Source: IMF's World Economic Outlook Update, April 2017

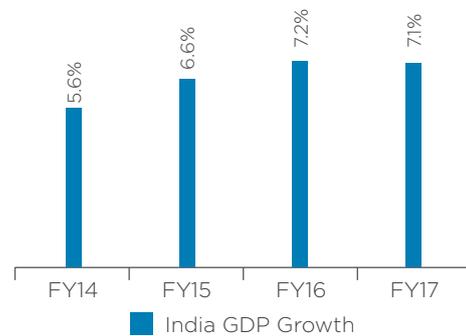
Economic Overview of India

India continues to be a harbinger of economic growth weathering multiple challenges. In FY17, the Indian economy registered 7.1% growth surpassing the 7% growth mark for 3-years in a row. The execution of AADHAR-based Direct Benefit Transfers (DBT) has succeeded in weeding out unwarranted leakages, yielding in significant savings to the Government. The Reserve Bank of India's determined efforts well-supported by Government policies restrained the inflation targeting a level of 4% with upper and lower tolerance level of 6% and 2% respectively. Demonetization proved to be a transient phase for the economy. It's bold and decisive intent would bring transformational changes for the economy in the long term. During FY17, the Indian Rupee (INR) appreciated

by 2.2% to USD 64.79 due to favorable economic reforms, and clearance of Goods and Service Tax (GST), the Government progressive announcement for tackling bad loans, etc.

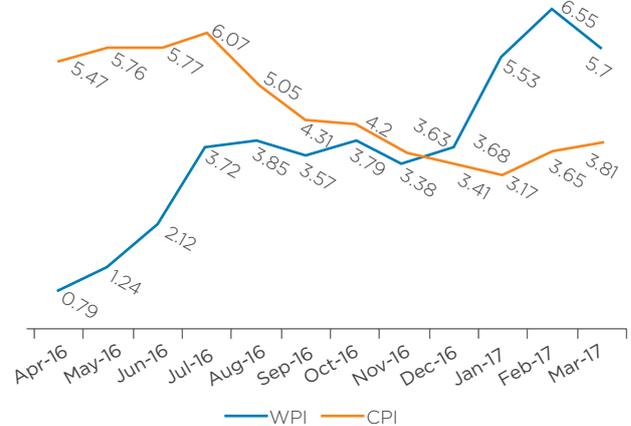
The Union Budget 2017-18 proposed higher resource allocation for infrastructure as well as rural, agricultural & allied sectors, and healthcare to reinforce economic growth.

Exhibit 2: India GDP Growth, %



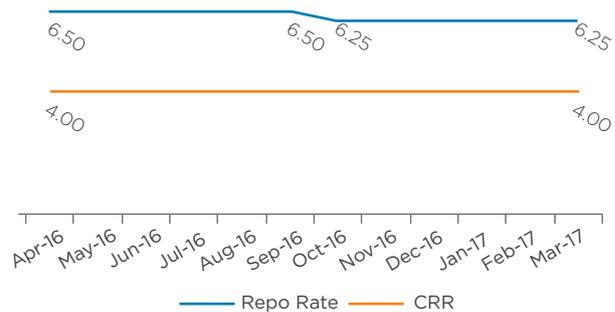
Source: Central Statistics Office (CSO)

Exhibit 3: Wholesale Price and Consumer Price Index, %



Source: Central Statistics Office (CSO)

Exhibit 4: Repo Rate & CRR, %



Source: Reserve Bank of India

Global Software Testing Overview

Enterprises are speedily opting for digital technologies and upgrading their legacy business models. The customers keep on demanding for latest and greatest technologies, risking high chances of software failures.

Exhibit 5: Software Failure Comparison

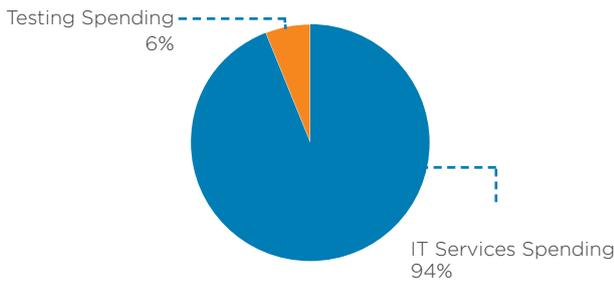
Year	People Affected	Companies Affected	Assets Affected
2015	4.3 bn	239	4.2 bn
2016	4.4 bn	363	1.1 tn
Rising Impact	2%	52%	26,090%

Source: Tricentis, Software Fail Watch: 2016 in review

The adverse impact of software failure (Exhibit 5) to people, companies, and assets is loud and clear. The new age enterprises demand for global testing is driven by digital adoption. It has led them to select, invest, and partner with quality independent testing companies for their systems and processes. Software testing services has widened its horizon covering all aspects of IT, right from software to cloud computing, mobile, analytics, and big data.

NelsonHall IT Service, July 2016 report states that the Global Testing Spending consists about 6% of the total IT Services Spending, and it continues to grow by 2% annually. The total (global) testing spend - including both Specialized Testing Services (STS) and Traditional Testing Services (TTS) - was \$38.2 bn in 2015, and would touch \$42.8 bn by 2020.

Exhibit 6: Testing Spending as per Type (2015)



Source: NelsonHall IT Service, July 2016 report

Client organizations are bound to prefer specialized testing offerings and digital testing against function testing. Thus, NelsonHall predicts that the STS growth would shrink from 12% to the range of 7-8% (Exhibit 7). Also, the impetus on cost rationalization by BFS organizations in North America and the U.K. (including Europe and ANZ) would result STS to grow by 7% p.a. while TTS will decline by 3% p.a. The industry experienced this shift in 2015, as demonstrated in Exhibit 8. Due this continuous shift, STS would capture 60% of the testing spending by 2020.

Exhibit 7: Total Testing Spending (\$bn)



Source: NelsonHall IT Service, July 2016 report

Exhibit 8: Testing Spending Shift, 2015



The Banking, Financial services and Insurance (BFSI) sector in North America & the U.K. got saturated, thus it experienced a steep dip from 11% to 7% in 2015. The BFSI industry garners 38% of the total STS spending. NelsonHall is extremely positive for the long-term growth of Managed Testing Services (MTS) to be +5%, citing expansion activities in retail and manufacturing.

The new age enterprises would widely adopt digital testing projects, and STS like service vendor IPs, Agile, DevOps, etc. Thus, NelsonHall estimates that the project services spending would experience a linear growth of 8%.

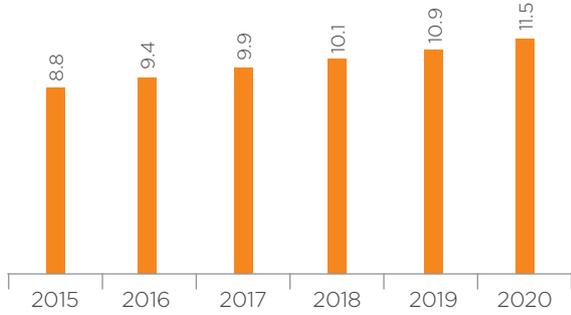
Clients opting out for automation projects like custom apps and vertical Commercial off-the-shelf (COTS) would shrink the ERP domain. On the other hand, the automation testing market would grow constantly by 8% p.a.

Project services include digital testing. NelsonHall gauges that cloud computing would drive the STS Digital Testing spending resulting in 18% growth. The Digital spending share of the total STS is expected to swell to 19% by 2020 from 13% in 2015.

Specialized test offerings include QA consulting, agile testing, test support services, and non-functional testing. The non-functional testing (33%) had a lions' share in STS Digital testing in 2015. NelsonHall predicts that the non-functional testing (Performance and Security) market is growing at 11% p.a. and may touch \$2.1 bn by 2020.

NelsonHall expects North America to be the frontrunner in the STS growth. The European spending would be affected by Indian offshore, while the Middle East would witness growth in 2018. India would spearhead the APAC's STS spending, whereas Japan spending would stay flat, and China would experience high growth in 2018.

Exhibit 9: Managed Testing Services (MTS) to witness saturation



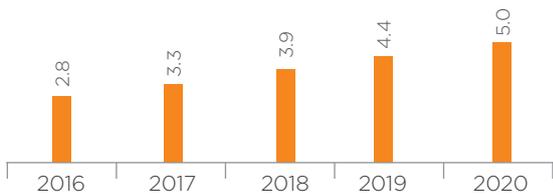
Source: NelsonHall IT Service, July 2016 report

Exhibit 10: Project Services Spending to witness steady growth



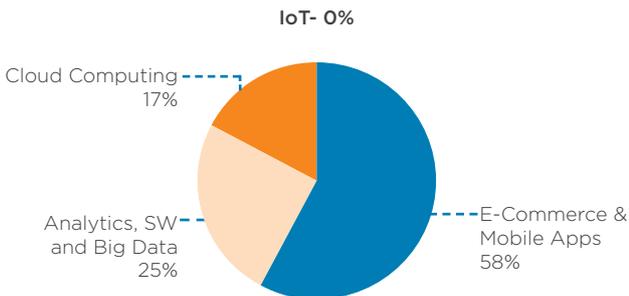
Source: NelsonHall IT Service, July 2016 report

Exhibit 11: Specialized Testing Services (STS) Digital Testing (in \$bn), the new driver of growth



Source: NelsonHall IT Service, July 2016 report

Exhibit 12: Digital Testing Spending, 2015



Source: NelsonHall IT Service, July 2016 report

Exhibit 13: Specialized Testing Services (STS) by Geography

STS (\$bn)	2015	2016	2017	2018	2019	2020
North America	8.5	9.2	9.9	10.6	11.3	12.1
EMEA	7.7	8.2	8.7	9.3	9.8	10.4
APAC	1.8	1.9	2.1	2.2	2.4	2.6
LatAM	0.6	0.6	0.6	0.7	0.7	0.8
Total	18.6	20	21.4	22.8	24.3	25.9

Source: NelsonHall IT Service, July 2016 report

STS: Nature of Clients

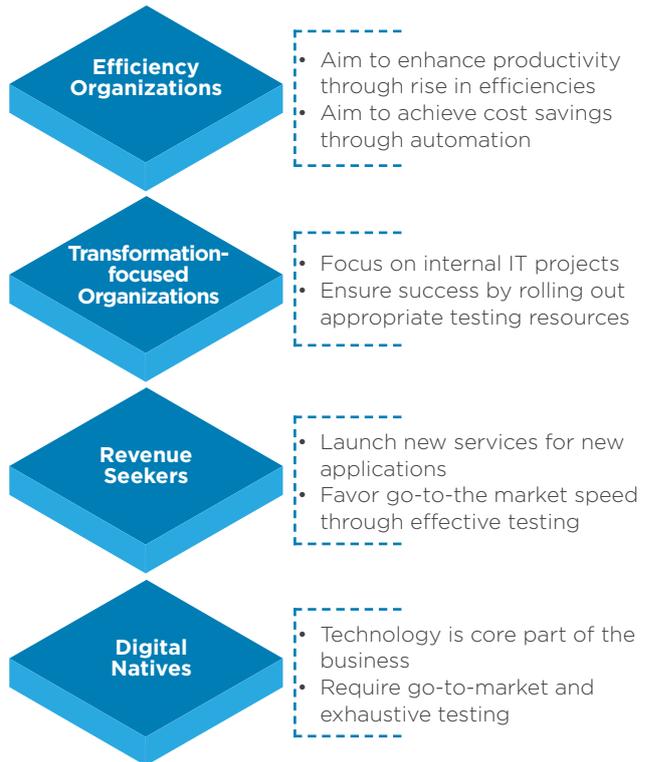
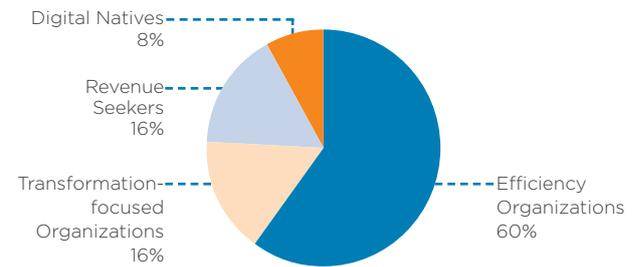
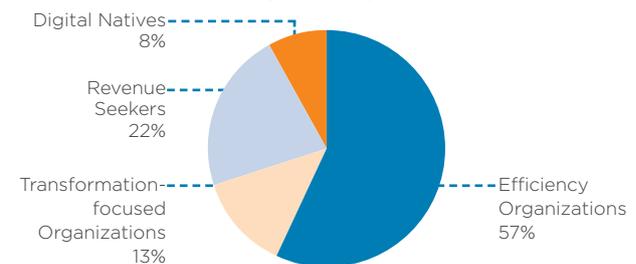


Exhibit 14: STS Spending 2015 and 2020



STS Spending: 2015



STS Spending: 2020

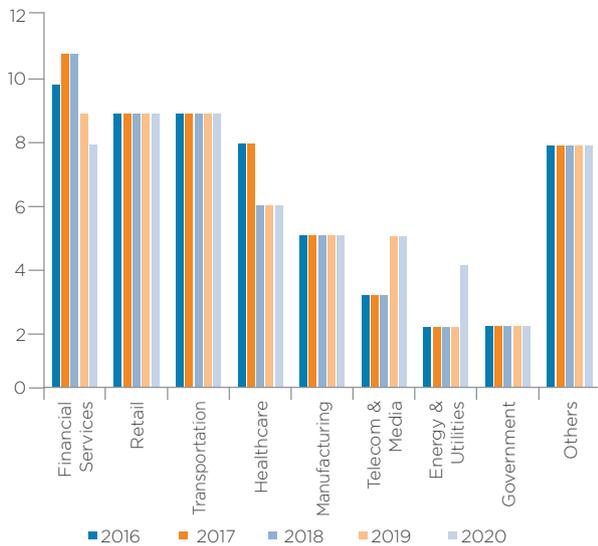
Source: NelsonHall IT Service, July 2016 report

During last two years, Efficiency Organizations increased their investments in MTS resulting in the fastest growing testing spends, as shown in Exhibit 14. STS spending of Transformation-focused Organizations' experienced a slow-down. The growth would be fluctuating in the range of -5% and 5%, as per the economic scenario.

Revenue Seekers' continued to explore test spending around digital opportunities. Digital Natives undertook spending for sharpening their digital capabilities and presence.

As per Exhibit 15, STS growth is expected to sustain its momentum in Financial Services, Retail, and Transportation.

Exhibit 15: Sector-wise Specialized Testing Services (STS) growth (in %)



Source: NelsonHall IT Service, July 2016 report

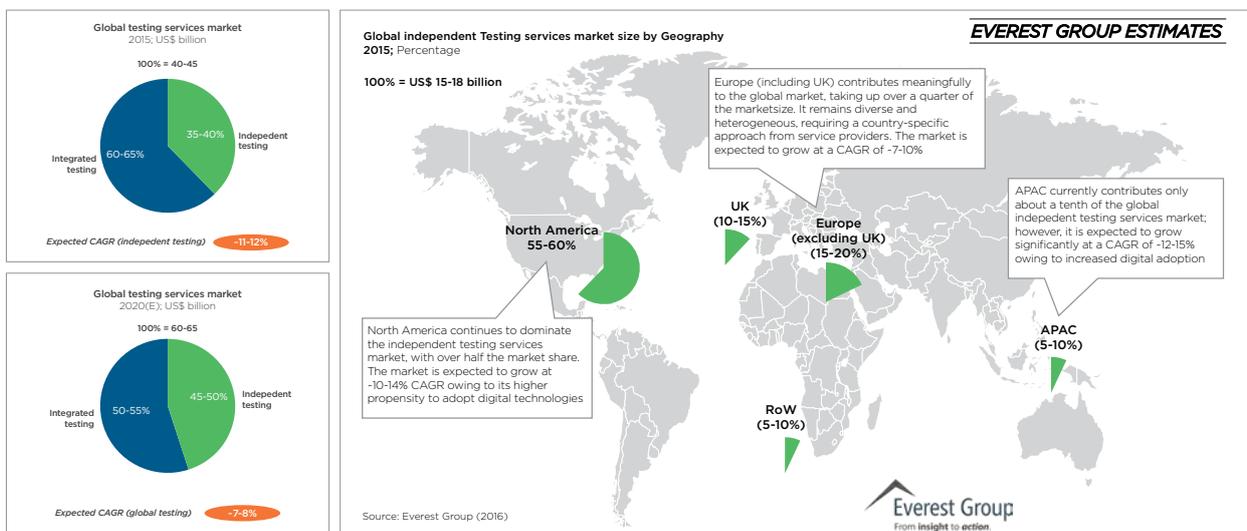
Operational Synopsis

Cigniti Technologies engages a diversified clientele, both across verticals and geographies, through its varied and extensive array of offerings served by its' 2,200+ human capital. It has 200+ Active Clients served across 13 countries with diversified industry verticals. Cigniti clientele include 42 of Fortune 500 Companies and 71 of Global 2000 Companies, and is a market leader in North America with growing presence in rest of the world.

Cigniti's Key Highlights for the FY17

- Strengthened leadership with Mr. Srikanth Chakkilam being appointed as CEO of Cigniti Technologies Ltd. and Mr. Phaneesh Murthy joining the Company's board as a Non-Executive Director
- Added 153 new clients which include Fortune 500 & Global 2000 Companies
- Launched BlueSwan™ to accelerate Quality Engineering for the Digital Enterprises
- Newly forged strategic partnerships add dynamism to Cigniti's managed services and continuous testing portfolios
- Expanded our Global Delivery Center at Hyderabad, India with the inauguration of two new Test Engineering centers
- IP, patents, and Trademarks approval in process
- LiQE, flagship Global Thought Leadership Event for Quality Engineering completed 6 global editions. It garnered heart-warming feedback from software testing professionals across geographies attended by Clients, Prospects, and Partners

Exhibit 16: Market size of Independent/Specialized Software Testing Services across Geographies



Independent/Specialised Testing market is growing from \$18Bn in 2015 to \$32Bn by 2020

Analyst Commentary and Awards & Accolades

Analyst Mentions

Gartner

- Cigniti Technologies is proud to be positioned in the Gartner's Magic Quadrant for 2 years in a row
- Gartner positions Cigniti Technologies as a 'Challenger' and 'Niche Player' in Magic Quadrant for Application Testing Services, Worldwide in 2015 and 2016 respectively

Everest Group

- Cigniti Technologies was positioned as a 'Star Performer' and 'Major Contender' in the Everest Group PEAK Matrix™ for Independent Testing Report, 2016
- The Everest Group has once again conferred Cigniti Technologies with the 'Best in Class' rating for 'Buyer Satisfaction', in the Service Provider Assessment

NelsonHall

- Cigniti Technologies was recognized as a Leader in the Pure-Play market segment in the NEAT report for Software Testing, 2016
- Cigniti Technologies has also been identified as a Leader in the Overall, Digital, and Consulting market segments
- Cigniti Technologies became the world's second largest software testing pure-play Company, by headcount

Forrester cited Cigniti Technologies in Multiple Testing Reports

- 23 IT service providers and software vendors leveraging Cloud for Application Testing
- 15 IT Service providers offering services and accelerators in the Test Automation to enable Agile and DevOps
- 10 systems integrators and pure-play testing providers working in the Test Data Management market
- 9 Services firms and Systems integrators working to enable Quality at Speed
- 8 IT Service providers who provided their inputs on the Functional Test Automation Tools

Awards & Accolades

- Cigniti received the BEST EMPLOYER BRANDS AWARD @ the 11th Employer Branding Awards (Regional Round)
- Cigniti won SmartCEO 2017 Future 50 Award

Financial Review

Revenue

Revenue during the year stood at ₹ 61,926 Lakh, an increase by 4% as compared to the FY 2015-16.

EBITDA

The EBITDA during the year stood at ₹ (1,984) Lakh due to a significant rise in operating expenditure.

Profit After Tax

The Profit After Tax (PAT) in the FY 2016-17 was at ₹ (43,824) Lakh due to one time write-offs which included impairment of assets, provisions for gratuity and leave encashment, and preliminary expenditure.

Interest and Borrowings

The interest cost increased by 168% to ₹ 1,610 Lakh during the FY 2016-17. The cash and bank balance stood at ₹ 1,626 Lakh, increasing by 302% as compared to the FY 2015-16. The total borrowing has increased by 44% to ₹ 13,955 Lakh in the FY 2016-17.

Net Worth

The Net Worth stood at ₹ (4,081) Lakh for the FY 2016-17.

Trade Receivables

Our trade receivables decreased to ₹ 11,237 Lakh in FY 2016-17 from ₹ 17,582 Lakh in FY 2015-16.

Internal Controls

The Company has formulated satisfactory internal controls and governance within the company as detailed elsewhere in this annual report.

Opportunities and Threats

As detailed in the Chairman's message and in further discussions made in the Management Discussion and Analysis section (MD&A), there is adequate growth opportunity for the company in the independent software testing services business market. The constant threat remains that the Company needs to be always technologically advanced, to mitigate the threats. This is being addressed by the company on a consistent basis by investing in future technology and accredited by the leading industry technology analysts.

Outlook

Cigniti Technologies continues sharpening its offerings towards Quality Engineering with an ambition to bag a sizable share of the worlds’ digital spending. We have developed deep domain knowledge and we continue to make wise investments towards our IP-led testing tools and labs. New age enterprises can leverage our expertise in services specific to Digital, IoT, Agile, DevOps, etc. We intend to penetrate new geographies, acquire new clients across industry and domains, and further strengthen our leadership.

Human Resources

HR is critical for ensuring that Cigniti’s most valuable asset, its employees, is supported in driving key business objectives. Being Business Enablers, our policies and processes center around to attract, enable, empower and retain the best and the brightest talent, and build a multi-cultural workforce. Over the last year, HR has focused on automating processes.

Below are a few key highlights of the year gone by:

- **Benefits**

Offering industry competitive benefits that enable employees to optimize their taxes and embracing digital & smart solutions to manage benefits. Automating member’s enrolment processes for medical insurance benefits to achieve an efficient, productive, and streamlined enrolment process.

- **Rewards & Recognition**

Empowering and encouraging peers to provide recognition makes recognition practices more effective in driving desirable behaviours, equally focusing on individual achievements and team performances. This reflects our company’s culture and integrates well with the nature of our business, strategy, and goals.

- **Employee Engagement**

Employee engagement is at the heart of any successful business and we understand that such activities will increase team building and bring togetherness. To this effect, we have announced various employee engagement initiatives such as Candid Talk with the HR, Town Halls, Reward & Recognition programs, and Buddy programs that provide our employees the right connect with the organization. We have also launched the SMASH club which is a self-driving committee driven by group of young talent striving to drive employee engagement within the organization through their focused tracks into Art & Culture and Games.

- **Learning and Development**

Hosted robust induction and onboarding programs to support the integration of all the new hires into our dynamic business environment. Focused online and instructor-led courses were conducted to develop domain, technical expertise and soft skills, supported by internal and external certifications as required. Publish regular calendars to ensure every employee meets and completes the minimum learning hours. Launched 30 days, 60 days, and 90 days connect program with the new hires, and initiated One-up Leadership connects.

