CHETAN MAYUR & CO.
Chartered Accountants

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The Board of Directors
Zensar Technologies IM, Inc.

Report on special purpose financial statements

1. We have audited the accompanying special purpose Ind AS financial statements of Zensar Technologies IM Inc. (the "Company") which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including Other Comprehensive Income), the cash flow statement and the Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the special purpose Ind AS Financial Statements

2. Management is responsible for the preparation of these special purpose Ind AS financial statements as mentioned above to give a true and fair view of the financial position, financial performace (including other comprehensive income), cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Companies Act, 2013 to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose Ind AS financial statements that are free okfrom material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these special purpose Ind AS financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Ind AS financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. Based on our audit, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; .

   b. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

Chetan Mayur & Co. PUNE Chartered Accountants

c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose Ind AS financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2017;

(ii) in the case of the Statement of Profit and Loss (including other comprehensive income), the loss for the year ended on that date;

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date; and

(iv) in the case of the Statement of Change in Equity, the change in equity for the year ended on that date

Emphasis of Matter – Basis of Preparation

7. We draw attention to Note 1(a) to the special purpose Ind AS financial statements, which describes the basis of its preparation. The special purpose Ind AS financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the special purpose Ind AS financial statements for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

Other Matter

8. The special purpose Ind AS financial statements dealt with by this report, have been prepared for the express purpose to enable Zensar Technologies Limited to prepare Consolidated Ind AS Financial Statement pursuant to the requirement of Companies Act, 2013.

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued special purpose financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 22, 2016 and April 28, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Restriction on Use

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any Ind AS financial statements of the Company.

Mayur & Co. Chartered Accountants

11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Chetan Mayur & Co neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Chetan Mayur & Co
Chartered Acountants
Firm Registration No 123216W

Chetan Shroff
Partner
M No 104273
Date: 25th April 2017
Place: Pune

Chetan Mayur & Co. * Chartered Accountants *

Zensar Technologies IM, Inc.
Balance Sheet as at 31st March,2017
(All amounts are in Rupees Lacs, except per share