- **Performance Appraisal System**

Revamped the Performance Appraisal system to align with the business priorities and strategy. Goal setting is critical to performance management and indicative of high performance. Enabled setting SMART goals for the employees to measure their progress and track how their efforts are having an impact. In order to ensure that we build a pipeline of the right set of leaders, we have initiated process of panel review for senior manager & above promotions.

Organizational Values

Cigniti’s organizational values define acceptable standards that govern the behavior of its ‘human capital’. It is summed up with the acronym ‘CAPITAL’. Cignitians are encouraged to imbibe these traits as a part of company ethos while communicating with internal and external stakeholders.

Collaborative	Understanding client’s goals and working together to achieve a common goal across functions, geographies and cultures
Assertive	Confidently expressing one’s thoughts and feelings in a positive manner
Passionate	Demonstrating enthusiasm for work through action
Innovative	Constantly creating better services, processes, technologies or products to improve quality
Transparent	Communicating in an open fashion without a hidden agenda
Accountable	Taking responsibility for one’s actions
Learning	Continuously acquiring new knowledge, behaviors, and skills

The Company has a rich resource of over 2,200 ‘Human CAPITAL’.

CSR Initiatives

For the year 2016-17, Cigniti witnessed a warm response to its developed educational videos. Cigniti has been associated with Rise Foundation, so as to reach out to rural schools. The educational videos have been successfully circulated to approximately 10 schools in the district of Khammam, in the state of Telangana. The videos found numerous engaged students, the whole task ultimately proving to be the next step towards Cigniti's objective.

With a vision to provide quality education to the under-privileged, Cigniti realized that there is a need for quality content. As part of its CSR initiatives, the Company, under the name 'Project Cignificance' has worked with Khan Academy to translate their education videos to the Telugu language. Having subsequently realized the need for new content to fill the curriculum gaps, the Company has also developed videos in line with state governments' syllabus in the Khan Academy style in Telugu. Currently, the company has developed 1000 videos of Mathematics, Physics and Chemistry from Class V to X.

Risk Management

Risk	How it Relates to Cigniti	Mitigation
Geographic Concentration Risk	Reliance on a single geography can impact revenue growth	<ul style="list-style-type: none"> While the U.S. contributes to a major chunk of Cigniti's revenue, Cigniti has also been steadily expanding across geographies such as Europe & Asia Pacific. Cigniti has also been focusing on various additional strategies to enhance revenues from existing geographies. Cigniti also has offices in UK & Australia to add new logos and deepen its presence in the existing accounts from these geographies.
Competition Risk	Increasing competition in software testing may affect the market share of the Company	<ul style="list-style-type: none"> Cigniti, through a mixture of organic and inorganic routes, has been developing capabilities to remain competitive. Cigniti is the world's second largest Independent Software Testing Services Company by headcount, and has secured a technical positioning of the company brand in the global arena. Through a smart mix of global marketing initiatives, sound industry analyst relations, and other brand building initiatives, the Company has been consistently strengthening its brand. Most importantly, Cigniti's consistent endeavor to be a thought leader in independent software testing through its offerings, IP, building labs for the connected world, commitment to test engineering community through world class quality engineering events (such as LiQE and meetups) to engage the best minds in quality engineering landscape, has ensured that it comes across the most respected independent software testing services vendor.
Technology Risk	Any change in technology could have an adverse impact on the Company's growth	<ul style="list-style-type: none"> Cigniti makes wise investments in new technologies to consistently upgrade its skills. To stay pertinent and ahead of the curve, Cigniti has teamed with leading global software tool vendors to augment its test automation capabilities for aligning with, and meeting, the emerging needs of new age enterprises.

Risk	How it Relates to Cigniti	Mitigation
Attrition Risk	Increased competition among organizations for a limited employable talent pool might lead to higher attrition rates	<ul style="list-style-type: none"> • Cigniti comprehends the importance of attracting, nurturing, and retaining exceptional talent and takes several initiatives to maintain the same. It provides a number of opportunities, including global exposure, conducive work environment, world-class learning aid, opportunities to participate in forums, associations, conferences of national and international repute, and best in class compensation and HR development practices, to motivate, and retain the best talent including employee recognition on various platforms.
Commoditization Risk	Low entry barriers in the testing industry might expose the industry to the menace of commoditization	<ul style="list-style-type: none"> • Testing needs robust domain and technology understanding which takes years to be acquired. • Cigniti, over the years has developed tools, processes, and solutions that help it generate high level of efficiencies. A new player would take years to develop such capabilities. Additionally, most of Cigniti's Services are high-end offerings that can only be provided based on specialized expertise developed over years, and hence cannot be easily replicated. • Cigniti specializes in developing world class cloud enabled test labs for the connected world including IoT, Smart Meter testing, Enterprise Mobile, Performance Engineering, and Robotics Testing labs that cannot be easily replicated.

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of M/s. Cigniti Technologies Limited will be held on Friday, 30, June, 2017 at 10.00 A.M. at "The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad-500 081 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. C. V. Subramanyam (DIN: 00071378) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. S.R. Batliboi & Associates, LLP., as Statutory Auditors in place of retiring auditors and to fix their remuneration and for the purpose to consider and if, thought fit, to pass with or without modification(s), the following Ordinary Resolution thereof:

"RESOLVED THAT pursuant to the provisions of Section 139 and 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, and pursuant to recommendation of Audit Committee, M/s. S. R. Batliboi & Associates, LLP be and is hereby appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this 19th Annual General Meeting till the conclusion of 24th Annual General Meeting of the Company, subject to ratification as to the said appointment at every Annual General Meeting, and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018 as may be determined by the Audit Committee in consultation with the Auditor from time to time."

SPECIAL BUSINESS

4. ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS TO THE PROMOTERS AND THE OTHERS:

To consider, and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:

"RESOLVED THAT in terms of Sections 42 and 62(1)(c) of the Companies Act, 2013 and all other applicable provisions, if any, (including any statutory modification(s) or re-enactments thereof for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with Stock Exchanges where the Company's shares are listed and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulation 2009, as may be applicable to the preferential issue of Equity shares and other applicable regulations of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India, or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals and which may be agreed to by or any other authorities as may be necessary for that purpose, the consent of the members of the company be and is hereby accorded to the Board to offer, issue, and allot in one or more tranches up to 4,15,000 Equity shares (four lakh fifteen thousand only) of ₹ 10/- each to the promoters (whose names shall be recorded by the company in the manner set out in Sec 42(7) of the Companies Act, 2013 read with the respective Rules) in such manner and on such price, terms and conditions in accordance with the Securities & Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations 2009 (including any amendments thereto or re-enactment thereof) or other provisions of Law as may be prevailing at the time, provided that the price (inclusive of premium) of the equity shares so issued shall not be less than the minimum price to be arrived in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations."

"RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted will be in accordance with the SEBI (ICDR) Regulations with reference to the 'Relevant Date.' The "relevant date" for the purpose of pricing of equity shares is May 31, 2017 i.e., thirty days prior to the date on which this Annual General meeting is held in terms of Section 42 and Section 62 1(c) of the Companies Act, 2013" (AGM to be held on June 30, 2017).

“RESOLVED THAT the new equity shares issued shall rank pari-passu with the existing Equity Shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“RESOLVED FURTHER THAT the aforesaid equity shares allotted in terms of this resolution shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 and any amendment thereto from time to time.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of equity shares, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this Resolution, issue and allotment of equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Company does apply for listing of the new equity shares and does make an application to the Depositories for admission of the new equity shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

5. APPOINTMENT OF MR. C. V. SUBRAMANYAM (DIN NO. 00071378) AS CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY

To consider, and if thought fit, to pass with or

without modification (s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 and 203 read with schedule V and other applicable provisions if any of the Companies Act, 2013 including any statutory modification or re-enactment thereof or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as may be agreed by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorised by the Board in this behalf), consent of the members be and is hereby accorded for the appointment of Mr. C. V. Subramanyam as Chairman & Managing Director of the Company for a period of three years with effect from June 30, 2017 and the Board is authorised to fix, alter or vary from time to time the remuneration payable to Mr. C. V. Subramanyam (DIN No. 00071378) in such manner as it may deem fit including doubling the limits (without the approval of the Central Government) as prescribed under Schedule V of the Companies Act, 2013 including any Statutory modifications(s) in force or that may hereinafter be made thereto by the Central Government and as may be agreed by the Board of Directors and Mr. C. V. Subramanyam (DIN No. 00071378).”

RESOLVED FURTHER THAT during the tenure of 3 years of Mr. C. V. Subramanyam (DIN No. 00071378), as Chairman and Managing Director of the company, if the company makes adequate profits, the remuneration payable shall not exceed 5% of net profit in financial year based on section 197 read with section 198 of the Companies Act, 2013.

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri. C. V. Subramanyam (DIN No. 00071378) as Chairman & Managing Director, the remuneration, perquisites and other allowances, if any fixed by the Board of Directors shall be governed by the limits prescribed in Schedule V to the Act.”

“RESOLVED FURTHER THAT, the Board be and is hereby authorized to approve the terms and conditions including any changes in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to the resolution.”

**For and on behalf of the Board
Cigniti Technologies Limited**

Place: Hyderabad

C.V. Subramanyam

Date: May 17, 2017

Chairman & Managing Director

DIN: 00071378

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24.06.2017 to 30.06.2017 (Both days inclusive).
5. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
6. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
7. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
8. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
9. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents (M/s. Aarthi Consultants Pvt. Ltd.)
10. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
11. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
12. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to M/s. Aarthi Consultants Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
13. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
14. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission/transposition, Demat /Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
15. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
16. Electronic copy of the Annual Report for 2016-2017 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard

copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-2017 is being sent in the permitted mode.

17. Members may also note that the Notice of the 19th Annual General Meeting and the Annual Report for 2016-2017 will also be available on the Company's website www.cigniti.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: company.secretary@cigniti.com

18. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on June 27, 2017 (9:00 a.m.) and ends on June 29, 2017 (5:00 p.m.). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 23, 2017,

may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" of "Cigniti Technologies Limited".

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ssrfcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :
- EVEN (Remote e-voting Event Number)
USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- D. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd June, 2017.
- G. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. June 23, 2017 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@aarthiconsultants.com.
- User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- H. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- I. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
19. Mr. S. Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process.
20. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
21. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.cigniti.com and on the website of NDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Limited and BSE Limited.
22. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a ‘Green Initiative in Corporate Governance’ and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company’s Registrar and Share Transfer Agents.

**For and on behalf of the Board
Cigniti Technologies Limited**

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam
Chairman & Managing Director
DIN: 00071378

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot

EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 4:

The special resolution as mentioned under item 4 proposes to authorize the Board of directors to issue and allot up to 4,15,000 equity shares to promoters and others in such manner and on such terms & conditions as prescribed under SEBI (ICDR) Regulations and in compliance with Sections 42 and 62 and other applicable provisions of the Companies Act, 2013, the companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014.

Further the Company has received letters from unsecured creditors being Directors of the Company (Mr. C.V. Subramanyam and Mr. C. Srikanth) to convert their unsecured loans given to the company into equity.

Accordingly the Board considered the offer and decided to issue approximately (not exceeding) 4,15,000 equity shares on preferential basis to the promoter directors against the dues payable to them aggregating to a sum of ₹ 16,58,75,000/- (Rupees sixteen crores fifty eight lakhs seventy five thousand). The Information pertaining to the proposed preferential allotment in terms of the Chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto is as stated below:

(I) Object of the Issue through preferential Allotment:

To convert unsecured loans given by the promoter directors of the company in to equity shares.

(II) Pricing of the Issue and Relevant Date:

The equity shares will be issued at such a price (including premium) not lower than the minimum price as stipulated in Chapter VII of SEBI (ICDR) Regulations (Regulation 76) i.e., the higher of the following:

The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or

The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the 2 weeks preceding the relevant date.

“Relevant Date” in relation to the issue of equity shares in accordance with the SEBI (ICDR) Regulations, would be May 31, 2017 being the date 30 days prior to the date of AGM where the proposed preferential issue is being considered for approval of the members.

‘Stock exchange’ means any of the recognized stock exchanges in which the equity shares are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding twenty six weeks prior to the relevant date.

A Certificate will be obtained from the Statutory Auditors/Practicing Company Secretary confirming the minimum price for the preferential issue as per Preferential Issue Guidelines in Chapter VII of SEBI (ICDR) Regulations, 2009 along with the calculation thereof and the same will be made available for inspection at the Registered Office of the Company.

(III) The proposal of the promoters, or their associates and relatives, directors/key managerial persons of the issuer to subscribe to the offer:

The proposed allottees would fall under Promoter category as mentioned under point No.(IV). The said allottees being promoter directors of the Company have extended unsecured loan to the Company amounting to ₹ 16,58,75,000/- (Rupees sixteen crores fifty eight lakhs seventy five thousand) against which it is proposed to issue equity shares at such price in accordance with SEBI (ICDR) Regulations, 2009. The requirement of issue of securities on preferential basis is necessitated to fulfil the object as mentioned in point No(1). The company, promoters, and directors of the company are not covered under wilful defaulter category.

However the promoters have voluntarily agreed for conversion of unsecured loan into equity shares at a premium of 7% on the minimum price to be determined as per SEBI (ICDR) Regulations, 2009.

(IV) Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control; the proposed allottees and percentage or pre and post preferential issue capital that may be held by them:

Sl. No	Name of the proposed allottee and ultimate beneficial owner	Pre-issue holding		Equity shares proposed to be allotted	Post issue holding	
		Shares	% of shares		Shares	% of shares
PROMOTER CATEGORY						
1	C. V. Subramanyam	29,58,485	11.16	3,15,000	32,73,485	12.16
2	C. Srikanth	25,00,000	9.43	1,00,000	26,00,000	9.66
TOTAL		54,58,485		4,15,000	58,73,485	

(V) Shareholding pattern before and after preferential issue of the capital would be as follows:

Sl. No.	CATEGORY	Pre-issue holding details		Post-issue holding details	
		No. of shares	% of shares	No. of shares	% of shares
A	Promoter Share Holding				
1	Indian Promoters	82,55,230	31.14	86,70,230	32.20
2	Foreign Promoters	48,68,027	18.36	48,68,027	18.08
	Sub-Total (A)	1,31,23,257	49.50	1,35,38,257	50.28
B	Public Share holding				
1	Institutions	32,442	0.12	32,442	0.12
2	Non-Institutions				
(i)	Bodies Corporate	18,06,120	6.81	18,06,120	6.71
(ii)	Individuals	1,02,93,281	38.83	1,02,93,281	38.23
(iii)	NRIs	46,699	0.18	46,699	0.17
(iv)	Clearing Members	12,06,111	4.55	12,06,111	4.48
(v)	Trusts	11	-	11	-
(vi)	NBFCs	1,609	0.01	1,609	0.01
C	Any Others: (custodians against GDR's)	-	-	-	-
	Sub-Total (B)	1,33,86,273	50.5	1,33,86,273	49.72
Grand Total (A+B)		2,65,09,530	100.00	2,69,24,530	100.00

(VI) Proposed time within which the allotment shall be completed:

The allotment of equity shares shall be completed, within a period of 15 days from the date of passing of the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority including SEBI, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

(VII) Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

Save and except the Preferential Issue as proposed

in the resolution as set in the accompanying Notice, the Company has made no other issue or allotment of securities on preferential basis during the year.

(VIII) Class and total number of shares to be issued:

4,15,000 Equity shares are proposed to be issued at such a price as may be determined in accordance with SEBI (ICDR) Regulations, 2009 and as amended from time to time.

(IX) Approvals:

The Company will take necessary steps to obtain the required approvals from the Stock Exchanges, SEBI, or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares.

(X) SEBI Takeover code:

In the present case none of the proposed allottees would attract SEBI Takeover Code and therefore is not under obligation to give open offer to the public except making certain disclosures to Stock Exchanges and the same will be complied with at appropriate time.

(XI) Holding of shares in demat form, non-disposal of shares by the proposed allottees and lock-in period of shares:

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form. The entire pre-preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of trading approval from all the stock exchanges where the securities of the Company are listed. The shareholder who has sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of equity shares on preferential basis. The proposed shareholders have Permanent Account Number.

(XII) Lock-in Period:

The equity shares proposed to be allotted shall be subject to 'lock-in' for such a period as the case may be from the date of trading approval from all the stock exchanges where the securities of the Company are listed as per Clause 78 of the SEBI (ICDR) Regulations, 2009.

(XIII) Auditor Certificate:

Certificate from the Statutory Auditors/Practicing Company Secretary confirming that the proposed issue of equity shares is being made in accordance with the SEBI (ICDR) Regulations, 2009 will be/is obtained and the same will be made available for inspection at the Registered Office of the Company on any working day.

(XIV) Control:

As a result of the proposed preferential allotment of equity shares, there will be no change in the composition of the Board of Directors and control of the Company.

(XV) Undertakings:

In terms of SEBI (ICDR) Regulations, 2009 issuer hereby undertakes that:

- a) It shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.

- b) If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottees.

(XVI) Compliances:

The company has complied with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including Regulation 38 i.e., maintaining a minimum of 25% of the paid up capital in the hands of the public.

(XVII) Approval under the Companies Act:

Section 62(1) of the Companies Act, 2013 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in General Meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 62(1) of the Companies Act, 2013 and all other applicable provisions, SEBI Guidelines or regulations for authorizing the Board to offer, issue and allot equity shares as stated in the resolution, which would result in a further issuance of securities of the Company to the promoters on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of the above resolution as a Special Resolution as set out in the Notice.

Except Mr. C. V. Subramanyam, Chairman & Managing Director, and Mr. C. Srikanth, Whole-time Director, none of the other directors, key managerial personnel and their relatives is concerned or interested in the above said resolution.

Item No. 5:

At the Annual General Meeting of the Company held on September 19, 2014, the shareholders of the Company approved the appointment of Mr. C. V. Subramanyam (DIN No. 00071378) as Chairman & Managing Director for a period of 3 years with effect from October 1, 2014 at a remuneration in accordance with Schedule V of the Companies Act, 2013.

Since the present term of the Managing Director expires on September 30, 2017 the Board in its meeting held on May 17, 2017 subject to the approval of shareholders of the Company by way of special

resolution, considered and approved the re-appointment of Mr. C. V. Subramanyam (DIN No. 00071378) as Chairman & Managing director and to fix the remuneration payable to Mr. C. V. Subramanyam (DIN No. 00071378) within the limits of managerial remuneration (without the approval of the Central Government) including doubling the limits as prescribed under Section 197 read with Schedule V to the Companies Act, 2013. The Nomination & Remuneration committee had recommended the remuneration payable to Mr. C. V. Subramanyam (DIN No. 00071378) by passing the necessary resolution in its meeting held on 17th May, 2017 in terms of Schedule V to the Companies Act, 2013.

Further the appointment and payment of remuneration in accordance with Schedule V to the Companies Act, 2013 including doubling the limits to the Chairman and Managing Director commends the approval of members by passing special resolution, hence the Board of Directors recommends the same as proposed under item No.5.

Further in case of adequate profits in any financial year during his tenure as Chairman & Managing Director, he shall be entitled to a commission not exceeding 5% of net profit in financial year as may be decided by the Board from time to time in terms of the provisions of Section 197 read with 198 of the Companies Act, 2013.

Except the Directors, Mr. C. V. Subramanyam and Mr. C. Srikanth, none of the other directors, key managerial personnel and their relatives is concerned or interested in the above said resolution.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

- 1 Nature of Industry: Software Development (IT and IT enabled services)
- 2 Date or expected date of commencement of commercial: The Company started its commercial operations in the year 1999-2000.
- 3 In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable

4 Financial performance based on given indications

(A). Net Profit or loss under section 198 of the Companies Act, 2013 on Consolidated basis

Particulars	01.04.2016 to 31.03.2017 (₹ in crores)	01.04.2015 to 31.03.2016 (₹ in crores)	01.04.2014 to 31.03.2015 (₹ in crores)
Turnover	619.26	594.84	378.88
Net profit as computed under Section 198	(49.33)	87.45	34.59
Net profit/loss as per profit and loss account	(438.28)	49.68	25.70

(B). Net Profit or loss under section 198 of the Companies Act, 2013 on Standalone basis

Particulars	01.04.2016 to 31.03.2017 (₹ in crores)	01.04.2015 to 31.03.2016 (₹ in crores)	01.04.2014 to 31.03.2015 (₹ in crores)
Turnover	275.09	204.49	114.29
Net profit/loss as computed under Section 198	16.18	45.85	7.96
Net profit/loss as per profit and loss account	(210.65)	31.96	3.94

5. Export performance and net foreign exchange collaborations:

Cigniti over the years have been expanding its foot print across the globe. The operation in US have been combined in to one entity with a focus as 'One Cigniti'. Further the Company is rapidly expanding in the UK region. With these continuous and aggressive strategies, the Company is able to attract global fortune clients.

II. INFORMATION ABOUT THE APPOINTEE:

- Background Details:** Mr. C. V. Subramanyam holds a Bachelor in Commerce and Law and Post Graduate Diploma in Business Management. In 1998, he founded Cigniti Technologies Limited as an IT services company providing IT solutions. He successfully took the Company public in 2004. Under his strategic direction, the Company repositioned itself as an Independent Testing Services company in 2008 and since then has grown multifold to emerge as India's largest Independent Testing Services company.
- Past Remuneration:** The remuneration drawn by Mr. C. V. Subramanyam, Managing Director is ₹ 10,00,000/- per month and ₹ 1,20,00,000/- per annum in the year 2014-15, 2015-16 and 2016-17.
- Recognition or awards:** Nil.
- Job Profile and his suitability:** Mr. C. V. Subramanyam - Chairman & Managing Director of the Company heads the supervisory board of Cigniti Technologies Limited and focuses on strategic direction, corporate planning, corporate governance and regulatory aspects of running a publicly listed company. His primary focus is creating shareholder value by ensuring various parts of the organization are adding value to stakeholders like clients, employees, partners, industry and society.

In 2008, Mr. C. V. Subramanyam was instrumental in putting together a world class executive management team and successfully repositioning the company as an Independent Software Testing services company. Cigniti has grown to become one of the world's premier Independent Software Testing services company and aims to become the world's largest and most respected independent testing services company in the coming years.

5. Remuneration proposed

As set out in the resolution for the item No.5. The remuneration to Mr. C. V. Subramanyam, Chairman & Managing Director has the approval of the remuneration Committee and the Board of Directors.

- Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Taking into consideration of the size of the Company, the profile of Mr. C. V. Subramanyam and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
- Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Beside, the remuneration proposed, he is holding 29,58,485 Equity Shares of the Company.

III. OTHER INFORMATION:

- Reasons for inadequate profits or negative effective capital:** The Company is in the mode of expansion of the business which generally requires spending lot of money upfront leading to minimal profits in the initial years. All this expenditure will result in to revenues over a period of next two to three years.
- Steps taken or proposed to be taken for improvement:** Relevant efforts are being made to increase the clientele both in India and abroad who in turn contribute for the growth of the business as well as the profitability of the Company.
- Expected increase in productivity and profit in measurable terms:** The Company achieved a Consolidated turnover of ₹ 619.26 Crores - Net loss of ₹ 438.24 Crores and Standalone Turnover of ₹ 275.09 Crores - Net loss of ₹ 210.65 Crores for the year 2016-17. The Company has taken adequate steps in terms of strengthening the Management bandwidth, creation of sufficient infrastructure including human resources etc., which is required to achieve the predetermined goals of the organization.

**For and on behalf of the Board
Cigniti Technologies Limited**

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam
Chairman & Managing Director
DIN: 00071378

BOARD'S REPORT

Dear members,

The Board of Directors hereby submits the report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2017. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL SUMMARY:

The performance during the period ended March 31, 2017 has been as under:

(₹ In Lakhs)

Particulars	2016-2017		2015-2016	
	Consolidated	Standalone	Consolidated	Standalone
Total Income	62,671.31	27,683.45	59,824.85	20,590.98
Total Expenditure	1,01,168.64	45,328.09	51,421.68	16,246.09
Profit (Loss) Before Tax	(38,497.33)	(17,644.64)	8,403.17	4,344.89
Provision for Tax	628.25	726.22	3,435.57	1,148.46
Profit (Loss) after Tax	(39,125.58)	(18,370.86)	4,967.60	3,196.43
Transfer to General Reserves	NIL	NIL	NIL	NIL
Profit available for appropriation	(43,823.78)	(21,065.36)	4,967.60	3,196.43
Balance Carried to Balance Sheet	(43,823.78)	(21,065.36)	4,967.60	3,196.43

REVIEW OF OPERATIONS

The total revenue of the Company for the financial year under review on consolidated basis was ₹ 61,925.63 Lakhs as against ₹ 59,483.55 Lakhs for the previous financial year. The company clocked a net loss of ₹ 43,823.78 Lakhs for the financial year 2016-17 as against the net profit of ₹ 4,967.60 Lakhs for the previous year.

On Standalone basis, the total revenue of the Company for the financial year 2016-17 was ₹ 27,508.59 Lakhs as against ₹ 20,448.97 Lakhs for the previous financial year. The net loss was ₹ 21,065.36 Lakhs for the financial year 2016-17 as against the net profit of ₹ 3,196.43 Lakhs for the previous year.

FUTURE PROSPECTS & OUTLOOK

The Software Testing Industry is growing aggressively in double digits as per Industry Analysts. With the advent of digital transformation, Software testing is key for any business to be successful. The Company continues to equip itself technologically based on the latest industry development. This has resulted in the Company winning huge order and the pipeline looks very good. Overall the Company is confident of growing in line with the Industry.

DIVIDEND

In view of the losses faced by the Company during the financial year, the Board of Directors could not consider any dividend.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the provisions of the Companies Act, 2013 and the Accounting Standards AS-21 and AS-27 on consolidated financial statements, your Directors have provided the consolidated financial statements for the financial year ended March 31, 2017 which forms part of the Annual Report.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES/BRANCHES/ASSOCIATES/JOINT VENTURES:

Your Company has two Indian wholly owned subsidiary companies (WOS) and five wholly owned foreign subsidiary companies (WOS).

Gallop Solutions Private Limited (Indian WOS)

Cigniti Software Services Private Limited (Indian WOS)

Cigniti Technologies (Canada) Inc., (Foreign WOS)

Cigniti Technologies (UK) Limited, UK (Foreign WOS)

Cigniti Technologies Inc., USA, (Foreign WOS)

Cigniti Technologies (Australia) Pty. Limited, Australia (Foreign WOS)

Cigniti Technologies (NZ) Limited, New Zealand (Foreign WOS)

Cigniti Technologies Limited, South Africa (Foreign Branch)

During the year under review, the two wholly owned subsidiary companies namely Cigniti Inc. USA and Gallop Solutions Inc. USA have been merged in to Cigniti Technologies Inc. USA wholly owned subsidiary company after obtaining all the necessary approvals from the concerned authorities.

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary companies is prepared in Form AOC-1 and is attached as Annexure and forms part of this report.

In accordance with the provisions of the Companies Act, 2013, the Balance sheet, Statement of Profit and Loss and other documents of the subsidiary companies are being made available on the website of the Company.

INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs vide its notification dated February 16, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from April 1, 2017. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

STATUTORY AUDITORS AND AUDITORS REPORT

The existing auditors M/s. P. Murali & Co. will retire at the ensuing Annual General Meeting on expiry of 3 years term. Accordingly, the appointment of M/s. S R Batiliboi & Associates, LLP, as statutory auditors of the Company, in place of retiring auditors is placed for approval by the shareholders. The Auditors' Report for fiscal 2017 does not contain any qualification, reservation or adverse remark.

The Auditors' Report is enclosed with the financial statements in this Annual Report.

INTERNAL AUDIT

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statues, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

The Board has appointed M/s. Sarath & Associates, Chartered Accountants, Hyderabad as internal Auditors in its meeting held on May 17, 2017. Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS

Changes in Directors:

Mr. P. Sudhakar and Mr. Mani Subramanian, Directors, have resigned from office w.e.f. May 17, 2017. Mr. C. Srikanth was appointed as CEO-Global Operations positioned at Cigniti Technologies Inc., USA a wholly owned subsidiary Company and subsequently re-designated as Non-executive Director of Cigniti Technologies Limited.

The Board placed on records its sincere appreciation for the valuable contribution made by Mr. P. Sudhakar and Mr. Mani Subramanian during their tenure as directors of the Company.

Mr. C. V. Subramanyam will retire by rotation at the ensuing Annual General Meeting in terms of Section 152 and any other applicable provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment.

Details of appointment/re-appointment of the director:

Name of the Director	Mr. C. V. Subramanyam
Date of Appointment	03/09/1998
Qualifications	BCOM, MBA, LLB
No. of Shares held in the Company	2958485
Directorships held in other companies (excluding foreign companies)	1. TTI CHAKKILAM TYPESETTING PRIVATE LIMITED 2. GALLOP SOLUTIONS PRIVATE LIMITED
Positions held in mandatory committees of other companies	Nil

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

POLICIES

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website (<https://www.cigniti.com/policies>). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

Name of the policy	Brief Description	Website link
Board Diversity Policy	At Cigniti, we believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors.	http://www.cigniti.com/wp-content/uploads/Board-Diversity-Policy-Final.pdf
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.	http://www.cigniti.com/wp-content/uploads/Nomination-Remuneration-policy.pdf
Corporate Social Responsibility Policy	The policy is framed to outline the formation of the committee which directs the Company in implementing the programs relating to education and any other program as the Board may think fit.	http://www.cigniti.com/wp-content/uploads/CSR-Policy.pdf
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	http://www.cigniti.com/wp-content/uploads/Policy-Material-Subsidiaries.pdf
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	http://www.cigniti.com/wp-content/uploads/private-policy.pdf

CORPORATE GOVERNANCE

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Cigniti, we believe, a sound corporate governance is critical to enhance and retain investor trust. The goal of corporate governance is to ensure fairness information about the Company for every stakeholder. Our disclosures seek to attain the best practices in international Corporate Governance. A separate section on Corporate Governance for fiscal 2017 forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's discussion and analysis is set out in this Annual Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were disclosed in form AOC-2 and is attached as Annexure which forms part of Annual report. There were no materially significant related party transactions made by the Company with the promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note 30 to the financial statement which sets out related party disclosures and Annexure to this report.

PARTICULARS OF EMPLOYEES

A table containing the particulars in accordance with the provisions of section 197(12) of the act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure A to this report.

A statement containing the name of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 Lakhs or more, or employed for part of the year and in receipt of ₹ 5 Lakhs or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure B to this report.

EMPLOYEE STOCK OPTION SCHEME

Details of the options up to March 31, 2017 are set out in the Annexure-C to this report, as required under clause 12 of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is included as Annexure-D and forms part of this Report.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman is further facilitated to familiarize the incumbent Director about the Company/its businesses and the group practices.

The details of familiarization programme as above are also disclosed on the Company's website at <http://www.cigniti.com/wp-content/uploads/SSR-Familiarisation-Programme.pdf>.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial personnel) Rules 2014, the Board had appointed Mr. S. Sarveswar Reddy, Practicing Company Secretary to undertake the secretarial audit of the Company for the year 2016-17. The report of the Secretarial Auditor is enclosed as Annexure E and forms part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

CORPORATE SOCIAL RESPONSIBILITY

With the mission to discover once again the social responsibility of developing economic, social and environmental capital towards sustainability, Cigniti crafted CSR projects in achieving the mission. Your Company believes and strives hard in sustainable development of society in which the enterprise draws economic and natural resources by enriching its capacity in contributing to the significant positive change in the economy. The CSR committee has been formed to achieve the mission and implement the CSR objectives.

The Company has adopted the CSR policy and budget outlay of ₹ 31 Lakhs has been approved by the Board of Directors for the year 2016-17 and the entire amount has been spent towards the Corporate Social Responsibility programme. For the year 2017-18, the average profits for the preceding three financial years is ₹ 42 Lakhs which has been approved by CSR Committee as budget outlay to be spent towards CSR program.

The details on CSR corpus and amount spent, projects for which funds are utilized have been disclosed as part of Corporate Governance Report.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

Your Company has not undertaken any research and development activity for any manufacturing activity nor was any specific technology obtained from any external sources which needs to be absorbed or adapted.

C. Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings: ₹ 2,62,87,73,912/-

Foreign Exchange Outgo: ₹ 21,94,05,149/-

Attention of the members is drawn to Note No. 30 & 31 of Notes on financial statements

BOARD EVALUATION

In accordance with the provisions of Section 134 of the Act and Regulation 17 of the Listing Regulations, the Board has carried out evaluation of its own performance, the performance of committees of the Board, namely, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee and also the directors individually. The manner in which the evaluation was carried out and the process adopted has been mentioned in the Corporate Governance Report.

BOARD MEETINGS

During the year 2016-17, seven Board meetings were held, the details of which are given in the Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees or investments made under Section 186 of the companies Act, 2013 are given in the note to the financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators/courts that would impact the going concern status of the Company and its future operations.

SHARE CAPITAL

During the year, your Company has allotted 10,10,311 equity shares of ₹ 10/- each to employees under Cigniti ESOP scheme. Consequently the paid up share capital of the Company has increased to ₹ 26,50,95,300/- divided into 2,65,09,530 equity shares of ₹ 10/- each.

PUBLIC DEPOSITS

Your Company has not accepted any deposits falling within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014, during the financial year under review.

INSURANCE

The properties and assets of your Company are adequately insured.

RISK MANAGEMENT POLICY

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

DISCLOSURE ABOUT COST AUDIT

Cost Audit is not applicable to your Company.

CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and the applicable US Securities laws. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website at <http://www.cigniti.com/wp-content/uploads/code-of-conduct-for-fair-disclosure-and-prevention-of-insider-trading.pdf>.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

Following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

ACKNOWLEDGEMENTS

The Board thanks its customers, vendors, investors and bankers for their continued support during the year. It places on record its appreciation of the contribution made by employees of the company

at all levels. The Board thanks the Governments of various countries where the company has operations. It also thanks the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate Affairs, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the State Governments, and other government agencies for their support, and looks forward to their continued support in the future.

The Board also wishes to place on record their appreciation of business constituents like SEBI, BSE, NSE, NSDL, CDSL, etc. for their continued support for the growth of the Company.

**For and on behalf of the Board
Cigniti Technologies Limited**

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam
Chairman & Managing Director
DIN: 00071378

AOC 1

Statement containing the salient features of the financial statements of subsidiaries pursuant to section 129(3) of Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014.

Name of the Subsidiary	Cigniti Technologies Inc.	Cigniti Technologies (UK) Ltd.	Cigniti Technologies (Australia) Pty. Ltd.	Cigniti Technologies (Canada) Ltd.	Cigniti Technologies (NZ) Limited	Gallop Solutions Private Limited	Cigniti Software Services Pvt. Ltd.
Financial period ended	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Exchange Rate	64.75	80.63	49.62	48.59	45.45	1.00	1.00
Share Capital	2,60,95,892	6,89,40,184	4,29,19,706	49	45	1,00,000	1,00,000
Reserves & Surplus	(1,38,98,20,862)	(13,57,46,004)	(17,15,07,626)	(1,00,69,788)	(4,52,450)	60,80,216	1,99,138
Total Assets	1,16,62,18,466	15,32,70,546	3,35,86,308	6,01,19,652	1,20,63,840	1,65,09,415	2,99,138
Total Liabilities	1,16,62,18,466	15,32,70,546	3,35,86,308	6,01,19,652	1,20,63,840	1,65,09,415	2,99,138
Investments	-	-	-	-	-	-	-
Turnover	5,20,77,86,006	43,53,40,211	7,93,94,417	7,22,27,828	1,69,64,874	(3,65,32,407)	-
Profit/Loss before Tax	(2,12,26,35,787)	(3,79,44,969)	(8,49,15,286)	(16,21,141)	(42,096)	47,13,323	99,138
Provision for Taxation	(98,14,307)	-	-	-	-	16,970	-
Profit/Loss After Tax	(2,11,28,21,480)	(3,79,44,969)	(8,49,15,286)	(16,21,141)	(42,096)	(3,65,49,377)	(19,47,340)
Proposed Dividend	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%

AOC-2

Particulars of contracts/arrangements made with related parties

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis:

During the year the Company has taken on lease of property owned by Mr. C. Srikanth, Director of the Company at My Home Abhra, Madhapur, Hyderabad and entered in to lease agreement for a tenure of 5 years with a lease amount of ₹ 18 Lakhs per anum.

Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 are as follows :

Name of related party	Nature of relationship	Duration of Contract	Salient terms (1)	Amount (₹ in Crore)
Cigniti Technologies Inc; USA	Wholly Owned Subsidiary	Running contract	All type of support services at cost incurred by the holding Company plus 20% mark up:	211.97
Cigniti Technologies (UK) Limited	Wholly Owned Subsidiary	Running contract	<ul style="list-style-type: none"> • Testing Services 	17.61
Cigniti Technologies (Australia) Pty Limited	Wholly Owned Subsidiary	Running contract	<ul style="list-style-type: none"> • Human resources services • Financial & Accounting support services 	3.78
Cigniti Technologies (Canada) Inc	Wholly Owned Subsidiary	Running contract	<ul style="list-style-type: none"> • Legal & Compliance • Other: 	1.15
Cigniti Technologies NZ Ltd	Wholly Owned Subsidiary	Running contract	Provision of any other services as may be agreed in writing between the Parties from time to time	1.10

ANNEXURE A - INFORMATION AS PER RULE 5(1) OF CHAPTER XIII, COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No	Disclosure requirement	Disclosure Details	
i.	Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Executive Directors	Ratio to median remuneration
		Mr. C. V. Subramanyam	5.17
		Mr. C. Srikanth	5.17
ii.	Percentage increase in the remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year	Directors, Chief Executive Officer, Company Secretary and Manager	% increase in remuneration in the financial year
		Mr. C. V. Subramanyam	Nil
		Mr. C. Srikanth	Nil
		Mr. Krishnan Venkatachary	Nil
		Mrs. A. N. Vasudha	50%

iii. Percentage increase/(decrease) in the median remuneration of employees in the financial year 2016-17 - 9.53%

iv. Number of permanent employees on the rolls of the company as on March 31, 2017 - 1,626

v. Explanation on relationship between average increase in remuneration & Company performance

The average increase in employee remuneration effected during the year 2016-17 was 12%. The individual increments are based on individual and company's performance during the previous financial year viz., 2015-16. The other factors considered for revision in remuneration in the industry standards, functional expertise standards, etc.

The net revenue from the operations of the Company for the year 2016-17 increased by 35%. For the current year the Company has declared a loss of ₹ 183.71 Crores after considering exceptional and prior period expenses and the market capitalization decreased by 0.01% compared to the previous year 2015-16.

A direct co-relation of employee remuneration and company performance as envisaged in the Rules is not feasible considering the qualitative factors involved in measuring performance.

vi. Comparison of remuneration of Key Managerial Personnel against the performance of the Company

Aggregate remuneration of key managerial personnel (KMP) in FY 2016-17 (₹ In Crore)	3.18
Revenue (₹ in Crore)	275.09
Remuneration of KMPs (as % of revenue)	1.16
Profit before Tax (PBT) (₹ in Crore)	13.78
Remuneration of KMP (as % of PBT)	23.08

vii. Variations in the market capitalization of the company and price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	31.03.2017	31.03.2016
Market Capitalization of the Company (₹ In Crores)	1,018.23	1,071.09
Closing Price at the National Stock Exchange Ltd.	384.10	420.05
Price Earnings Ratio as at the closing date	-4.75	32.76

vii. Percentage increase over decrease in market quotations of the shares of the Company in comparison with the last public offer

Not applicable as the public offer was in 2004 and the data is incomparable.

- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase in salaries of employees was around 12%. Increase in the managerial remuneration for the year was Nil.

- ix. Comparison of each remuneration of the key managerial personnel against the performance of the Company

	Mr. C. V. Subramanyam Chairman & Managing Director	Mr. C. Srikanth Whole-time Director	Mr. Krishnan Venkatachary Chief financial Officer	Mrs. A. N. Vasudha Company Secretary
Remuneration in FY 2016-17 (₹ In Crore)	1.2	1.2	0.77	0.06
Revenue (₹ in Crore)	275.09	275.09	275.09	275.09
Remuneration as % of revenue	0.44	0.44	0.28	0.02
Profit before Tax (PBT) (₹ in Crore)	13.78	13.78	13.78	13.78
Remuneration (as % of PBT)	8.71	8.71	5.59	0.44

- x. The key parameters for any variable component of remuneration availed by the Directors:

Not applicable as there is no variable component of remuneration availed by the Directors.

- xi. Ratio of remuneration of the highest paid director of that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year:

Not Applicable as no employee is receiving remuneration in excess of the highest paid Director.

- xii. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its remuneration policy.

**ANNEXURE B - INFORMATION AS PER RULE 5(2) OF CHAPTER XIII, THE COMPANIES
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

There are no employees drawing remuneration aggregating to ₹ 1.02 Crores per annum employed during the year 2016-17 and no employees drawing remuneration to ₹ 8.5 Lakhs per month employed for the part of financial year.

ANNEXURE C TO THE DIRECTOR'S REPORT

Pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Regulation 14 of SEBI (Share based Employee Benefits) Regulations, 2014 as amended and the provisions of the Companies Act 2013 the details of stock options as on March 31, 2017 under company's Employee Stock Option Schemes are as under:

A . Details Related to ESOPS	Cigniti ESOP Scheme 2011	Cigniti ESOP Scheme 2013	Cigniti ESOP Scheme 2014(I)	Cigniti ESOP Scheme 2014(II)
1. Description of each ESOP that existed at any times during the year, including the general terms and conditions of each ESOPS including:				
a. Date of Shareholders Approval				
b. Total no. of options approved under ESOPS	15,00,000	10,00,000	20,00,000	5,00,000
c. Vesting Requirements				
d. Exercise price or Pricing Formula	₹ 10/- per share	₹ 10/- per share	₹ 10/- per share	₹ 10/- per share
e. Maximum term of options granted	4 years	4 years	4 years	4 years
f. Source of shares (primary, secondary or combination)	Primary	Primary	Primary	Primary
g. Variation in terms of options	Nil	Nil	Nil	Nil
2. Method used to account for ESOPS	Intrinsic	Intrinsic	Intrinsic	Intrinsic
3. Option movement during the year (for each ESOP):				
a. Number of options outstanding at the beginning of the period	12,97,700	2,18,190	3,99,500	Nil
b. Adjustment on account of bonus issue (if any)	Nil	Nil	Nil	Nil
c. No. of options granted during the year	2,02,300	Nil	Nil	5,00,000
d. No. of options forfeited/lapsed during the year	-	-	15,000	Nil
e. No. of options vested during the year	3,24,210	1,09,095	1,44,726	Nil
f. No. of options exercised during the year	7,56,490	1,09,095	1,44,726	Nil
g. No. of shares arising as a result of exercise of options	7,56,490	1,09,095	1,44,726	Nil
h. Money realized by exercise of options (INR), if scheme is implemented directly by the company	75,64,900	10,90,950	14,47,260	Nil
i. Loan repaid by the trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable	Not Applicable
j. No. of option outstanding at the end of the year	7,43,510	1,09,095	2,39,774	Nil
k. No. of options exercisable at the end of the year	2,17,000	Nil	8,750	Nil
4. Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Refer Note No. 27 of notes to Accounts on standalone basis.			

5. Employee wise details (Name of the employee, designation, no. of options granted during the year, exercise price) of options granted to				
a. Key Managerial Personnel	Nil	Nil	Nil	Nil
b. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and	Nil	Nil	Nil	Nil
c. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil	Nil
6. Disclosures in respect of granted made in three years prior to IPO under each ESOP until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Annexure D

MGT 9

Extract of Annual Return

as on the Financial Year March 31, 2016

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

i.	CIN	L72200TG1998PLC030081
ii.	Registration Date	03/09/1998
iii.	Name of the Company	CIGNITI TECHNOLOGIES LIMITED
iv.	Category/Sub-Category of the Company	Company limited by shares/Non-Government Company
v.	Address of the Registered office and contact details	Suit No. 106 & 107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Panjagutta, Hyderabad, Telangana-500082.
vi.	Whether listed company Yes/No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Aarthi Consultants Pvt. Ltd. 1-2-285, Domalguda, Hyderabad-29. Tel: (040) 27642217 / 27638111 Fax: (040) 27632184 Email: info@aarthiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Software Testing	NA	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Gallop Solutions Private Limited	U72400TG2005PTC045529	Subsidiary (Wholly Owned)	100%	2 (87)
2.	Cigniti Software Services Private Limited	U72200TG2006PTC052180	Subsidiary (Wholly Owned)	100%	2 (87)
3.	Cigniti Technologies (Canada) Inc.	---	Subsidiary (Wholly Owned)	100%	2 (87)
4.	Cigniti Technologies (NZ) Limited	---	Subsidiary (Wholly Owned)	100%	2 (87)
5.	Cigniti Technologies Inc.	---	Subsidiary (Wholly Owned)	100%	2 (87)
6.	Cigniti Technologies (UK) Limited	---	Subsidiary (Wholly Owned)	100%	2 (87)
7.	Cigniti Technologies (Australia) Pty. Limited	---	Subsidiary (Wholly Owned)	100%	2 (87)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	82,57,230	-	82,57,230	32.38	82,55,230	-	82,55,230	31.14	(1.24)
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1) :-	82,57,230	-	82,57,230	32.38	82,55,230	-	82,55,230	31.14	(1.24)
(2) Foreign									
a) NRIs-Individuals	48,68,027	-	48,68,027	19.09	48,68,027	-	48,68,027	18.36	(0.73)
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2):-	48,68,027	-	48,68,027	19.09	48,68,027	-	48,68,027	18.36	(0.73)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,31,25,257	-	1,31,25,257	51.47	1,31,23,257	-	1,31,23,257	49.50	(1.97)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	9,240	-	9,240	0.04	12,285	-	12,285	0.05	0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	2,206	0	2,206	0.01	0.01
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	28,477	-	28,477	0.11	17,951	-	17,951	0.07	(0.04)
Sub-Total	37,717	-	37,717	0.15	32,442	-	32,442	0.13	(0.02)
2. Non Institutions									
a) Bodies Corp.									
i) Indian	8,33,597	-	8,33,597	3.27	18,05,120	1,000	18,06,120	6.81	3.54
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ Lakh	33,74,957	62,030	34,39,987	13.49	36,98,065	1,23,806	38,21,871	14.42	0.93
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	65,57,150	3,64,000	69,21,150	27.14	60,78,315	3,93,095	64,71,410	24.41	(2.73)
c) Others (specify)									
Clearing Members	3,51,868	-	3,51,868	1.38	12,06,111	-	12,06,111	4.55	3.17
Non Resident Indians	25,117	-	25,117	0.10	46,699	-	46,699	0.18	0.08
NBFC	9,464	-	9,464	0.04	1,609	-	1,609	0.01	(0.03)
Trust	11	-	11	-	11	-	11	-	-
Sub-Total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	1,14,82,815	8,53,430	1,23,36,245	48.38	1,28,35,930	5,17,901	1,33,53,831	50.37	1.99
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,46,45,789	8,53,430	2,54,99,219	100%	2,59,91,629	5,17,901	2,65,09,530	100%	-

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Pennam Sapna	37,69,000	-	37,69,000	14.78	37,69,000	-	37,69,000	14.22	(0.56)
2.	Chakkilam Venkata Subramanyam	29,58,485	-	29,58,485	11.60	29,58,485	-	29,58,485	11.16	(0.44)
3.	Chakkilam Srikanth	25,00,000	-	25,00,000	9.80	25,00,000	-	25,00,000	9.43	(0.37)
4.	Kukunuru Kumar Bapuji	3,29,000	-	3,29,000	1.29	3,29,000	-	3,29,000	1.24	(0.05)
5.	C Rajeswari	11,27,303	-	11,27,303	4.42	11,27,303	-	11,27,303	4.25	(0.17)

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
6.	Pennam Sudhakar	7,70,027	-	7,70,027	3.02	7,70,027	-	7,70,027	2.90	(0.12)
7.	Kukunuru Sambhasiva Rao	16,71,442	-	16,71,442	6.55	16,69,442	-	16,69,442	6.3	(0.25)

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Pennam Sapna				
	At the Beginning of the year	37,69,000	14.78	37,69,000	14.22
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	37,69,000	14.78	37,69,000	14.22
2.	C. V. Subramanyam				
	At the Beginning of the year	29,58,485	11.60	29,58,485	11.16
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	29,58,485	11.60	29,58,485	11.16
3.	Chakkilam Srikanth				
	At the Beginning of the year	25,00,000	9.80	25,00,000	9.43
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	25,00,000	9.80	25,00,000	9.43

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	K. Kumar Bapuji				
	At the Beginning of the year	3,29,000	1.29	3,29,000	1.24
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	3,29,000	1.29	3,29,000	1.24
5.	C. Rajeswari				
	At the Beginning of the year	11,27,303	4.42	11,27,303	4.25
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	11,27,303	4.42	11,27,303	4.25
6.	Pennam Sudhakar				
	At the Beginning of the year	7,70,027	3.02	7,70,027	2.90
	Datewise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	7,70,027	3.02	7,70,027	2.90
7.	Kukunuru Sambha Siva Rao				
	At the Beginning of the year	16,71,442	6.55	16,69,442	6.30
	Date-wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	The difference in % is due to sale of 2000 shares. However, adequate disclosures have been made.			
	At the End of the year	16,71,442	6.55	16,69,442	6.30

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of The company	No. of shares	% of total shares of The company
At the Beginning of the year					
1.	ANJANA BANGAD	2,48,422	0.97	2,88,778	1.09
2.	ADITYA BANGAD	2,38,000	0.51	1,14,120	0.43
3.	RAMANA VEMURI	2,24,350	0.88	1,97,484	0.74
4.	S L N PRASAD	2,08,800	0.82	1,28,800	0.49
5.	SHILPA SRIRAM	2,00,000	0.78	1,09,307	0.41
6.	ATLURI NAGA DEEPTHI	1,75,000	0.68	1,75,000	0.66
7.	KRISHNA BANGAD	1,69,347	0.66	1,11,630	0.42
8.	S.LAKSHMI	1,55,200	0.61	1,55,200	0.59
9.	CHINTALA SAI KUMAR	1,42,380	0.56	63,076	0.23
10.	KALYANA RAO KONDA	1,42,380	0.56	41,210	0.16
At the End of the year					
1.	VENUMANOHAR RAO RANGINENI	1,34,791	0.52	4,43,581	1.67
2.	ANJANA BANGAD	2,48,422	0.97	2,88,778	1.09
3.	URMILA MARKILA	2,500	-	1,98,500	0.75
4.	RAMANA VEMURI	2,24,350	0.88	1,97,484	0.74
5.	ATLURI NAGA DEEPTHI	1,75,000	0.68	1,75,000	0.66
6.	S. LAKSHMI	1,55,200	0.61	1,55,200	0.59
7.	S L N PRASAD	2,08,800	0.82	1,28,800	0.49
8.	ADITYA BANGAD	1,30,000	0.51	1,14,120	0.43
9.	KRISHNA BANGAD	1,69,347	0.66	1,11,630	0.42
10.	A VENKATA SATISH	826	-	1,10,901	0.42

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	C. V. Subramanyam				
	At the Beginning of the year	29,58,485	11.60	29,58,485	11.16
	Datewise Increase/Decrease in Directors and Key Managerial Personnel during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	29,58,485	11.16		

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	C. Srikanth				
	At the Beginning of the year	25,00,000	9.80	25,00,000	9.43
	Datewise Increase/Decrease in Directors and Key Managerial Personnel during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	25,00,000	9.43		
3.	P. Sudhakar				
	At the Beginning of the year	7,70,027	3.02	7,70,027	2.90
	Datewise Increase/Decrease in Directors and Key Managerial Personnel during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	7,70,027	2.90		
4.	K. Ch. Subba Rao				
	At the Beginning of the year	25,000	0.01	25,000	-
	Datewise Increase/Decrease in Directors and Key Managerial Personnel during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	There is no change in the total shareholding between 01-04-2016 to 31-03-2017. However, due to allotment of shares on exercise of ESOPs there is change in % of holding.			
	At the End of the year	25,000	-		
5.	Krishnan Venkatachary				
	At the Beginning of the year			18,750	-
	Datewise Increase/Decrease in Directors and Key Managerial Personnel during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	During the year 2016-17, ESOPS have been vested and exercised.			
	At the End of the year	18,750	-		

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	1,95,90,493	18,27,10,259	-	20,23,00,752
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,95,90,493	18,27,10,259	-	20,23,00,752
Change in Indebtedness during the financial year				
Addition	18,00,00,000	11,50,54,643	-	29,50,54,643
Reduction	3,55,64,500	-	-	3,55,64,500
Net Change	14,44,35,500	11,50,54,643	-	29,94,90,143
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	16,40,25,993	29,77,64,902	-	46,71,98,895
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	16,40,25,993	29,77,64,902	-	46,71,98,895

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager:		Total Amount
		C. V. Subramanyam MD	C. Srikanth WTD	
1.	Gross salary	₹ 10,00,000 x12	₹ 10,00,000 x12	- ₹ 2,40,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	=1,20,00,000	=1,20,00,000	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- Others, specify...			
5.	Others, please specify	-	-	-
6.	Total (A)	1,20,00,000	1,20,00,000	- 2,40,00,000
7.	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
		Mr. K. Ch. Subba Rao	Mr. Mani Subramanian	Mr. K. Nageswara Rao	Mrs. K. Krishna Priya	
3.	Independent Directors • Fee for attending board /committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
4.	Other Non-Executive Directors • Fee for attending board/committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (in ₹ except stock option)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary (A. Naga Vasudha)	CFO (Krishnan Venkatachary)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	6,40,000	74,75,000	81,15,000
2.	Stock Option	-	-	18,750	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please Specify	-	-	-	-
6.	Total	-	6,40,000	74,75,000	81,15,000

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Annexure-E

FORM MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

To
The Members of
M/s. Cigniti Technologies Limited

We have conducted the audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Cigniti Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed, and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year commencing from April 1, 2016 and ended March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Cigniti Technologies Limited ("The Company") for the financial year ended on March 31, 2017, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from September 12, 2013 and sections and Rules notified and came in to effect from April 1, 2014 and thereafter
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act');
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the Company under the financial year 2016-17.
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Complied with yearly and event-based disclosures.
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable as the company has not issued any shares during the year under review.**
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable as the company has not delisted/proposed to delist its equity shares during the year under review.**
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable as the Company has not bought back/proposed to buy-back any of its securities during the year under review.**

- v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.**
- vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as the Company has not issued any debt securities during the year under review.**
- vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; the ESOPS issued under various schemes were exercised and accordingly 10,10,311 options were converted into 10,10,311 equity shares in the following manner and were listed on BSE and NSE after complying the provisions of the above said Regulations:

CTL- ESOP Scheme 2014	49,700	(25.04.2016)
CTL- ESOP Scheme 2011	4,32,280	(01.07.2016)
CTL- ESOP Scheme 2011	3,24,210	(22.10.2016)
CTL- ESOP Scheme 2014	33,750	(05.01.2017)
CTL- ESOP Scheme 2014	61,276	(24.03.2017)
CTL- ESOP Scheme 2013	1,09,095	(24.03.2017)

- viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; **The Company has complied with all required disclosures from time to time as and when they are applicable.**
- ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
- The Company has framed various policies and displayed the same on the company's website i.e., www.cigniti.com
 - ♦ Board Diversity Policy
 - ♦ Policy on Preservation of Documents
 - ♦ Risk Management Policy
 - ♦ Whistle Blower Policy
 - ♦ Related Party Transaction Policy
 - ♦ Familiarization programme for Independent Directors
 - ♦ Nomination and remuneration Policy
 - ♦ Policy on material subsidiaries
 - ♦ Corporate Social Responsibility Policy

3. During the year the Company has conducted 7 Board Meetings, 4 Audit Committee Meetings, 1 Independent Director's Meeting, 6 Nomination and Remuneration Committee and 1 Share Transfer Committee Meetings. We have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on meeting of the Board of Directors and General Meetings.
4. We further report that the Compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.
5. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations.

OBSERVATIONS:

(a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:

- External Commercial Borrowings were not attracted to the Company under the financial year under report;

- Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.

(b) We further report that:

- The Company has a Chief Financial Officer namely Mr. Krishnan Venkatachary and Company Secretary namely Mrs. A. N. Vasudha.
- The Company does not have external internal auditors, however it has in house internal auditors in compliance with the provisions of the Companies Act.

6. I have relied on the Management Representation made by the Managing Director for systems and mechanism formed by the Company to ensure the compliances under other applicable acts, laws, regulations which are listed below:

- a) Information Technology Act 2000
- b) Software Technology Park of India Rules and Regulations
- c) Labour laws and incidental laws related to Labour and Employees appointed Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund, ESIC, Compensation, etc.
- d) Acts prescribed under Direct and Indirect Taxes
- e) Clearance from Various Local Authorities

7. We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice of board meeting is given to all the directors along with agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We further report that during the year under report, the Company has not undertaken any event/ action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **S. S. Reddy & Associates**
S. Sarveswar Reddy
Proprietor
C. P. No: 7478

Place: Hyderabad
Date: May 17, 2017

Annexure

To

The Members of

M/s. Cigniti Technologies Limited

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date: May 17, 2017

For **S. S. Reddy & Associates**
S. Sarveswar Reddy
Proprietor
C. P. No: 7478

CORPORATE GOVERNANCE

Cigniti Technologies Limited (CTL) is committed to best practices in the area of Corporate Governance. Good governance facilitates effective management and control of business, maintaining a high level of business ethics, and optimizing the value for all stakeholders.

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is backed by principles of Concern, Commitment, Ethics, Excellence, and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. CTL's Corporate Governance policies ensure, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz employees, investors, customers, regulators etc. The Company respects the inalienable rights of the shareholders to information on the performance of the Company. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

DATE OF REPORT

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on March 31, 2017. The Report is updated as on the date of the report wherever applicable.

1. BOARD OF DIRECTORS

A. COMPOSITION OF THE BOARD

The Company is managed and controlled through a professional body of Board of Directors which comprises of an optimum combination of Executive and Independent Directors headed by the Chairman & Managing Director. As on date of this report, the Board of Directors of the Company has 5 members (including three independent Non-Executive Directors) with vast experience and knowledge. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he/she is a Director.

The Board has been enriched with the advices and skills of the Independent Directors. None of the Independent Directors has any pecuniary or business relationship. The composition of the Board of Directors and details of number of Directorships/committee chairmanships/memberships attendance particulars is as under:

S. No	Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies		Attendance Particulars		
				Member	Chairman	Last AGM 28.09.2016	Board meetings '16-17'	
							held	attended
1.	Mr. C. V. Subramanyam	Promoter Chairman & Managing Director	2	-	-	Yes	7	7
2.	Mr. C. Srikanth	Promoter & Executive Director	3	-	-	Yes	7	7
3.	Mr. K. Ch. Subba Rao	Independent & Non-executive Director	2	-	-	Yes	7	7
4.	Mr. K. Nageswara Rao	Independent & Non-executive Director	-	-	-	Yes	7	7

S. No	Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies		Attendance Particulars		
				Member	Chairman	Last AGM 28.09.2016	Board meetings '16-17'	
							held	attended
5.	Mrs. K. Krishna Priya	Independent & Non-executive Director	1	-	-	NA	7	7
6.	Mr. P. Sudhakar#	Promoter & Non-Executive Director	2	-	-	No	7	0
7.	Mr. Mani Subramanian#	Independent & Non-executive Director	3	-	-	No	7	6

Resigned w.e.f May 17, 2017

Except Mr. C. V. Subramanyam, Chairman & Managing Director, and Mr. C. Srikanth, Whole-time Director of the Company, who are inter-se related as father and son, none of the Directors are inter-se related to each other.

B. MEETINGS DURING THE YEAR

The Board of Directors duly met 7 (Seven) times on 30.05.2016, 14.08.2016, 03.09.2016, 22.10.2016, 10.11.2016, 19.01.2017, and 13.02.2017 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

C. INDEPENDENT DIRECTORS' MEETING

As per Clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on February 13, 2017, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

D. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All new independent directors inducted into the Board attend an orientation program.

The details of training and familiarization program are available on our website (<http://www.cigniti.com/wp-content/uploads/familiarization-programme-1.pdf>). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. The terms and conditions of appointment is available on our website (<http://www.cigniti.com/wp-content/uploads/appointment-independent-directors-tc.pdf>).

2. **AUDIT COMMITTEE** (Constituted in terms of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI LODR Regulations, 2015)

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee, and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- Reviewing the financial statements and draft audit report including quarterly/half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - a. Any changes in accounting policies and practices;
 - b. Qualification in draft audit report;
 - c. Significant adjustments arising out of audit;
 - d. The going concern concept;
 - e. Compliance with accounting standards;
 - f. Compliance with stock exchange and legal requirements concerning financial statements and
 - g. Any related party transactions
- Reviewing the company’s financial and risk management’s policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of

internal control systems.

- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage, and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances related to the Company’s Whistle Blower Policy.

B. COMPOSITION, MEETINGS, & ATTENDANCE

Name of the Member	Category	No. of Meetings Attended	Dates on which Meetings were held
Mr. K. Ch. SubbaRao (Chairman)	Independent Non-Executive	4	30.05.2016
Mr. K. NageswaraRao	Independent Non-Executive	4	14.08.2016
Mr. Mani Subramanian# (member)	Independent Non-Executive	3	10.11.2016
Mrs. K. Krishna Priya*	Independent Non-Executive	NA	13.02.2017

*Appointed w.e.f. 17.05.2017

Resigned w.e.f. 17.05.2017

C. Previous Annual General Meeting of the Company was held on September 28, 2016 and Mr. K. Ch. Subba Rao, Chairman of the Audit Committee, attended previous AGM.

industry, appointee’s qualification, experience, past performance, past remuneration etc.

3. NOMINATION AND REMUNERATION COMMITTEE

(Constituted in terms of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI LODR Regulations, 2015)

The Committee comprises of three non-executive independent Directors as on date of this report.

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
 - a. to take into account the financial position of the Company, trend in the

b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- To carry out evaluation of every Director’s performance.
- To formulate the criteria for determining qualifications, positive attributes

and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

B. COMPOSITION OF THE COMMITTEE

S. No	Name of the Member	Category
1.	Mr. K. Ch. Subba Rao (Chairman)	Independent Non-Executive
2.	Mr. K. Nageswara Rao (member)	Independent Non-Executive
3.	Mr. Mani Subramanian# (member)	Independent Non-Executive
4.	Mrs. K. Krishna Priya* (member)	Independent Non-Executive

*Appointed w.e.f. 17.05.2017

Resigned w.e.f. 17.05.2017

C. REMUNERATION POLICY

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered and individual performance.

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

- 2.1 "Director" means a director appointed to the Board of a Company.
- 2.2 "Nomination and Remuneration Committee" means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation

19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) 2015.

3. Policy:

Qualifications and Criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background;
- Standing in the profession;
- Personal and professional ethics, integrity, and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointees shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the Companies Act, 2013;
- shall endeavour to attend all Board Meetings and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and Senior Management personnel;
- shall disclose their concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including their shareholding at the first meeting of the Board in every

financial year and thereafter whenever there is a change in the disclosures already made;

- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity listing Agreements and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

3.2 Criteria of Independence

3.2.1 The Nomination & Remuneration (NR) Committee shall assess the independence of Directors at time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.2.3 The independent Director shall abide by the "code for independent Directors" as specified in Schedule IV to the Companies Act, 2013.

3.3 Other directorships/committee memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees:

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy, the following terms shall have the following meanings:

2.1 "Director" means a director appointed to the Board of the company.

2.2 "Key Managerial Personnel" means

- (i) The Chief Executive Office or the managing director or the manager;
- (ii) The Company Secretary;
- (iii) The Whole-time Director;
- (iv) The Chief Finance Officer; and
- (v) Such other office as may be prescribed under the Companies Act, 2013

2.3 "Nomination and Remuneration committee" means the committee constituted by the Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

3. Policy:

3.1 Remuneration to Executive Director and key managerial personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the

remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual Performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non-Executive Directors

3.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

3.2.2 Non-Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

D. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2016-17 AND OTHER DISCLOSURES

Name of the Director	Salary (₹) P.A	Sitting fees (₹)	Number of shares held
Mr. C. V. Subramanyam	1.20 Crores	Nil	29,58,485
Mr. C. Srikanth	1.20 Crores	Nil	25,00,000
Mr. P. Sudhakar [#]	Nil	Nil	7,70,027
Mr. K. Ch. Subba Rao	Nil	Nil	25,000
Mr. Mani Subramanian [#]	Nil	Nil	Nil
Mr. K. Nageswara Rao	Nil	Nil	Nil
Mrs. K. Krishna Priya	Nil	Nil	Nil

[#] Resigned w.e.f. 17.05.2017

E. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board. Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of participation in the meetings and contribution, independence of judgments, safeguarding the interest of the Company and other stakeholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

4. STAKEHOLDER'S RELATIONSHIP COMMITTEE (Constituted in terms of Section 178 of the Companies Act, 2013 read with Regulation 20 of SEBI LODR Regulations, 2015)

A. COMPOSITION

Name of the Member	Position	Category
Mr. Mani Subramanian# Non-Executive	Chairman	Independent
Mr. Nageswara Rao Non-Executive	Chairman	Independent
Mr. K. Ch. Subba Rao Non-Executive	Member	Independent
Mrs. K. Krishna Priya * Non-Executive	Member	Independent

*Appointed w.e.f. 17.05.2017

#Resigned w.e.f. 17.05.2017

B. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Ms. A. N. Vasudha, Company Secretary, is the compliance officer of the Company.

C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-16

During the financial year 2016-17, no complaints were received from the shareholders.

Ms. A. N. Vasudha, Company Secretary & Compliance officer, is the Secretary of all Board Committees.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee, formed under Section 135 of the Companies Act, 2013, comprises 3 members with one Independent Director and two executive Directors.

COMPOSITION

Name of the Member	Position	Category
Mr. K. Ch. Subba Rao	Chairman	Independent Non-Executive
Mr. P. Sudhakar#	Member	Executive
Mr. Nageswara Rao*	Member	Independent Non-Executive
Mr. C. V. Subramanyam	Member	Executive

*Appointed w.e.f. 17.05.2017

#Resigned w.e.f. 17.05.2017

Brief description of Terms of Reference

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules thereunder.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of the framework of the CSR policy.
- To observe corporate governance practices at all levels and to suggest remedial measures wherever necessary.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or appropriate for performance of its duties.

S. No	CSR Project or Activity Identified	Location	Amount Outlay (Budget)	Amount spent on the programs	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or through implementing Agency
1	Project 511	Hyderabad	₹ 31 Lakhs	₹ 31.03 Lakhs	₹ 49.48 Lakhs	Direct

6) RISK MANAGEMENT COMMITTEE

A.) COMPOSITION:

The Details of composition of the Committee are given below:

Name of the Member	Position	Category
Mr. Nageswara Rao*	Chairman	Independent Non-Executive
Mr. C. Srikanth	Member	Executive
Mr. C. V. Subramanyam	Member	Executive

*Appointed w.e.f. 17.05.2017

B) ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk minimization
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed

7. GENERAL BODY MEETINGS

A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:

NO. OF AGM AND FY	DATE OF MEETING	VENUE	TIME	SPECIAL RESOLUTION PASSED
18 th AGM 2015-16	28.09.2016	The V (Ascendas) Auditorium, Plot No#17, Software Units Layout, Madhapur, Hyderabad - 500 081.	10.00 A.M.	yes
17 th AGM 2014-15	30.09.2015	The V (Ascendas) Auditorium, Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081.	11.00 A.M.	yes
16 th AGM 2013-14	19.09.2014	The V (Ascendas) Auditorium, Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081.	11.00 A.M.	yes

No Extra-ordinary General Meetings were held during the year 2016-17.

8. DISCLOSURES

A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year under review, the Company had not entered into any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on an arm's length basis.

Transactions with the Related Parties as required under Accounting Standard-18 are disclosed in Note No. 35 of the standalone financial statements forming part of this Annual Report.

B. COMPLIANCES

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

C. WHISTLE BLOWER POLICY (Set up in terms of Section 177 of the Companies Act, 2013 read with Regulation 22 of SEBI LODR Regulations, 2015)

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors, or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

D. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Declaration on Code of Conduct for the year 2016-17

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2017 as envisaged in Regulation 26(3) of the Listing Regulations.

Place: Hyderabad

Date: May 17, 2017

C. V. Subramanyam

Chairman & Managing Director

E. Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956.

F. Non-Executive Directors' Compensation and Disclosures

None of the Independent/Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

G. CEO/CFO Certification

The Managing Director and CEO/CFO certification of the financial statements for the year 2016-17 is provided elsewhere in this Annual Report.

H. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

All mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.
- iii. At present, other non-mandatory requirements have not been adopted by the Company.

9. MEANS OF COMMUNICATION

The quarterly, half-yearly, and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website, at www.cigniti.com. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

10. General Shareholder Information

The following information would be useful to the shareholders:

A) NINETEENTH ANNUAL GENERAL MEETING

Date and Time : June 30, 2017, at 10.00 A.M.

Venue : The V (Ascendas) Auditorium, Plot No# 17, Software Units Layout, Madhapur, Hyderabad – 500 081.

B) FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR (TENTATIVE SCHEDULE)

Financial year to which the Annual General Meeting relates : 2016-17

Financial calendar : 2017-18

Adoption of Quarterly results for the Quarter ending

- June 30, 2017 : August 12, 2017
- September 30, 2017 : 1st/2nd Week of November, 2017
- December 31, 2017 : 1st/2nd Week of February, 2018
- March 31, 2018 : on or before May 30, 2018

Annual General Meeting (Next year) : August/September, 2018

C) BOOK CLOSURE DATE

June 24, 2017 to June 30, 2017 (both days inclusive)

D) LISTING ON STOCK EXCHANGES:

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Ltd. The Company has paid the listing fees for the year 2016-17 to both the Stock Exchanges.

E) STOCK CODE

EXCHANGE	CODE
National Stock Exchange of India	CIGNITITEC
BSE Ltd	534758

F) ELECTRONIC CONNECTIVITY

Demat ISIN number: INE675C01017

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Phiroze Jeejeebhoy Towers, 28th Floor,
Dalal Street, Mumbai – 400 023.

G) MARKET PRICE DATA

The monthly high/low prices of shares of the Company from April, 2016 to March, 2017 at BSE and NSE:

MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	469.80	407.80	466.00	405.00
May 2016	490.00	434.50	492.30	435.50
June 2016	468.00	428.00	468.90	426.00
July 2016	493.00	436.00	494.70	435.00
August 2016	459.00	420.00	459.90	418.40
September 2016	442.90	401.00	443.00	400.00
October 2016	435.00	410.15	433.50	412.00
November 2016	428.00	363.45	427.80	350.00
December 2016	408.50	342.10	410.00	341.20
January 2017	493.10	399.95	491.95	398.80
February 2017	456.25	376.00	458.00	375.10
March 2017	397.00	348.00	398.00	344.10

H) REGISTRARS AND TRANSFER AGENTS

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

I) SHARE TRANSFER SYSTEM

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee. Transfer generally takes 1-2 weeks.

J) Shareholding pattern as on March 31, 2017

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
a.	Individuals/Hindu Undivided Family	87,77,700	33.11	22,71,000	17.31
b.	Central Government/State Government(s)	-	-	-	-
c.	Bodies Corporate	-	-	-	-
d.	Financial Institutions/Banks	-	-	-	-
	Others:	-	-	-	-
e.	Mutual Funds	-	-	-	-
f.	Trusts	-	-	-	-
	Sub-Total (A)(1)	87,77,700	33.11	-	-

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
(2)	Foreign				
a.	Individuals (Non Resident Individuals/Foreign Individuals)	43,45,557	16.39	-	-
b.	Bodies Corporate	-	-	-	-
c.	Institutions	-	-	-	-
	Others:	-	-	-	-
d.	Overseas Corporate Bodies	-	-	-	-
	Sub-Total (A)(2)	43,45,557	16.39	-	-
	Total Shareholding of Promoter and Promoter Group				
	(A)=(A)(1)+(A)(2)	1,31,23,257	49.5	-	-
(B)	Public Shareholding				
(1)	Institutions				
a.	Mutual Funds/UTI	-	-	-	-
b.	Financial Institutions/Banks	12,285	0.05	-	-
c.	Central Government/State Government(s)	-	-	-	-
d.	Venture Capital Funds	-	-	-	-
e.	Insurance Companies	-	-	-	-
f.	Foreign Institutional Investors	2,206	0.01	-	-
g.	Foreign Venture Capital Investors	-	-	-	-
	Others:	17,951	0.07	-	-
h.	Foreign Companies	-	-	-	-
	Sub-Total (B)(1)	32,442	0.12	-	-
(2)	Non-Institutions				
a.	Bodies Corporate	18,06,120	6.81	-	-
b.	Individuals				
	i) Individual shareholders holding nominal share capital upto ₹ 2 Lakh	38,21,871	14.42	-	-
	ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	64,71,410	24.41	-	-
c.	Any Others:				
	i) Non Resident Individuals	46,699	0.18	-	-
	ii) Overseas Corporate Bodies	-	-	-	-
	iii) Trusts	11	-	-	-
	iv) Employees	-	-	-	-
	v) Clearing Members	12,06,111	4.55	-	-
	vi) Foreign Nationals	-	-	-	-
	Sub-Total (B)(2)	1,33,53,831	50.37	-	-

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,33,86,273	50.5	-	-
	Total (A)+(B)	2,65,09,530	100	-	-
(C)	Shares held by Custodians and against Depository Receipts have been Issued	-	-	-	-
	Grand Total (A)+(B)+(C)	2,65,09,530	100	-	-

K) Distribution of Shareholding as on March 31, 2017

Range (₹)	No of Shareholders	% of Total Shareholders	No of Shares	% of Total Shareholding
Upto - 5000	3,209	71.04	38,17,810	1.44
5001 - 10000	392	8.68	31,76,780	1.2
10001 - 20000	244	5.4	37,09,040	1.4
20001 - 30000	153	3.39	38,76,220	1.46
30001 - 40000	68	1.51	24,07,560	0.91
40001 - 50000	75	1.66	34,92,860	1.32
50001 - 100000	164	3.63	1,14,45,880	4.32
100001 & Above	212	4.69	23,31,69,150	87.96
TOTAL	4,517	100	26,50,95,300	100

L) DEMATERIALIZATION & LIQUIDITY OF SHARES

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE675C01017. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares of the Company are actively traded in BSE Limited and NSE. Hence have good liquidity.

Particulars	No. of Shares	% Share Capital
NSDL	1,53,71,067	57.98
CDSL	1,06,20,562	40.06
Physical	5,17,901	1.95
Total	2,65,09,530	100.00

M) ADDRESS FOR CORRESPONDENCE

Mrs. A. N. Vasudha
Company Secretary & Compliance Officer
Suit No. 106 & 107,
6-3-456/C, MGR Estates, Dwarakapuri Colony,
Punjagutta, Hyderabad - 500 082.

**On behalf of the Board
Cigniti Technologies Limited**

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam
Chairman & Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Cigniti Technologies Limited
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate governance by Cigniti Technologies Limited (“the Company”) for the year ended March 31, 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with BSE Limited and National Stock Exchange of India Limited.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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

For P. Murali & Co.,
Chartered Accountants
FRN:007257S

Place: Hyderabad
Date: May 17, 2017

P. Murali Mohana Rao
Partner
Membership No: 023142

CERTIFICATE BY THE MANAGING DIRECTOR AND CFO OF THE COMPANY

To,
The Board of Directors
Cigniti Technologies Limited

Dear Sirs,

As required under Regulation 17(8) of SEBI LODR Regulations, 2015), we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and to the best of our knowledge and belief
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls. I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the audit committee deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies.
4. We have informed the auditors and the audit committee of:
 - a) Significant changes in the internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the Company's internal control system.

Yours Sincerely,

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam
Chairman & Managing Director

Krishnan Venkatachary
Chief Financial Officer

ANNEXURE II**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors

M/s. Cigniti Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if, and when I intend to enter into such relationships/transactions, whether material or non-material, I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board, and also have not been an executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the Company
- (d) I have not been a material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Place: Hyderabad

Date: May 17, 2017

K. Ch. Subba Rao
(Independent Director)

ANNEXURE II

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors

M/s. Cigniti Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/ transactions. However, if, and when, I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been an executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the Company
- (d) I have not been a material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Place: Hyderabad

Date: May 17, 2017

K. Nageswara Rao
(Independent Director)

ANNEXURE II**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors

M/s. Cigniti Technologies Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if, and when, I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been an executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the Company
- (d) I have not been a material supplier, service provider, or customer or lessor or lessee of the Company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Place: Hyderabad

Date: May 17, 2017

K. Krishna Priya
(Independent Director)

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of M/s. Cigniti Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. **Cigniti Technologies Limited** ("the Holding Company"), and its subsidiaries, its jointly controlled entities and associated companies; together referred to as "the Group" comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made thereunder including the accounting standards and matters which are required to be included in audit report.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the Company, as at March 31, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable 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 of the aforesaid consolidated financial statements;
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books;
 - c) The Consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements do not have any pending litigations which could have impact on its financial position.
 - ii. The Holding company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary company incorporated in India.
 - iv. The Company has provided requisite disclosures in its Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books maintained by the Company.

Other Matter

We did not audit the financial statements of Five (5) subsidiary companies included in the consolidated financial results, whose financial statements/financial information reflect total assets of ₹ 1,42,52,58,811/- as at March 31, 2017 and gross total revenue of ₹ 5,81,17,13,335/- for the year ended March 31, 2017. The financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and Associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based on solely on the reports of the other Auditors.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

P. Murali Mohana Rao
Partner
M.No 023412

Place: Hyderabad
Date : May 17, 2017

Annexure A to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

In conjunction with our Audit of the consolidated financial statements of the company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of CIGNITI TECHNOLOGIES LIMITED ('the Holding company') and its subsidiary company/companies which are incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under Section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of martial 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 and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, The Holding Company and its subsidiary company, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Murali & Co.,
Chartered Accountants
FRN: 007257S

Place: Hyderabad
Date: May 17, 2017

P. Murali Mohana Rao
Partner
M.No. 023412

CONSOLIDATED BALANCE SHEET

as on March 31, 2017

(₹)

Particulars	Note No.	As on March 31, 2017	As on March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	26,50,95,300	25,49,92,190
Reserves and surplus	4	(67,32,09,878)	3,34,12,48,586
		(40,81,14,578)	3,59,62,40,776
Non-current liabilities			
Long-term borrowings	5	20,37,03,700	-
Deferred tax liability, net	6	(2,83,96,235)	2,36,91,949
Long-term provisions	7	5,23,37,401	-
		22,76,44,866	2,36,91,949
Current liabilities			
Short-term borrowings	8	1,19,17,53,560	1,27,04,74,855
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		66,08,38,454	93,46,57,780
Other current liabilities	9	36,29,27,009	14,95,62,702
Short-term provisions	7	31,60,42,942	38,65,25,858
		2,53,15,61,965	2,74,12,21,195
TOTAL		2,35,10,92,253	6,36,11,53,919
Assets			
Non-current assets			
Fixed assets			
- Tangible assets	10	8,84,13,169	28,45,99,286
- Intangible assets	11	54,86,22,298	1,12,94,16,995
- Capital work-in-progress		-	64,34,29,317
Deferred tax assets, net	12	2,12,16,364	18,63,281
Long-term loans and advances	13	5,88,08,648	1,28,73,98,119
Other non-current assets	15	24,04,284	20,20,51,627
		71,94,64,763	3,54,87,58,625
Current assets			
Trade receivables	14	1,12,36,79,068	1,75,81,50,353
Cash and bank balances	16	16,26,41,927	4,17,02,277
Short-term loans and advances	13	26,33,93,345	31,57,08,811
Other current assets	15	8,19,13,150	69,68,33,853
		1,63,16,27,490	2,81,23,95,294
TOTAL		2,35,10,92,253	6,36,11,53,919
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the Year ended March 31, 2017

(₹)

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
Income			
Revenue from operations	17	6,19,25,63,398	5,94,83,55,254
Other income	18	7,45,67,612	3,41,30,178
Total Revenue (i)		6,26,71,31,010	5,98,24,85,432
Expenses			
Employee benefits expense	19	5,22,80,63,281	3,93,71,64,484
Other expenses	20	1,23,74,47,850	1,03,17,83,526
Depreciation and amortization expense	21	16,95,81,507	11,28,85,759
Finance costs	22	16,09,79,476	6,03,34,475
Total expenses (ii)		6,79,60,72,114	5,14,21,68,244
Profit/(loss) before exceptional items and tax ((i)-(ii))		(52,89,41,104)	84,03,17,188
Exceptional items	23	3,32,07,91,707	-
Profit/(loss) before tax and prior period items		(3,84,97,32,811)	84,03,17,188
Tax expenses			
Current tax		9,52,39,282	31,63,40,791
Taxes for earlier years		3,83,74,909	
Deferred tax		(7,07,89,326)	2,72,16,352
Total tax expense		6,28,24,866	34,35,57,143
Profit/(loss) after tax and before prior period items		(3,91,25,57,677)	49,67,60,045
Prior period items	24	46,98,20,264	-
Net profit/(loss) for the year		(4,38,23,77,941)	49,67,60,045
Earnings per equity share [nominal value of share ₹ 10/- (Previous year: ₹ 10/-)]	33		
(1) Basic		(168.39)	19.89
(2) Diluted		(168.39)	19.89
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the Year ended March 31, 2017

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Profit after exceptional item and before taxation	(4,31,95,53,075)	84,03,17,188
Adjustments to reconcile profit before tax to net cash flows		
Exceptional items	3,32,07,91,707	-
Prior period items	46,98,20,264	-
Bad debts/advances written off	6,24,63,529	-
Provision for doubtful debts & advances	2,46,93,659	-
Loss on sale of fixed assets (net)	19,89,600	-
Depreciation and amortization expense	16,95,81,507	11,28,85,759
Interest expenses	4,43,94,085	3,23,88,268
Interest income	(5,31,762)	(42,83,866)
Employee stock option compensation	16,31,86,100	34,17,51,726
Operating profit before working capital changes	(6,31,64,386)	1,32,30,59,075
Movement in working capital:		
Decrease/(Increase) in trade receivable	56,26,33,389	(41,11,22,584)
Decrease/(Increase) in other assets	(45,60,013)	(61,18,23,405)
Decrease in loans and advances	(14,79,44,567)	13,02,34,428
Increase/(decrease) in trade payables and other current liabilities	(10,67,51,319)	52,05,19,267
Increase in provisions	2,76,68,615	20,21,34,051
Cash (used in)/generated from operations	26,78,81,720	1,15,30,00,832
Direct taxes paid (net of refunds)	(20,21,91,867)	-
Net cash (used in)/generated from operating activities (A)	6,56,89,853	1,15,30,00,832
Cash flow from investing activities		
Purchase of fixed assets including capital work in progress and capital advances	(3,86,23,689)	(90,86,74,234)
Increase in long term loans and advances to subsidiaries	-	(1,12,72,65,547)
Investments in bank deposits (having original maturity of more than three months)	(48,37,447)	(19,56,198)
Interest received	5,31,762	42,83,866
Net cash flow used in investing activities (B)	(4,29,29,374)	(2,03,36,12,113)

(₹)

		Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from financing activities			
Proceeds/(repayments) from/of long-term borrowings		25,00,00,000	(3,61,98,524)
Proceeds from short-term borrowings		61,82,03,043	58,30,43,354
Repayment of short term borrowings		(69,69,24,339)	-
Proceeds from issue of equity share capital		1,01,03,110	76,00,000
Interest paid		(4,43,94,085)	(3,23,88,268)
Net cash used in financing activities	(C)	13,69,87,729	52,20,56,562
Exchange difference on FCTR		(4,12,41,721)	5,93,64,982
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	11,85,06,487	(29,91,89,738)
Cash and cash equivalents at the beginning of the year		3,97,46,079	33,89,35,817
Cash and cash equivalents at the end of the year		15,82,52,566	3,97,46,079
Components of cash and cash equivalents			
Cash on hand		1,74,191	2,76,394
Balances with scheduled banks on current accounts		15,80,78,375	3,94,69,685
Total cash and cash equivalents (refer note 16)		15,82,52,566	3,97,46,079
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

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

1. CORPORATE INFORMATION

Cigniti Technologies Limited ('the Company') is a public entity domiciled in India and is primarily engaged in providing software testing services across the world. Its shares are listed on NSE and BSE.

The Company has two Indian and five foreign wholly owned subsidiary companies. The Company and its subsidiaries are hereinafter collectively referred to as "the Group".

2. PRINCIPLES OF CONSOLIDATION

(a) The consolidated financial statements include financial statements of Cigniti Technologies Limited and its subsidiaries. Subsidiaries are consolidated from the date on which effective control is transferred to the Group to the date such control exists.

(b) The list of subsidiary companies considered for consolidation together with the proportion of shareholding held by the group is as follows:

No.	Name of the Company	Relationship as at reporting date	Country of Incorporation	Percentage of effective ownership interest as at March 31, 2017	Percentage of effective ownership interest as at March 31, 2016
1	Cigniti Software Services Private Limited	Subsidiary	India	100.00%	100.00%
2	Gallop Solutions Private Limited	Subsidiary	India	100.00%	100.00%
3	Cigniti Technologies Inc.	Subsidiary	USA	100.00%	100.00%
4	Cigniti Technologies (Canada) Inc.	Subsidiary	Canada	100.00%	100.00%
5	Cigniti Technologies (UK) Limited	Subsidiary	UK	100.00%	100.00%
6	Cigniti Technologies (Australia) Pty Ltd.	Subsidiary	Australia	100.00%	100.00%
7	Cigniti Technologies (NZ) Limited	Subsidiary	New Zealand	100.00%	100.00%
8	Gallop Solutions Inc.*	Subsidiary	USA	-	100.00%
9	Cigniti Inc.*	Subsidiary	USA	-	100.00%

* On November 30, 2016, the Cigniti Technologies Inc., along with Cigniti Inc., an Iowa domestic profit corporation and Gallop Solutions Inc., a Texas domestic profit corporation entered in to a definitive Agreement and Plan of Merger, with an intent to affect a tax-free reorganization under all applicable laws. Pursuant to the merger, the entire business and all the assets and liabilities, duties and obligations of Cigniti Inc. and Gallop Solutions Inc. have been transferred to and vested in the Cigniti Technologies Inc., with effect from December 30, 2016.

(c) The consolidated financial statements have been prepared on the following basis:

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared

on an accrual basis and under the historical cost convention. The accounting policies are consistently applied and are consistent with those used in the previous year.

The activities of the subsidiaries are not an integral part of those of the holding company and hence, these have been considered to be non-integral foreign operations in terms of Accounting Standard 11- 'The Effects of Changes in Foreign Exchange Rates'. Consequently, the assets and liabilities, both monetary and non-monetary, of such

subsidiaries have been translated at the closing rates of exchange of the respective currencies as at March 31, 2017.

The consolidated financials of the Group have been prepared on a line by line basis by adding together the book value of subsidiary companies like items of assets, liabilities, income and expenses and all material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated on consolidation except where cost cannot be recovered.

The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the subsidiary company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Any gain/loss arising upon acquiring additional stake in subsidiary from parties outside the group is accounted for as goodwill/capital reserve.

Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

The consolidated financial statements are prepared using uniform accounting policies like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Changes have been made in the accounting policies followed by each of the subsidiaries to the extent they were material and identifiable from their respective audited financial statements to make them uniform with the accounting policies followed by the holding company.

The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the holding company i.e. March 31, 2017.

2.1 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets 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.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed asset.

Name of the Block	Useful life as determined by the management
Buildings	60
Electrical equipment	10
Leasehold improvements	10
Furniture and fixtures	10
Office equipment	5
Computer	3
Vehicles	8

d) Intangible assets

An intangible asset is recognized, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortization. Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight-line basis over their useful life not exceeding three years.

e) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under operating lease are recognized as an expense in the statement of profit and loss on straight-line basis over the lease term.

f) Impairment

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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

g) Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

A) Income from Services

- i) Income from testing services is accounted for on the basis of testing services rendered and billed to customers on acceptance and on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from testing services include revenue from time and material contracts and fixed price contracts. The revenue from time and material contract is recognized as and when the services are rendered and revenue from fixed price contract is recognized in accordance with percentage of completion method.
- iii) Revenue from liquidated damages, delayed payments is recognized only on realization as recovery of the amounts are not certain.
- iv) The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

B) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

i) Foreign Currency Translations**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing exchange rate, income and expense items are translated at average exchange rates. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of Profit and Loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the fund are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates the gratuity benefit plan. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, 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 the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

k) Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent

that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

l) Employee stock compensation cost

Employees (including senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Please refer note 24 and 26 for the additional disclosure on the Employee stock compensation cost.

m) Research and development cost

In line with the business strategy to focus on the testing services, the Company has decided to adopt from this year the policy of charging off research and development cost in the year it spent in accordance with the accounting guidelines (Refer note 23).

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at

each reporting date and adjusted to reflect the current best estimates.

p) Contingent Liabilities

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

q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in-hand and short-term investments with an original maturity of three months or less.

3. SHARE CAPITAL

Particulars	(₹)	
	As on March 31, 2017	As on March 31, 2016
Equity Share Capital		
Authorized Share		
3,60,00,000 (Previous year: 3,60,00,000) equity shares of ₹ 10/- each	36,00,00,000	36,00,00,000
Issued, subscribed and fully paid-up shares		
2,65,09,530 (Previous year: 2,54,99,219) equity shares of ₹ 10/- each fully paid-up	26,50,95,300	25,49,92,190
Total issued, subscribed and fully paid-up share capital	26,50,95,300	25,49,92,190

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

Equity shares	(₹)			
	March 31, 2017		March 31, 2016	
	No's	Amount	No's	Amount
At the beginning of the year	2,54,99,219	25,49,92,190	2,47,39,219	24,73,92,190
Issued during the year - ESOP	10,10,311	1,01,03,110	7,60,000	76,00,000
Outstanding at the end of the year	2,65,09,530	26,50,95,300	2,54,99,219	25,49,92,190

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	As at March 31, 2017	As at March 31, 2016
	No's	No's
Equity share of ₹ 10/- each issued during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.	17,70,311	7,60,000

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No's	% holding	No's	% holding
P. Sapna	37,69,000	14.22%	37,69,000	14.78%
C. V. Subramanyam	29,58,485	11.16%	29,58,485	11.60%
C. Srikanth	25,00,000	9.43%	25,00,000	9.80%
Kukunuru Samba Siva Rao	16,69,442	6.30%	16,71,442	6.55%

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 ownership of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 26.

4. RESERVES AND SURPLUS

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Capital reserve	22,40,000	22,40,000
Investment subsidy reserve	12,50,000	12,50,000
Securities premium account		
Balance as per last financial statements	1,92,28,01,472	1,61,54,27,072
Add: Additions on ESOP's exercised	39,39,79,923	30,73,74,400
Balance at the end of the year	2,31,67,81,395	1,92,28,01,472
Employee stock options outstanding		
Balance as per last financial statements	33,16,93,228	29,73,15,902
Add/(Less): Compensation for options granted (including prior period expense of ₹ 24,59,75,098 (March 31, 2016: ₹ Nil)	40,91,61,198	34,17,51,726
Less: Amount transferred to securities premium on account of ESOP's exercised	(39,39,79,923)	(30,73,74,400)
Balance at the end of the year	34,68,74,503	33,16,93,228
Foreign Currency Translation Reserve		
Balance as per last financial statements	(40,43,457)	(6,34,08,439)
Add/(Less): Arisen during the year	(4,12,41,721)	5,93,64,982
Add/(Less): Transfer to surplus in statement of profit and loss	4,57,79,522	-
Balance at the end of the year	4,94,343	(40,43,457)

Particulars	As on March 31, 2017	As on March 31, 2016
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	1,08,73,07,343	59,05,47,298
Add: (Loss)/Profit for the year	(4,38,23,77,941)	49,67,60,045
Less: Transfer to foreign currency translation reserve	(4,57,79,522)	-
Balance at the end of the year	(3,34,08,50,120)	1,08,73,07,343
Total reserves and surplus	(67,32,09,878)	3,34,12,48,586

5. LONG - TERM BORROWINGS

(₹)

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Term loans (Secured)				
From financial institutions (refer note 5(a))	20,37,03,700	-	4,62,96,300	-
	20,37,03,700	-	4,62,96,300	-
The above amount includes:				
Secured borrowings	20,37,03,700	-	4,62,96,300	-
Unsecured borrowings	-	-	-	-
Amount disclosed under the head 'other current liabilities' (refer note 9)	-	-	(4,62,96,300)	-
Net amount	20,37,03,700	-	-	-

5(a) Indian rupee term loan from a financial institution of ₹ 25,00,00,000/- (March 31, 2016: Nil) carries an interest rate of 14.65% (March 31, 2016: Nil) and is repayable on monthly basis in 54 equal installments starting from June 2017. The loan is secured by pledge of own equity shares held by promoters and personal guarantee of the directors.

6. DEFERRED TAX LIABILITY (NET)

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	2,36,91,949
Gross deferred tax liability	-	2,36,91,949
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	2,83,96,235	-
Provision for gratuity and leave encashment	-	-
Gross deferred tax asset	2,83,96,235	-
Deferred tax liability, net	(2,83,96,235)	2,36,91,949

7. PROVISIONS

(₹)

	Long-term		Short-term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provisions for employee benefits				
Provision for gratuity (refer note 25)	5,23,37,401	-	46,83,024	1,62,94,157
Provision for leave benefits	-	-	1,04,17,072	-
Other provisions				
Provision for taxation (net of advance tax)	-	-	30,09,42,846	37,02,31,701
	5,23,37,401	-	31,60,42,942	38,65,25,858

8. SHORT TERM BORROWINGS

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Secured		
Cash credit from banks (refer note 8(a) below)	15,17,29,518	2,20,20,940
12.3% loan from Federal Bank repayable on demand (refer note 8(b) below)	1,22,96,475	-
Bill discounting with bank	64,64,44,257	30,48,19,922
Unsecured		
Interest free loan and advances from related parties (refer note 8(c) below)	28,14,67,426	84,13,16,181
Inter corporate loans	9,98,15,884	10,23,17,812
	1,19,17,53,560	1,27,04,74,855
The above amount includes:		
Secured borrowings	81,04,70,250	32,68,40,862
Unsecured borrowings	28,14,67,425	84,13,16,181
	1,09,19,37,676	1,16,81,57,043

8(a) Cash credit from banks ₹ 15,17,29,518 (March 31, 2016: ₹ Nil) is secured by hypothecation of fixed assets, trade receivables of the Company and immovable property of the director and relative of the director. The cash credit is secured by personal guarantee of the directors and their relatives. It is repayable on demand and carries interest @ 12.44% p.a. (March 31, 2016: Nil)

Cash credit from banks ₹ Nil (March 31, 2016: ₹ 2,20,20,940) is secured by hypothecation of fixed assets, trade receivables of the Company and immovable property of the director. The cash credit is secured by personal guarantee of the directors and their relatives. It is repayable on demand and carries interest @ Nil. (March 31, 2016: 13.50% p.a.)

8(b) Indian rupee term loan from bank of ₹ 1,22,96,475 (March 31, 2016: Nil) carries an interest rate of 12.30% (March 31, 2016: Nil) and is repayable in 12 monthly equal installments. The loan is secured by hypothecation of fixed assets. Further, it is guaranteed by personal guarantee of the directors and their relatives.

8(c) Interest free loans from related parties are repayable on demand.

9. OTHER CURRENT LIABILITIES

(₹)

	As on March 31, 2017	As on March 31, 2016
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 38 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	66,08,38,454	93,46,57,780
	66,08,38,454	93,46,57,780
Other liabilities		
Current maturities of long term borrowings (refer note 5)	4,62,96,300	-
Others		
Statutory liabilities	31,33,93,369	14,95,62,702
Unearned revenue	32,37,340	-
	36,29,27,009	14,95,62,702
	1,02,37,65,463	1,08,42,20,482

10. TANGIBLE ASSETS										(₹)
	Buildings	Electrical Equipments	Leasehold improvements	Furniture & Fixtures	Office Equipments	Computer	Vehicles	Total		
Cost										
As at April 1, 2015	2,55,26,560	1,35,09,304	3,01,78,172	2,24,13,121	2,82,11,964	22,36,97,673	47,43,811	34,82,80,604		
Additions	-	14,01,697	-	2,73,36,714	48,38,609	20,42,80,462	-	23,78,57,482		
Disposals	-	-	-	-	-	-	-	-		
As at March 31, 2016	2,55,26,560	1,49,11,001	3,01,78,172	4,97,49,834	3,30,50,573	42,79,78,135	47,43,811	58,61,38,086		
Additions	-	79,09,530	-	15,23,577	4,85,956	2,87,04,627	-	3,86,23,689		
Disposals	-	62,518	-	57,297	-	11,69,98,251	37,48,364	12,08,66,430		
Exchange differences	-	-	-	(86,25,449)	(6,98,531)	(8,99,09,754)	28,01,389	(9,64,32,345)		
As at March 31, 2017	2,55,26,560	2,27,58,013	3,01,78,172	4,25,90,665	3,28,37,998	24,97,74,757	37,96,836	40,74,63,000		
Depreciation										
As at April 1, 2015	57,47,619	27,71,029	1,69,28,441	1,09,57,624	1,68,55,957	13,95,69,482	26,29,074	19,54,59,226		
Charge for the year	4,26,294	13,48,065	30,17,817	22,67,644	55,48,638	9,31,71,009	3,00,107	10,60,79,574		
Disposals	-	-	-	-	-	-	-	-		
As at March 31, 2016	61,73,913	41,19,094	1,99,46,258	1,32,25,268	2,24,04,595	23,27,40,491	29,29,181	30,15,38,800		
Charge for the year	4,26,294	19,76,714	1,02,31,914	49,32,742	51,87,719	4,68,39,825	4,98,497	7,00,93,705		
Disposals	-	5,287	-	-	-	4,75,44,721	14,79,714	4,90,29,722		
Exchange differences	-	-	-	1,19,85,798	2,39,937	(1,61,28,623)	3,49,936	(35,52,951)		
As at March 31, 2017	66,00,207	60,90,521	3,01,78,172	3,01,43,808	2,78,32,251	21,59,06,972	22,97,900	31,90,49,831		
Net Block										
As at March 31, 2016	1,93,52,647	1,07,91,907	1,02,31,914	3,65,24,566	1,06,45,978	19,52,37,644	18,14,630	28,45,99,286		
As at March 31, 2017	1,89,26,353	1,66,67,492	-	1,24,46,857	50,05,747	3,38,67,784	14,98,936	8,84,13,169		

11. INTANGIBLE ASSETS

(₹)

	Goodwill	Software License	Software Tools	Total
Cost				
As at April 1, 2015	54,86,22,298	98,75,754	-	55,84,98,052
Additions	-	2,16,83,320	55,61,29,048	57,78,12,368
Disposals	-	-	-	-
As at March 31, 2016	54,86,22,298	3,15,59,074	55,61,29,048	1,13,63,10,420
Additions	-	-	53,74,47,101	53,74,47,101
Disposals	-	-	1,09,35,76,150	1,09,35,76,150
Exchange differences	-	-	-	-
As at March 31, 2017	54,86,22,298	3,15,59,074	-	58,01,81,372
Amortization				
As at April 1, 2015	-	87,240	-	87,240
Charge for the year	-	68,06,185	-	68,06,185
As at March 31, 2016	-	68,93,425	-	68,93,425
Charge for the year	-	2,46,65,649	7,48,22,153	9,94,87,802
Disposals	-	-	7,48,22,153	7,48,22,153
Exchange differences	-	-	-	-
As at March 31, 2017	-	3,15,59,074	-	3,15,59,074
Net block				
As at March 31, 2016	54,86,22,298	2,46,65,649	55,61,29,048	1,12,94,16,995
As at March 31, 2017	54,86,22,298	-	-	54,86,22,298

12. DEFERRED TAX ASSET (NET)

(₹)

Particulars	March 31, 2017	March 31, 2016
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	2,12,16,364	18,63,280
Provision for gratuity and leave encashment	-	-
Gross deferred tax asset	2,12,16,364	18,63,280
Deferred tax asset, net	2,12,16,364	18,63,280

13. LOANS AND ADVANCES

(₹)

	Long-term		Short-term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Security deposits				
Unsecured, considered good	4,39,88,365	3,81,70,337	40,41,543	50,80,273
A	4,39,88,365	3,81,70,337	40,41,543	50,80,273
Loan and advances to related parties (note 30)				
Unsecured, considered good	1,48,20,283	1,16,65,84,557	-	-
B	1,48,20,283	1,16,65,84,557	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	8,26,43,225	-	19,44,42,005
C	-	8,26,43,225	-	19,44,42,005
Other loans and advances				
Unsecured, considered good				
Staff advance	-	-	25,52,77,722	8,24,81,022
Other receivables	-	-	40,74,080	3,37,05,511
D	-	-	25,93,51,802	11,61,86,533
Total (A+B+C+D)	5,88,08,648	1,28,73,98,119	26,33,93,345	3,15,7,08,811

14. TRADE RECEIVABLES

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables		
Unsecured, considered good	1,12,36,79,068	1,75,81,50,353
	1,12,36,79,068	1,75,81,50,353

15. OTHER ASSETS

(₹)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 16)	24,04,284	-	-	-
Preliminary expenses	-	20,20,51,627	-	-
Prepaid expenses	-	-	1,96,78,717	63,74,71,841
Advance income tax	-	-	-	7,11,179
TDS receivable	-	-	2,33,79,811	2,41,79,024
Service tax	-	-	3,88,54,622	3,44,71,809
	24,04,284	20,20,51,627	8,19,13,150	69,68,33,853

16. CASH AND BANK BALANCES

(₹)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balance with banks				
- On current accounts	-	-	15,80,78,375	3,94,69,685
- Cash on hand	-	-	1,74,191	2,76,394
	-	-	15,82,52,566	3,97,46,079
Other bank balances				
Deposits with remaining maturity for more than 12 months	24,04,284	-	-	-
Deposits with remaining maturity for less than 12 months	-	-	43,89,361	19,56,198
	24,04,284	-	43,89,361	19,56,198
Amount disclosed under non-current assets (refer note 15)	(24,04,284)	-	-	-
	-	-	16,26,41,927	4,17,02,277

17. REVENUE FROM OPERATIONS

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations		
Sale of Services		
Domestic	12,20,85,501	4,50,06,662
Export	6,07,04,77,898	5,90,33,48,592
	6,19,25,63,398	5,94,83,55,254

18. OTHER INCOME

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Net Gain/(Loss) on foreign currency transactions	7,21,82,407	(32,80,997)
Interest on deposits	5,31,762	42,83,866
Other income	18,53,443	3,31,27,309
	7,45,67,612	3,41,30,178

19. EMPLOYEE BENEFITS EXPENSE

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	4,76,88,40,363	3,48,44,65,667
Contribution to provident and other funds (refer note 25)	21,34,90,039	7,43,92,440
Employee stock option scheme	16,31,86,100	34,17,51,726
Managerial remuneration	3,56,04,785	3,42,46,480
Gratuity expense (refer note 25)	2,92,03,959	23,08,171
Staff welfare expenses	1,77,38,035	-
	5,22,80,63,281	3,93,71,64,484

20. OTHER EXPENSES

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power and fuel	5,85,97,487	1,80,530
Rent (Refer note 29)	13,47,77,460	13,62,96,752
Rates and taxes	9,52,90,679	7,18,30,446
Insurance	67,21,467	9,24,73,429
Repairs and maintenance	2,15,55,394	3,20,83,121
Advertising and sales promotion	10,09,52,862	5,66,61,405
Travelling and conveyance	47,72,94,283	40,39,57,442
Communication costs	3,79,53,232	5,63,66,449
Printing and stationery	45,73,442	70,03,738
Legal and professional fees	12,78,39,964	11,22,52,840
Payment to auditor (refer note below)	39,61,500	7,03,600
Exchange differences (net)	67,61,023	-
Bad debts/advances written off	6,24,63,529	3,02,41,899
Provision for doubtful debts & advances	2,46,93,659	-
Loss on sale of fixed assets (net)	19,89,600	-
Software licensing cost	6,46,26,809	1,94,32,375
CSR expenditure	31,03,780	18,44,890
Miscellaneous expenses	42,91,680	1,04,54,610
	1,23,74,47,850	1,03,17,83,526

PAYMENT TO AUDITOR

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Audit fee	5,00,000	3,60,000
Tax audit fee	2,00,000	2,00,000
Limited review	3,00,000	1,40,000
In other capacity:		
Taxation matters	29,61,500	-
Reimbursement of expenses	-	3,600
	39,61,500	7,03,600

21. DEPRECIATION AND AMORTIZATION EXPENSE

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets (refer note 9)	7,00,93,705	10,60,79,574
Amortization of intangible assets (refer note 10)	9,94,87,802	68,06,185
	16,95,81,507	11,28,85,759

22. FINANCE COSTS

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense	4,43,94,085	3,23,88,268
Bank charges	11,65,85,391	2,79,46,207
	16,09,79,476	6,03,34,475

23. EXCEPTIONAL ITEM

The Company has incurred substantially on development of software testing products and tools over the past few years. The Company has been keeping a keen watch on developments and continuously assesses any potential impairment of such tools/products. While the independent/pure play testing space has been growing aggressively, the offerings by service providers need to be continuously modified to suit the market needs such as DevOps, Agile and the like. Also, the independent/pure play testing market space has witnessed entry of several new independent providers and disruptive changes like the advent of cloud-based offerings and using machine learning, artificial intelligence etc. In light of these changes and the overall market outlook for our software products in the testing space, the Company has carried out an impairment analysis of such products. Based on such analysis and in the absence of estimates of future cash flows arising from the sale of product licenses for these tools the Company has decided to fully impair such tool developments costs amounting ₹ 3,32,07,91,707/- on a conservative and prudent basis in line with the requirements of the accounting standards. Further, as per the revised strategy the Company shall not be carrying forward expenditures of such nature and will charge off the same in the year in which it spent.

24. PRIOR PERIOD ITEM

(₹)

Particulars	Amount
Employee stock option cost	24,59,75,098
Preliminary expenses	20,03,70,441
Gratuity and leave encashment expense	23,474,725
	46,98,20,264

Prior period items include provision for gratuity and leave encashment based on actuary valuation done in the current year, Preliminary expenses and catch up cost for employee stock options because of change in the method of amortizing the Employee stock option cost.

25. GRATUITY BENEFIT PLAN

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with insurance company in the form of qualifying insurance policy.

Statement of Profit and Loss**Net employee benefit expense recognized in the employee cost**

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current Service Cost	2,12,10,077	20,00,000
Interest Cost on benefit obligation	11,07,219	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss	2,20,17,631	-
Net benefit expense	4,43,34,927	20,00,000

Balance Sheet**Benefit liability**

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of defined benefit obligation	5,86,62,154	1,62,94,157
Fair value of plan assets	16,41,729	-
Plan liability	5,70,20,425	1,62,94,157

Changes in the Present Value of defined benefit obligation:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening defined benefit obligation	1,62,94,157	1,42,94,157
Interest Cost	11,07,219	-
Current Service Cost	2,12,10,077	20,00,000
Benefits Paid	(19,66,930)	-
Actuarial (Gain)/Loss on the Obligation	2,20,17,631	-
Closing defined benefit obligation	5,86,62,154	1,62,94,157

Changes in the fair value of plan assets are as follows:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening Fair Value of Plan Assets	-	-
Contribution by employee	16,41,729	-
Benefits Paid	-	-
Actuarial Gain/(Loss)	-	-
Closing Fair Value of Plan Assets	16,41,729	-

The Company expects to contribute ₹ 50,00,000 to gratuity plan in the next year.

Major categories of Plan Assets are as follows:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Investments with insurer	100%	-

The principal assumptions used in determining gratuity benefit obligation for the company's plans are shown below:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Discount rate	6.80%	-
Salary growth rate	12.00%	-
Employee Turnover	20.00%	-
Expected rate of return on plan assets	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 overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

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

Particulars	Year Ended March 31,				
	2017	2016	2015	2014	2013
Defined benefit obligation	5,86,62,154	1,62,94,157	1,42,94,157	93,16,320	30,14,861
Fair Value of Plan Assets	16,41,729	-	-	-	-
Net Liability	5,70,20,425	1,62,94,157	1,42,94,157	93,16,320	30,14,861
Experience adjustments on plan liabilities	2,20,17,631	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

26. EMPLOYEE STOCK OPTION

The company provides share-based payment schemes to its employees. During the year ended March 31, 2017, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

- i) Employees covered under Employees Stock Option Plans are granted an option to purchase shares of the Company at the face value of shares, subject to requirements of vesting conditions. Upon vesting, the employees can acquire one equity share for every option. The minimum vesting period shall be for 1 year and the maximum vesting period shall be of 5 years from the date of grant.
- ii) The remuneration committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.
- iii) The company measures the cost of ESOP using the intrinsic value method. The stock compensation cost is computed based on the market price as of grant date and amortized on a straight-line basis over the total vesting period.
- iv) The details of activity under various Schemes are summarized below:

Plan/Scheme	Scheme 2011	Scheme 2013	(As at March 31, 2017)	
			Scheme 2014 Tranche 1	Scheme 2014 Tranche 2
Total No. of options under the scheme	15,00,000	10,00,000	20,00,000	5,00,000
Outstanding at the beginning of the year	12,97,700	2,18,190	3,99,500	-
Granted during the year	2,02,300	-	NIL	5,00,000
Forfeited during the year	-	-	15,000	-
Exercised during the year	7,56,490	1,09,095	1,44,726	-
Outstanding at the end of the year	7,43,510	1,09,095	2,39,774	5,00,000
Exercisable at the end of the year	2,17,000	-	8,750	-

Plan/Scheme	Scheme 2011	Scheme 2013	(As at March 31, 2016)	
			Scheme 2014 Tranche 1	Scheme 2014 Tranche 2
Total No. of options under the scheme	15,00,000	10,00,000	20,00,000	5,00,000
Outstanding at the beginning of the year	15,00,000	10,00,000	2,97,000	-
Granted during the year	-	-	1,70,000	-
Forfeited during the year	2,02,300	21,810	67,500	-
Exercised during the year	-	7,60,000	-	-
Outstanding at the end of the year	12,97,700	2,18,190	3,99,500	-
Exercisable at the end of the year	432,280	-	-	-

For options exercised during the year, the weighted average share price at the exercise date was ₹ 418.34 per share (March 31, 2016: ₹ 495.12 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 5.44 years (March 31, 2016: 6.08 years). The exercise price for options outstanding at the end of the year is ₹ 10/- (March 31, 2016: ₹ 10/-).

27. UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	Amount in foreign currency	Amount in INR (₹)
Trade Payables			
March 31, 2017	USD	4,249	2,75,110
	ZAR	42,20,984	2,06,00,324
March 31, 2016	USD	15,09,472	9,97,74,470
	ZAR	49,36,295	11,24,047
Trade Receivables			
March 31, 2017	USD	2,63,92,597	171,98,77,967
	GBP	16,36,530	13,46,84,964
	AUD	8,07,735	4,00,78,373
	CAD	2,23,029	1,08,36,069
	NZD	2,42,384	1,10,16,234
	ZAR	62,94,698	3,27,89,499
	SGD	28,887	13,74,782
	DKK	71,215	6,79,915
March 31, 2016	USD	55,27,843	36,61,03,771
	GBP	6,619	6,30,602
	AUD	15,470	7,37,117
	ZAR	3,48,900	15,64,241
	SGD	38,705	18,69,246
	DKK	21,311	2,12,986

28. CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for during the year is Nil (March 31, 2016: Nil).
- For commitments relating to lease arrangements, please refer note 29.

29. OPERATING LEASES

The Company has entered into commercial lease agreements for use of office premises. These leases have an average life of between 11 months to five years with renewal option included in the contracts and with escalation clause. There are no restrictions placed upon the company by entering into these leases.

Lease payments made under cancellable operating leases amounting to ₹ 3,91,29,969/- (March 31, 2016: ₹ 2,30,12,679/-) have been recognized as an expense in the statement of profit or loss.

Lease payments made under non-cancellable operating leases amounting to ₹ 3,85,62,756/- (March 31, 2016: ₹ 4,43,68,977/-) have been recognized as an expense in the statement of profit or loss.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2017	March 31, 2016
Not later than one year	5,70,43,479	6,13,69,943
Later than one year and not later than five years	1,82,78,419	3,90,92,146
Later than five years	-	-

30. RELATED PARTY DISCLOSURES

a) Names of related parties and related party relationship

Particulars	Nature of Relationship
Related parties with whom transactions have taken place during the year	
Key management personnel	Mr. C. V. Subramanyam (Chairman & Managing Director)
	Mr. Sudhakar Pennam (Director)
	Mr. C. Srikanth (Whole-time Director)
	Mr. Krishnan Venkatachary (Chief Financial Officer)
	Mrs. Naga Vasudha (Company Secretary)
Relatives of director	Mrs. Sapna Pennam
Enterprises in which a director is a director	Kairos Technologies Inc

b) Related Parties Transactions during the Financial Year 2016-17:

Name of the Party	Nature of Transaction	Year ended March 31, 2017	Year ended March 31, 2016
Mr. C. V. Subramanyam	Remuneration	1,20,00,000	1,20,00,000
Mr. C. Srikanth	Remuneration	1,20,00,000	1,20,00,000

c) Balance outstanding at the end of the year

Name of the Party	Nature of Transaction	Year ended March 31, 2017	Year ended March 31, 2016
Mr. C. V. Subramanyam	Borrowing	12,58,75,000	13,23,75,000
Mr. C. Srikanth	Borrowing	4,00,00,000	Nil
Mr. P. Sudhakar	Borrowing	8,98,19,288	5,00,00,000
Mrs. Sapna Pennam	Borrowing	7,967,764	3,56,90,277
Kairos Technologies Inc.	Borrowing	1,81,40,632	1,81,95,592

31. EARNINGS PER SHARE

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net profit/(loss) for calculation of EPS	(4,38,23,77,942)	49,67,60,046
Weighted average no. of equity shares in calculating basic EPS	2,65,09,530	49,67,60,046
Weighted average no. of equity shares in calculating diluted EPS	2,65,09,530	2,49,79,830
Basic EPS	(168.39)	19.89
Diluted EPS	(168.39)	19.89

32. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN*) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNS and other notes as per the notification is given below:

	SBNs	Other denomination notes	Total
Closing cash on hand as on 08.11.2016	-	51,450	51,450
(+) Permitted receipts	-	6,50,000	6,50,000
(-) Permitted payments	-	4,46,512	4,46,512
(-) Amount deposited in Banks	-	-	-
Closing cash on hand as on 30.12.2016	-	2,54,938	2,54,938

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

33. CORPORATE SOCIAL RESPONSIBILITY

- (a) Gross amount required to be spent by the Company during the year ₹ 40,68,722.
 (b) Amount spent during the year under Corporate Social Responsibility expenditure ₹ 31,03,780 (March 31, 2016: ₹ 18,44,890).

34. CONTINGENT LIABILITY

There is no contingent liability as at March 31, 2017 (March 31, 2016: ₹ Nil).

35. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST AS AT AND FOR THE PERIOD ENDED MARCH 31, 2017 AND FOR THE PERIOD ENDED MARCH 31, 2016

No.	Name of the Company	Net Assets, i.e., total assets minus total liabilities as at March 31, 2017		Share in profit or loss for the period ended March 31, 2017	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	Holding company	-317.81%	1,29,70,35,356	48.07%	(2,10,65,36,250)
2	Cigniti Technologies Inc., USA	334.15%	(1,36,37,24,970)	48.21%	(2,11,28,21,480)
3	Cigniti Technologies (UK) Limited, UK	16.37%	(6,68,05,820)	0.87%	(3,79,44,969)
4	Cigniti Technologies (Australia) Pty Ltd, AUS	31.51%	(12,85,87,920)	1.94%	(8,49,15,286)
5	Cigniti Technologies (Canada) Inc., Canada	2.47%	(1,00,69,739)	0.04%	(16,21,141)
6	Cigniti Technologies (NZ) Limited	0.11%	(4,52,405)	0.00%	(42,096)
7	Gallop Solutions Private Limited	-1.51%	61,80,216	0.83%	(3,65,49,377)
8	Cigniti Software Services Private Limited	-0.07%	2,99,138	0.04%	(19,47,340)
9	Gallop Solutions Inc., USA *	-	-	-	-
10	Cigniti Inc., USA *	-	-	-	-
	Inter Company Elimination/ Adjustments	-165.21%	67,42,40,723	-	-
	Consolidated net assets/ Profit after tax	100%	(40,81,14,578)	100%	(4,38,23,77,941)

* On November 30, 2016, the Cigniti Technologies Inc., along with Cigniti Inc., an Iowa domestic profit corporation and Gallop Solutions Inc., a Texas domestic profit corporation entered in to a definitive Agreement and Plan of Merger, with an intent to affect a tax-free reorganization under all applicable laws. Pursuant to the merger, the entire business and all the assets and liabilities, duties and obligations of Cigniti Inc. and Gallop Solutions Inc. have been transferred to and vested in the Cigniti Technologies Inc., with effect from December 30, 2016.

No.	Name of the Company	Net Assets, i.e., total assets minus total liabilities as at March 31, 2016		Share in profit or loss for the period ended March 31, 2016	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	Holding company	83.38%	2,99,87,20,624	64.35%	31,96,43,007
2	Cigniti Technologies Inc., USA	14.55%	52,32,71,055	54.38%	27,01,18,761
3	Cigniti Technologies (UK) Limited, UK	-0.64%	(2,29,06,647)	-10.91%	(5,42,09,474)
4	Cigniti Technologies (Australia) Pty Ltd, AUS	-1.25%	(4,48,32,722)	-11.33%	(5,62,88,664)
5	Cigniti Technologies (Canada) Inc., Canada	-0.25%	(88,66,859)	-1.85%	(92,10,367)
6	Cigniti Technologies (NZ) Limited	-0.01%	(4,12,787)	-0.08%	(3,99,724)
7	Gallop Solutions Private Limited	1.19%	4,27,29,593	-1.56%	(77,51,425)
8	Cigniti Software Services Private Limited	0.06%	22,46,480	-0.06%	(3,03,751)
9	Gallop Solutions Inc., USA *	3.99%	14,36,49,851	20.92%	10,39,07,330
10	Cigniti Inc., USA *	3.11%	11,19,85,832	-13.84%	(6,87,45,648)
	Inter Company Elimination/ Adjustments	-4.15%	(14,93,43,645)	-	-
	Consolidated net assets/ Profit after tax	100.00%	3,59,62,40,776	100.00%	49,67,60,045

36. SEGMENT REPORTING

The Company is primarily engaged in the business of providing software testing services. As such there is no separate reportable segment as defined by Accounting Standard 17 "Segment Reporting".

37. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Based on the information available with the Company there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act 2006" as at March 31, 2017 and March 31, 2016.

38. Previous year figures have been regrouped/reclassified, where necessary, to conform to the current year's classification.

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Cigniti Technologies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Cigniti Technologies Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 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 financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, 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 further 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 appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended March 31, 2016.
 - iv. The Company has provided requisite disclosures in its Standalone Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books maintained by the Company.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: May 17, 2017

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of M/s. Cigniti Technologies Limited on the standalone financial statements for the year ended March 31, 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Hence this clause is not applicable to the Company.
- iii. The Company has not granted unsecured Loans & Advances, to companies covered in the register maintained under Section 189 of the Companies Act, 2013, the same has been disclosed in its notes to Financial Statements.
- iv. The Company has not granted any loans or made any Investments, or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Income-tax, Service Tax and other material statutory dues, as applicable, except few delays in payment with the appropriate authorities in India.
(b) There are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at March 31, 2017 for a period of more than 6 months for the date they became payable.
(c) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- viii. In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or banks or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandate by the provisions of Section 197 read with schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the Provisions of Clause 3(xii) of the order are not applicable to the Company.

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, related party disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of Clause 3(xvi) of the order are not applicable to the Company.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

Place: Hyderabad
Date: May 17, 2017

P. Murali Mohana Rao
Partner
M.No. 023412

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of **M/s. Cigniti Technologies Limited** ('the company') as of March 31, 2017 in conjunction with our audit of standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control-based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk 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 and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these 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 principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

P. Murali Mohana Rao
Partner
M.No. 023412

Place: Hyderabad
Date: May 17, 2017

BALANCE SHEET

as on March 31, 2017

(₹)

Particulars	Note No.	As on March 31, 2017	As on March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	26,50,95,300	25,49,92,190
Reserves and surplus	4	1,03,19,40,056	2,74,37,28,434
		1,29,70,35,356	2,99,87,20,624
Non-current liabilities			
Long-term borrowings	5	20,37,03,700	-
Long-term provisions	6	5,23,37,401	-
		25,60,41,101	-
Current liabilities			
Short-term borrowings	7	46,17,90,895	20,23,00,752
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		19,46,38,961	38,79,76,853
Other current liabilities	8	25,09,83,700	8,37,49,689
Short-term provisions	6	7,36,37,341	13,86,60,847
		98,10,50,897	81,26,88,141
TOTAL		2,53,41,27,354	3,81,14,08,765
Assets			
Non-current assets			
Fixed assets			
- Tangible assets	9	7,63,38,786	6,92,38,827
- Intangible assets	10	-	45,34,83,047
- Capital work-in-progress		-	20,82,16,511
Non-current investments	11	69,80,30,783	69,80,30,783
Deferred tax assets, net	12	2,82,94,552	17,44,626
Long-term loans and advances	13	26,08,90,384	1,57,00,77,036
Other non-current assets	15	21,05,146	6,99,000
		1,06,56,59,651	3,00,14,89,830
Current assets			
Trade receivables	14	1,15,26,74,823	50,84,92,234
Cash and bank balances	16	1,97,76,492	1,14,99,574
Short-term loans and advances	13	24,34,75,904	23,40,45,164
Other current assets	15	5,25,40,484	5,58,81,963
		1,46,84,67,703	80,99,18,935
TOTAL		2,53,41,27,354	3,81,14,08,765
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

PROFIT AND LOSS STATEMENT

for the Year ended March 31, 2017

(₹)

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
Income			
Revenue from operations	17	2,75,08,59,413	2,04,48,97,332
Other income	18	1,74,85,607	1,42,00,915
Total Revenue (i)		2,76,83,45,020	2,05,90,98,247
Expenses			
Employee benefits expense	19	1,86,01,62,870	1,06,07,52,687
Other expenses	20	66,53,38,456	46,38,01,597
Depreciation and amortization expense	21	5,37,08,299	8,21,81,050
Finance costs	22	5,12,80,028	1,78,73,893
Total expenses (ii)		2,63,04,89,653	1,62,46,09,227
Profit/(loss) before exceptional items and tax ((i)-(ii))		13,78,55,367	43,44,89,020
Exceptional items	23	1,90,23,19,591	-
Profit/(loss) before tax and prior period items		(1,76,44,64,224)	43,44,89,020
Tax expenses			
Current tax		6,07,97,219	12,23,66,690
Taxes for earlier years'		3,83,74,909	-
Deferred tax		(2,65,49,925)	(75,20,677)
Total tax expense		7,26,22,203	11,48,46,013
Profit/(loss) after tax and before prior period items		(1,83,70,86,427)	31,96,43,007
Prior period items	24	26,94,49,823	-
Net profit/(loss) for the year		(2,10,65,36,250)	31,96,43,007
Earnings per equity share [nominal value of share ₹ 10/- (Previous year: ₹ 10/-)]	33		
(1) Basic		(80.94)	12.80
(2) Diluted		(80.94)	12.80
Summary of significant accounting policies	2.1		

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

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

CASH FLOW STATEMENT

for the Year ended March 31, 2017

(₹)

		Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities			
Profit before tax and after exceptional and prior period items		(2,03,39,14,047)	43,44,89,020
Adjustments to reconcile profit before tax to net cash flows			
Exceptional items		1,90,23,19,591	-
Prior period items		26,94,49,823	-
Depreciation and amortization expense		5,37,08,299	8,21,81,050
Interest expense		4,43,94,085	1,28,65,549
Unrealized (gain)/loss		(1,44,13,327)	1,44,13,327
Interest income		(4,06,666)	(39,87,770)
Employee stock option compensation		16,31,86,100	34,17,51,726
Operating profit before working capital changes		38,43,23,858	88,17,12,904
Movement in working capital:			
Increase in trade receivable		(64,41,82,589)	(8,36,28,716)
Decrease/(increase) in other current assets		33,41,479	(1,61,61,319)
Decrease/(increase) in loans and advances		3,55,43,918	(8,84,56,293)
(Decrease)/increase in trade payables and other current liabilities		(7,24,00,182)	18,26,61,949
Increase in provisions		2,76,68,615	9,30,39,433
Increase in short term borrowings		-	15,47,20,363
Cash (used in)/generated from operations		(26,57,04,901)	1,12,38,88,321
Direct taxes paid (net of refunds)		(16,30,01,572)	-
Net cash (used in)/generated from operating activities	(A)	(42,87,06,473)	1,12,38,88,321
Cash flow from investing activities			
Purchase of fixed assets including capital work in progress and capital advances		(3,65,17,298)	(21,54,92,899)
Increase in loans and advance to subsidiaries		-	(1,04,81,61,614)
Increase in investment in subsidiaries		-	(3,03,42,200)
Investments in bank deposits (having original maturity of more than three months)		(35,93,053)	(19,56,198)
Interest received		4,06,666	39,87,770
Net cash generated from/(used in) investing activities	(B)	(3,97,03,685)	(1,29,19,65,141)

(₹)

		Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from financing activities			
Proceeds/(repayments) from/of long-term borrowings		25,00,00,000	(6,51,98,439)
Proceeds from short-term borrowings		27,90,80,636	-
Repayment of short term borrowings		(1,95,90,493)	-
Proceeds from issue of equity share capital		1,01,03,110	76,00,000
Interest paid		(4,43,94,085)	(1,28,65,549)
Net cash generated from/(used in) financing activities	(C)	47,51,99,168	(7,04,63,988)
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	67,89,010	(23,85,40,810)
Cash and cash equivalents at the beginning of the year		95,43,376	24,80,84,186
Cash and cash equivalents at the end of the year		1,63,32,386	95,43,376
Components of cash and cash equivalents			
Cash on hand		1,54,288	2,17,909
Balances with scheduled banks on current accounts		1,61,78,098	93,25,467
Total cash and cash equivalents (refer note 16)		1,63,32,386	95,43,376
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao
Partner
M.No. 023412

C. V. Subramanyam
Chairman & Managing Director
DIN: 0071378

K. Ch. Subba Rao
Director
DIN: 01685123

Place: Hyderabad
Date: May 17, 2017

Krishnan Venkatachary
Chief Financial Officer

A. Naga Vasudha
Company Secretary

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2017

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

1. CORPORATE INFORMATION

Cigniti Technologies Limited ('the Company') is a public entity domiciled in India and is primarily engaged in providing software testing services across the world listed. Its shares are listed on NSE & BSE.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets 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.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

c) Depreciation on tangible fixed assets

Depreciation on fixed asset is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed asset.

Name of the Block	Useful life as determined by the management
Buildings	60
Electrical equipment	10
Leasehold improvements	10
Furniture and fixtures	10
Office equipment	5
Computer	3
Vehicles	8

d) Intangible assets

An intangible asset is recognized, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortization. Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight-line basis over their useful life not exceeding three years.

e) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under operating lease are recognized as an expense in the statement of profit and loss on straight-line basis over the lease term.

f) Impairment

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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

g) Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

A) Income from Services

- i) Income from testing services is accounted for on the basis of testing services rendered and billed to customers on acceptance and on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from testing services include revenue from time and material contracts and fixed price contracts. The revenue from time and material contract is recognized as and when the services are rendered and revenue from fixed price contract is recognized in accordance with percentage of completion method.
- iii) Revenue from liquidated damages, delayed payments is recognized only on realization as recovery of the amounts are not certain.

- iv) The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

B) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

i) Foreign Currency Translations

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the fund are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates the gratuity benefit plan. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, 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 the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

k) Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

l) Employee stock compensation cost

Employees (including senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's

best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Please refer note 24 and 26 for the additional disclosure on the Employee stock compensation cost.

m) Research and development cost

In line with the business strategy to focus on the testing services, the Company has decided to adopt from this year the policy of charging off research and development cost in the year it spent in accordance with the accounting guidelines (Refer note 23).

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the

reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle

the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. SHARE CAPITAL

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Equity Share Capital		
Authorized Share		
3,60,00,000 (Previous year: 3,60,00,000) equity shares of ₹ 10/- each	36,00,00,000	36,00,00,000
Issued, subscribed and fully paid-up shares		
2,65,09,530 (Previous year: 2,54,99,219) equity shares of ₹ 10/- each fully paid-up	26,50,95,300	25,49,92,190
Total issued, subscribed and fully paid-up share capital	26,50,95,300	25,49,92,190

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

Equity shares	March 31, 2017		March 31, 2016	
	No's	Amount	No's	Amount
At the beginning of the year	2,54,99,219	25,49,92,190	2,47,39,219	24,73,92,190
Issued during the year - ESOP	10,10,311	1,01,03,110	7,60,000	76,00,000
Outstanding at the end of the year	2,65,09,530	26,50,95,300	2,54,99,219	25,49,92,190

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	As at March 31, 2017	As at March 31, 2016
	No's	No's
Equity share of ₹ 10/- each issued during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.	17,70,311	7,60,000

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No's	% holding	No's	% holding
P. Sapna	37,69,000	14.22%	37,69,000	14.78%
C. V. Subramanyam	29,58,485	11.16%	29,58,485	11.60%
C. Srikanth	25,00,000	9.43%	25,00,000	9.80%
Kukunuru Samba Siva Rao	16,69,442	6.30%	16,71,442	6.55%

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 ownership of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 26.

4. RESERVES AND SURPLUS

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Capital reserve	22,40,000	22,40,000
Investment subsidy reserve	12,50,000	12,50,000
Securities premium account		
Balance as per last financial statements	1,92,28,01,472	1,61,54,27,072
Add: Additions on ESOP's exercised	39,39,79,923	30,73,74,400
Balance at the end of the year	2,31,67,81,395	1,92,28,01,472
Employee stock options outstanding		
Balance as per last financial statements	33,16,93,228	29,73,15,902
Add/(Less): Compensation for options granted (including prior period expense of ₹ 24,59,75,098/- (March 31, 2016: ₹ Nil)	40,91,61,198	34,17,51,726
Less: Amount transferred to securities premium on account of ESOP's exercised	(39,39,79,923)	(30,73,74,400)
Balance at the end of the year	34,68,74,503	33,16,93,228
Foreign Currency Translation Reserve		
Balance as per last financial statements	1,44,13,327	-
Add/(Less): Transfer to surplus in statement of profit and loss	(1,44,13,327)	1,44,13,327
Balance at the end of the year	-	1,44,13,327
Surplus /(deficit) in the statement of profit and loss		
Balance as per last financial statements	47,13,30,408	15,16,87,401
Add: (Loss)/Profit for the year	(2,10,65,36,250)	31,96,43,007
Balance at the end of the year	(1,63,52,05,842)	47,13,30,408
Total reserves and surplus	1,03,19,40,056	2,74,37,28,434

5. LONG - TERM BORROWINGS

(₹)

	Non-current portion		Current maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Term loans (Secured)				
From financial institutions (refer note 5(a))	20,37,03,700	-	4,62,96,300	-
	20,37,03,700	-	4,62,96,300	-
The above amount includes:				
Secured borrowings	20,37,03,700	-	4,62,96,300	-
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(4,62,96,300)	-
Net amount	20,37,03,700	-	-	-

5(a) Indian rupee term loan from a financial institution of ₹ 25,00,00,000/- (March 31, 2016: Nil) carries an interest rate of 14.65% (March 31, 2016: Nil) and is repayable on monthly basis in 54 equal installments starting from June 2017. The loan is secured by pledge of own equity shares held by promoters and personal guarantee of the directors.

6. PROVISIONS

(₹)

	Long-term		Short-term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provisions for employee benefits				
Provision for gratuity (refer note 25)	5,23,37,401	-	46,83,024	1,62,94,157
Provision for leave benefits	-	-	1,04,17,072	-
Other provisions				
Provision for taxation (net of advance tax)	-	-	5,85,37,246	12,23,66,690
	5,23,37,401	-	7,36,37,342	13,86,60,847

7. SHORT TERM BORROWINGS

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Secured		
Cash credit from banks (refer note 7(a) below)	15,17,29,518	1,95,90,493
12.3% loan from Federal Bank repayable on demand (refer note 7(b) below)	1,22,96,475	-
Unsecured		
Interest free loan and advances from related parties (refer note 7(c) below)	29,77,64,902	18,27,10,259
	46,17,90,895	20,23,00,752
The above amount includes:		
Secured borrowings	16,40,25,993	1,95,90,493
Unsecured borrowings	29,77,64,902	18,27,10,259
	46,17,90,895	20,23,00,752

7(a) Cash credit from banks ₹ 15,17,29,518/- (March 31, 2016: ₹ Nil) is secured by hypothecation of fixed assets, trade receivables of the Company and immovable property of the director and relative of the director. The cash credit is secured by personal guarantee of the directors and their relatives. It is repayable on demand and carries interest @ 12.44% p.a. (March 31, 2016: Nil)

Cash credit from banks ₹ Nil (March 31, 2016: ₹ 1,95,90,493/-) is secured by hypothecation of fixed assets, trade receivables of the Company and immovable property of the director. The cash credit is secured by personal guarantee of the directors and their relatives. It is repayable on demand and carries interest @ Nil. (March 31, 2016: 13.50% p.a.)

7(b) Indian rupee term loan from bank of ₹ 1,22,96,475/- (March 31, 2016: Nil) carries an interest rate of 12.30% (March 31, 2016: Nil) and is repayable in 12 monthly equal installments. The loan is secured by hypothecation of fixed assets. Further, it is guaranteed by personal guarantee of the directors and their relatives.

7(c) Interest free loans from related parties are repayable on demand.

8. OTHER CURRENT LIABILITIES

(₹)

	As on March 31, 2017	As on March 31, 2016
Trade payables		
-Total outstanding dues of micro enterprises and small enterprises (refer note 38 for details of dues to micro and small enterprises)	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	19,46,38,962	38,79,76,854
	19,46,38,962	38,79,76,854
Other liabilities		
Current maturities of long term borrowings (refer note 5)	4,62,96,300	-
Others		
Statutory liabilities	20,46,87,400	8,37,49,689
	25,09,83,700	8,37,49,689
	44,56,22,662	47,17,26,543

9. TANGIBLE ASSETS

Cost	Buildings	Electrical Equipments	Leasehold improvements	Furniture & Fixtures	Office Equipments	Computer	Vehicles	Total
As at April 1, 2015	2,55,26,560	1,34,46,786	3,01,78,172	2,02,01,204	2,77,39,774	17,70,15,438	4,94,880	29,46,02,814
Additions	-	14,01,697	-	-	34,32,431	2,16,75,260	-	2,65,09,388
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2016	2,55,26,560	1,48,48,483	3,01,78,172	2,02,01,204	3,11,72,205	19,86,90,698	4,94,880	32,11,12,202
Additions	-	79,09,530	-	11,18,643	4,85,956	2,70,03,169	-	3,65,17,298
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2017	2,55,26,560	2,27,58,013	3,01,78,172	2,13,19,847	3,16,58,161	22,56,93,867	4,94,880	35,76,29,500
Depreciation								
As at April 1, 2015	57,47,619	27,65,742	1,69,28,441	1,08,17,197	1,67,89,202	12,32,51,270	1,99,038	17,64,98,509
Charge for the year	4,26,294	13,48,065	30,17,817	20,20,120	52,04,788	6,32,95,922	61,860	7,53,74,866
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2016	61,73,913	41,13,807	1,99,46,258	1,28,37,317	2,19,93,990	18,65,47,192	2,60,898	25,18,73,375
Charge for the year	4,26,294	19,76,714	1,02,31,914	20,71,718	50,41,996	92,32,155	61,860	2,90,42,651
Adjustments	-	-	-	6,225	86,992	281,471	-	3,74,688
As at March 31, 2017	66,00,207	60,90,521	3,01,78,172	1,49,15,260	2,71,22,978	19,60,60,818	3,22,758	28,12,90,714
Net Block								
As at March 31, 2016	1,93,52,647	1,07,34,676	1,02,31,914	73,63,887	91,78,215	1,21,43,506	2,33,982	6,92,38,827
As at March 31, 2017	1,89,26,353	1,66,67,492	-	64,04,587	45,35,183	2,96,33,049	1,72,122	7,63,38,786

10. INTANGIBLE ASSETS

(₹)

	Software License	Software Tools	Total
Cost			
As at April 1, 2015	98,75,754	-	98,75,754
Additions	2,16,83,320	42,88,17,398	45,05,00,718
Disposals	-	-	-
As at March 31, 2016	3,15,59,074	42,88,17,398	46,03,76,472
Additions	-	-	-
Disposals	-	42,88,17,398	42,88,17,398
As at March 31, 2017	3,15,59,074	-	3,15,59,074
Amortization			
As at April 1, 2015	87,241	-	87,241
Charge for the year	68,06,184	-	68,06,184
As at March 31, 2016	68,93,425	-	68,93,425
Charge for the year	2,46,65,649	-	2,46,65,649
As at March 31, 2017	3,15,59,074	-	3,15,59,074
Net block			
As at March 31, 2016	2,46,65,649	42,88,17,398	45,34,83,047
As at March 31, 2017	-	-	-

11. NON-CURRENT INVESTMENTS

	March 31, 2017	March 31, 2016
A. Trade investments (Valued at cost unless stated otherwise)		
I. Investment in equity instruments		
(i) Investment in subsidiaries (Unquoted)		
(a) 1,000 (Previous year: 1,000) equity shares of \$ 1 each, fully paid-up in Cigniti Technologies Inc.	55,49,48,558	55,49,48,558
(b) 10,000 (Previous year: 10,000) equity shares of ₹ 10/- each, fully paid-up in Cigniti Software Services Pvt. Ltd.	39,00,000	39,00,000
(c) 10,000 (Previous year: 10,000) equity shares of ₹ 10/- each, fully paid-up in Gallop Solutions Pvt. Ltd.	1,10,00,000	1,10,00,000
(d) 1 (Previous year: 1) equity shares of CAD 1 each, fully paid-up in Cigniti Technology Canada Inc.	48	48
(e) 8,55,001 (Previous year: 8,55,001) equity shares of GBP 1 each, fully paid-up in Cigniti Technologies (UK) Limited	8,39,57,485	8,39,57,485
(f) 8,65,001 (Previous year: 8,65,001) equity shares of AUD 1 each, fully paid-up in Cigniti Technologies (Australia) PTY Ltd.	4,42,24,647	4,42,24,647
(g) 1 (Previous year: 1) equity shares of NZD 1 each, fully paid-up in Cigniti Technologies (NZ) Limited	45	45
Total	69,80,30,783	69,80,30,783
Aggregate amount of unquoted investments	69,80,30,783	69,80,30,783

12. DEFERRED TAX ASSET (NET)

(₹)

Particulars	March 31, 2017	March 31, 2016
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	49,54,434	17,44,626
Provision for gratuity and leave encashment	2,33,40,118	-
Gross deferred tax asset	2,82,94,552	17,44,626
Deferred tax asset, net	2,82,94,552	17,44,626

13. LOANS AND ADVANCES

(₹)

	Long-term		Short-term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Security deposits				
Unsecured, considered good	4,31,37,701	3,37,42,050	47,143	1,04,119
A	4,31,37,701	3,37,42,050	47,143	1,04,119
Loan and advances to related parties (note 30)				
Unsecured, considered good	21,77,52,683	1,45,36,91,761	-	-
B	21,77,52,683	1,45,36,91,761	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	8,26,43,225	-	15,41,77,682
C	-	8,26,43,225	-	15,41,77,682
Other loans and advances				
Unsecured, considered good				
Staff advance	-	-	24,26,53,029	7,97,31,208
Other receivables	-	-	7,75,733	32,155
D	-	-	24,34,28,761	7,97,63,363
Total (A+B+C+D)	26,08,90,384	1,57,00,77,036	24,34,75,904	23,40,45,164

14. TRADE RECEIVABLES

(₹)

Particulars	As on March 31, 2017	As on March 31, 2016
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables		
Unsecured, considered good	1,15,26,74,823	50,84,92,234
	1,15,26,74,823	50,84,92,234

15. OTHER ASSETS

(₹)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 16)	21,05,146	-	-	-
Preliminary expenses	-	6,99,000	-	-
Prepaid expenses	-	-	39,14,491	1,60,20,609
TDS receivable	-	-	97,71,371	53,89,545
Service tax	-	-	3,88,54,622	3,44,71,809
	21,05,146	6,99,000	5,25,40,484	5,58,81,963

16. CASH AND BANK BALANCES

(₹)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balance with banks				
- On current accounts	-	-	1,61,78,098	93,25,467
- Cash on hand	-	-	1,54,288	2,17,909
	-	-	1,63,32,386	95,43,376
Other bank balances				
Deposits with remaining maturity for more than 12 months	21,05,146	-	-	-
Deposits with remaining maturity for less than 12 months	-	-	34,44,105	19,56,198
	21,05,146	-	34,44,105	19,56,198
Amount disclosed under non-current assets (refer note 15)	(21,05,146)	-	-	-
	-	-	1,97,76,492	1,14,99,574

17. REVENUE FROM OPERATIONS

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations		
Sale of Services		
Domestic	12,20,85,501	4,50,06,662
Export	2,62,87,73,912	1,99,98,90,670
	2,75,08,59,413	2,04,48,97,332

18. OTHER INCOME

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Net Gain/(Loss) on foreign currency transactions	1,70,56,954	(18,13,417)
Interest on deposits	4,06,666	39,87,770
Other income	21,987	1,20,26,562
	1,74,85,607	1,42,00,915

19. EMPLOYEE BENEFITS EXPENSE

(₹)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	1,59,21,26,193	65,83,20,838
Contribution to provident and other funds (refer note 25)	3,61,40,415	2,91,88,901
Employee stock option scheme	16,31,86,100	34,17,51,726
Managerial remuneration	2,40,00,000	2,40,00,000
Gratuity expense (refer note 25)	2,92,03,959	23,08,171
Staff welfare expenses	1,55,06,203	51,83,051
	1,86,01,62,870	1,06,07,52,687

20. OTHER EXPENSES

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power and fuel	5,04,42,237	1,03,87,034
Rent (Refer note 29)	7,76,92,725	6,73,81,655
Rates and taxes	3,13,64,938	2,19,46,466
Insurance	2,81,838	90,90,100
Repairs and maintenance	1,73,52,717	2,92,03,891
Advertising and sales promotion	1,28,76,367	3,75,30,626
Travelling and conveyance	35,04,62,652	21,02,01,332
Communication costs	2,94,51,680	4,28,23,852
Printing and stationery	35,22,990	26,49,784
Legal and professional fees	3,56,27,125	2,47,13,185
Payment to auditor (refer note below)	39,61,500	7,03,600
Exchange differences (net)	44,46,560	-
Software licensing cost	4,18,92,339	8,68,708
CSR expenditure	31,03,780	18,44,890
Miscellaneous expenses	28,59,008	44,56,474
	66,53,38,456	46,38,01,597

PAYMENT TO AUDITOR

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Audit fee	5,00,000	3,60,000
Tax audit fee	2,00,000	2,00,000
Limited review	3,00,000	1,40,000
In other capacity:		
Taxation matters	29,61,500	-
Reimbursement of expenses	-	3,600
	39,61,500	7,03,600

21. DEPRECIATION AND AMORTIZATION EXPENSE

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets (refer note 9)	2,90,42,651	7,53,74,866
Amortization of intangible assets (refer note 10)	2,46,65,649	68,06,184
	5,37,08,299	8,21,81,050

22. FINANCE COSTS

(₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense	4,43,94,085	1,28,65,549
Bank charges	68,85,943	50,08,344
	5,12,80,028	1,78,73,893

23. EXCEPTIONAL ITEM

The Company has incurred substantially on development of software testing products and tools over the past few years. The Company has been keeping a keen watch on developments and continuously assesses any potential impairment of such tools/products. While the independent/pure play testing space has been growing aggressively, the offerings by service providers need to be continuously modified to suit the market needs such as DevOps, Agile and the like. Also, the independent/pure play testing market space has witnessed entry of several new independent providers and disruptive changes like the advent of cloud-based offerings and using machine learning, artificial intelligence etc. In light of these changes and the overall market outlook for our software products in the testing space, the Company has carried out an impairment analysis of such products. Based on such analysis and in the absence of estimates of future cash flows arising from the sale of product licenses for these tools the Company has decided to fully impair such tool developments costs amounting ₹ 1,90,23,19,591/- on a conservative and prudent basis in line with the requirements of the accounting standards. Further, as per the revised strategy the Company shall not be carrying forward expenditures of such nature and will charge off the same in the year in which it spent.

24. PRIOR PERIOD ITEM

(₹)

Particulars	Amount
Employee stock option cost	24,59,75,098
Gratuity and leave encashment expense	2,34,74,725
	26,94,49,823

Prior period items include provision for gratuity and leave encashment based on actuary valuation done in the current year and catch up cost for employee stock options because of change in the method of amortising the Employee stock option cost.

25. GRATUITY BENEFIT PLAN

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with insurance company in the form of qualifying insurance policy.

Statement of Profit and Loss**Net employee benefit expense recognized in the employee cost**

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current Service Cost	2,12,10,077	20,00,000
Interest Cost on benefit obligation	11,07,219	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss	2,20,17,631	-
Net benefit expense	4,43,34,927	20,00,000

Balance Sheet**Benefit liability**

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of defined benefit obligation	5,86,62,154	1,62,94,157
Fair value of plan assets	16,41,729	-
Plan liability	5,70,20,425	1,62,94,157

Changes in the Present Value of defined benefit obligation:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening defined benefit obligation	1,62,94,157	1,42,94,157
Interest Cost	11,07,219	-
Current Service Cost	2,12,10,077	20,00,000
Benefits Paid	(19,66,930)	-
Actuarial (Gain)/Loss on the Obligation	2,20,17,631	
Closing defined benefit obligation	5,86,62,154	1,62,94,157

Changes in the fair value of plan assets are as follows:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening Fair Value of Plan Assets	-	-
Contribution by employee	16,41,729	-
Benefits Paid	-	-
Actuarial Gain/(Loss)	-	-
Closing Fair Value of Plan Assets	16,41,729	-

The Company expects to contribute ₹ 50,00,000 to gratuity plan in the next year.

Major categories of Plan Assets are as follows:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Investments with insurer	100%	-

The principal assumptions used in determining gratuity benefit obligation for the company's plans are shown below:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Discount rate	6.80%	-
Salary growth rate	12.00%	-
Employee Turnover	20.00%	-
Expected rate of return on plan assets	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 overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

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

Particulars	Year Ended March 31,				
	2017	2016	2015	2014	2013
Defined benefit obligation	5,86,62,154	1,62,94,157	1,42,94,157	93,16,320	30,14,861
Fair Value of Plan Assets	16,41,729	-	-	-	-
Net Liability	5,70,20,425	1,62,94,157	1,42,94,157	93,16,320	30,14,861
Experience adjustments on plan liabilities	2,20,17,631	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

26. EMPLOYEE STOCK OPTION

The company provides share-based payment schemes to its employees. During the year ended March 31, 2017, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

- i) Employees covered under Employees Stock Option Plans are granted an option to purchase shares of the Company at the face value of shares, subject to requirements of vesting conditions. Upon vesting, the employees can acquire one equity share for every option. The minimum vesting period shall be for 1 year and the maximum vesting period shall be of 5 years from the date of grant.
- ii) The remuneration committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.
- iii) The Company measures the cost of ESOP using the intrinsic value method. The stock compensation cost is computed based on the market price as of grant date and amortized on a straight-line basis over the total vesting period.
- iv) The details of activity under various Schemes are summarized below:

Plan/Scheme	Scheme 2011	Scheme 2013	(As at March 31, 2017)	
			Scheme 2014 Tranche 1	Scheme 2014 Tranche 2
Total No. of options under the scheme	15,00,000	10,00,000	20,00,000	5,00,000
Outstanding at the beginning of the year	12,97,700	2,18,190	3,99,500	-
Granted during the year	202,300	-	NIL	5,00,000
Forfeited during the year	-	-	15,000	-
Exercised during the year	7,56,490	1,09,095	1,44,726	-
Outstanding at the end of the year	7,43,510	1,09,095	2,39,774	5,00,000
Exercisable at the end of the year	2,17,000	-	8,750	-

(As at March 31, 2016)

Plan/Scheme	Scheme 2011	Scheme 2013	Scheme 2014 Tranche 1	Scheme 2014 Tranche 2
Total No. of options under the scheme	15,00,000	10,00,000	20,00,000	5,00,000
Outstanding at the beginning of the year	15,00,000	10,00,000	2,97,000	-
Granted during the year	-	-	1,70,000	-
Forfeited during the year	202,300	21,810	67,500	-
Exercised during the year	-	7,60,000	-	-
Outstanding at the end of the year	12,97,700	2,18,190	3,99,500	-
Exercisable at the end of the year	432,280	-	-	-

For options exercised during the year, the weighted average share price at the exercise date was ₹ 418.34 per share (March 31, 2016: ₹ 495.12 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 5.44 years (March 31, 2016: 6.08 years). The exercise price for options outstanding at the end of the year is ₹ 10/- (March 31, 2016: ₹ 10/-).

27. UNHEDGED FOREIGN CURRENCY EXPOSURE:

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	Amount in foreign currency	Amount in INR (₹)
Trade Payables			
March 31, 2017	USD	4,249	2,75,110
	ZAR	42,20,984	2,06,00,324
March 31, 2016	USD	15,09,472	9,97,74,470
	ZAR	49,36,295	11,24,047
Trade Receivables			
March 31, 2017	USD	2,63,92,597	171,98,77,967
	GBP	16,36,530	13,46,84,964
	AUD	8,07,735	4,00,78,373
	CAD	2,23,029	1,08,36,069
	NZD	2,42,384	1,10,16,234
	ZAR	62,94,698	3,27,89,499
	SGD	28,887	13,74,782
March 31, 2016	DKK	71,215	6,79,915
	USD	55,27,843	36,61,03,771
	GBP	6,619	6,30,602
	AUD	15,470	7,37,117
	ZAR	3,48,900	15,64,241
	SGD	38,705	18,69,246
	DKK	21,311	2,12,986
Loans and advances			
March 31, 2017	USD	10,99,946	7,12,21,480
	GBP	2,67,112	2,15,37,658
	AUD	8,78,772	4,36,04,663
	CAD	5,04,735	2,45,23,091

Particulars	Currency	Amount in foreign currency	Amount in INR (₹)
	ZAR	64,39,955	3,20,88,816
	NZD	7,477	3,39,816
March 31, 2016	USD	13,88,012	9,17,46,042
	GBP	5,31,208	5,04,43,485
	AUD	4,35,117	2,20,51,711

28. CAPITAL AND OTHER COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for during the year is Nil (March 31, 2016: Nil).
- b) For commitments relating to lease arrangements, please refer note 30.

29. OPERATING LEASES

The Company has entered into commercial lease agreements for use of office premises. These leases have an average life of between 11 months to five years with renewal option included in the contracts and with escalation clause. There are no restrictions placed upon the company by entering into these leases.

Lease payments made under cancellable operating leases amounting to ₹ 3,91,29,969/- (March 31, 2016: ₹ 2,30,12,679/-) have been recognized as an expense in the statement of profit or loss.

Lease payments made under non-cancellable operating leases amounting to ₹ 3,85,62,756/- (March 31, 2016: ₹ 4,43,68,977/-) have been recognized as an expense in the statement of profit or loss.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Not later than one year	4,44,19,664	3,25,13,341
Later than one year and not later than five years	85,25,995	1,16,05,689
Later than five years	-	-

30. RELATED PARTY DISCLOSURES

a) Names of related parties and related party relationship

Particulars	Nature of Relationship
Related parties where control exists	
Subsidiaries (100% wholly owned subsidiary)	Cigniti Software Services Pvt. Ltd
	Cigniti Technologies NZ Ltd.
	Gallop Solutions Pvt. Ltd
	Cigniti Technologies (UK) Limited, UK
	Cigniti Technologies (Australia) Pty Ltd, AUS
	Cigniti Technologies Inc., USA
	Cigniti Technologies (Canada) Inc., Canada
Related parties with whom transactions have taken place during the year	
Key management personnel	Mr. C. V. Subramanyam (Chairman & Managing Director)
	Mr. Sudhakar Pennam (Director)
	Mr. C. Srikanth (Whole-time Director)
	Mr. Krishnan Venkatachary (Chief Financial Officer)
	Naga Vasudha (Company Secretary)
Enterprises in which a director is a director	Kairos Technologies Inc

b) Related Parties Transactions during the Financial Year 2016-17:

(₹)

Name of the Party	Nature of Transaction	Year ended March 31, 2017	Year ended March 31, 2016
Mr. C. V. Subramanyam	Remuneration	1,20,00,000	1,20,00,000
Mr. C. Srikanth	Remuneration	1,20,00,000	1,20,00,000
Cigniti Technologies (UK) Limited	Investment	-	1,57,50,093
Cigniti Technologies (Australia) Pty Ltd.	Investment	-	1,45,92,106
Cigniti Technologies Inc.	Revenue	2,11,97,08,935	Nil
Cigniti Technologies Canada Inc.	Revenue	1,15,37,553	Nil
Cigniti Technologies (Australia) Pty Ltd.	Revenue	3,78,40,498	Nil
Cigniti Technologies (UK) Limited	Revenue	17,61,19,542	Nil
Cigniti Technologies (NZ) Limited	Revenue	1,10,56,062	Nil

c) Balance outstanding at the end of the year

(₹)

Name of the Party	Nature of Transaction	Year ended March 31, 2017	Year ended March 31, 2016
Mr. C. V. Subramanyam	Borrowing	12,58,75,000	13,23,75,000
Mr. C. Srikanth	Borrowing	4,00,00,000	Nil
Mr. P. Sudhakar	Borrowing	5,00,00,000	5,00,00,000
Cigniti Technologies Inc.	Borrowing	8,15,54,643	Nil
Kairos Technologies Inc.	Borrowing	3,35,259	3,35,259
Cigniti Technologies Inc.	Trade Receivable	86,33,60,034	Nil
Cigniti Technologies (UK) Limited	Trade Receivable	14,42,62,756	Nil
Cigniti Technologies Canada Inc	Trade Receivable	1,08,36,070	Nil
Cigniti Technologies (Australia) Pty Ltd.	Trade Receivable	4,00,78,374	Nil
Cigniti Technologies (NZ) Limited	Trade Receivable	1,10,16,234	Nil
Cigniti Technologies Inc.	Loans & Advance	11,81,30,579	1,37,42,02,777
Cigniti Technologies Canada Inc	Loans & Advance	2,45,23,091	(59,98,094)
Gallop Solutions Pvt. Ltd	Loans & Advance	96,16,877	1,27,16,808
Cigniti Technologies (Australia) Pty Ltd.	Loans & Advance	4,36,04,663	2,20,51,711
Cigniti Technologies (UK) Limited	Loans & Advance	2,15,37,658	5,04,43,485
Cigniti Technologies (NZ) Limited	Loans & Advance	3,39,816	2,75,074

31. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹)

	Year Ended March 31, 2017	Year Ended March 31, 2016
Foreign Travel	21,68,11,592	11,17,36,699
Storage & Hosting Costs	25,93,557	13,36,624
	21,94,05,149	11,30,73,323

32. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹)

	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from operations	2,62,87,73,912	1,99,98,90,670

33. EARNINGS PER SHARE (EPS)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit/(Loss) after tax during the year (₹)	(2,10,65,36,250)	31,96,43,007
Earnings available to Equity Shareholders for Basic & Diluted EPS (₹)	(2,10,65,36,250)	31,96,43,007
Weighted Average Number of Shares taken for Computation of EPS	2,60,24,944	2,49,79,830
Earnings per Share		
-Basic	(80.90)	12.80
-Diluted	(80.90)	12.80

34. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other denomination notes	Total
Closing cash on hand as on 08.11.2016	-	51,450	51,450
(+) Permitted receipts	-	6,50,000	6,50,000
(-) Permitted payments	-	4,46,512	4,46,512
(-) Amount deposited in Banks	-	-	-
Closing cash on hand as on 30.12.2016	-	2,54,938	2,54,938

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

35. CORPORATE SOCIAL RESPONSIBILITY

- (a) Gross amount required to be spent by the Company during the year ₹ 40,68,722/-.
- (b) Amount spent during the year under Corporate Social Responsibility expenditure ₹ 31,03,780/- (March 31, 2016: ₹ 18,44,890/-).

36. CONTINGENT LIABILITY

There is no contingent liability as at March 31, 2017 (March 31, 2016: ₹ Nil)

37. SEGMENT REPORTING

The Company is primarily engaged in the business of providing software testing services. As such there is no separate reportable segment as defined by Accounting Standard 17 "Segment Reporting".

38. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Based on the information available with the Company there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act 2006" as at March 31, 2017 and March 31, 2016.

39. Previous year figures have been regrouped/reclassified, where necessary, to conform to the current year's classification.

For **P. Murali & Co.,**
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the board **CIGNITI TECHNOLOGIES LIMITED**

P. Murali Mohana Rao

Partner
M.No. 023412

Place: Hyderabad
Date: May 17, 2017

C. V. Subramanyam

Chairman & Managing Director
DIN: 0071378

Krishnan Venkatachary
Chief Financial Officer

K. Ch. Subba Rao

Director
DIN: 01685123

A. Naga Vasudha
Company Secretary

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200TG1998PLC030081

Name of the Company : Cigniti Technologies Limited

Registered Office : Suit No. 106 &107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Panjagutta,
Hyderabad- 500082. Telangana State.
Ph No 040-40382255, Fax: 30702299

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : _____
Address : _____
Email ID : _____
Signature : _____ or failing him/her
2. Name : _____
Address : _____
Email ID : _____
Signature : _____ or failing him/her
3. Name : _____
Address : _____
Email ID : _____
Signature : _____ or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the Company, to be held on Friday, June 30, 2017 at 10 A.M. at The V (Ascendas) Auditorium, Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Approval of financial statements for the year ended March 31, 2017.
2. Appointment of Mr. C. V. Subramanyam (DIN: 00071378) as Director who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of statutory auditors in place of retiring auditors and fixation of their remuneration.
4. Conversion of unsecured loan in to equity by preferential allotment.
5. Appointment of Mr. C. V. Subramanyam as Chairman & Managing Director of the Company.

Signed this day of 2017

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

CIGNITI TECHNOLOGIES LIMITED

SUIT NO. 106 &107, 6-3-456/C, MGR ESTATES, DWARAKAPURI COLONY, PANJAGUTTA,
HYDERABAD- 500082. TELANGANA STATE.

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 19th Annual General Meeting of the members of the company to be held on Friday, 30th day of June, 2017 at 10 A.M. at The V (Ascendas) Auditorium, Plot No# 17, Software Units Layout, Madhapur, Hyderabad - 500 081, and at any adjourned meeting thereof.

Shareholders/Proxy's Signature _____

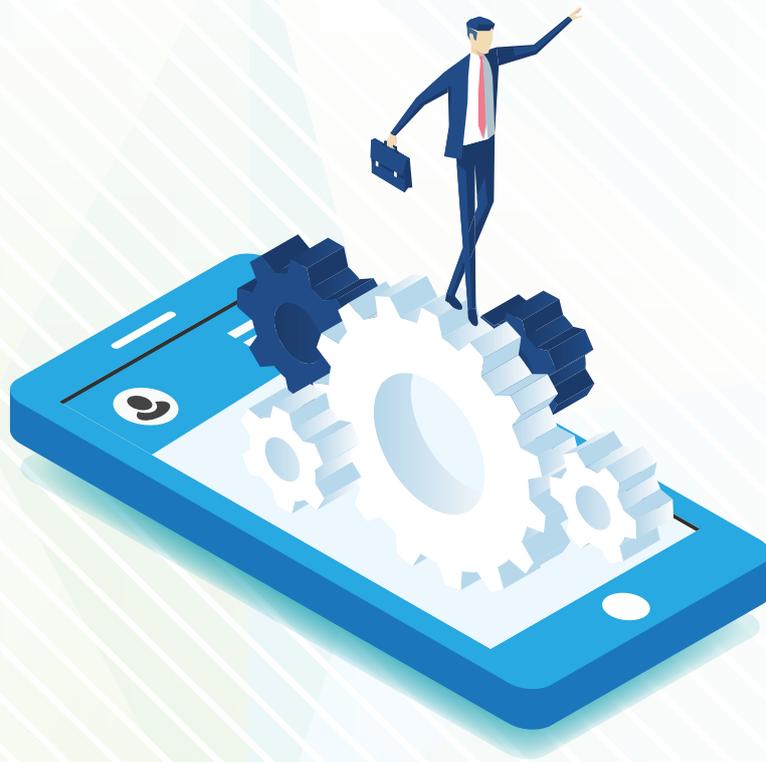
Shareholders/Proxy's full name _____
(In block letters)

Folio No./Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.



Cigniti ✓

Software Quality | Assured

www.cigniti.com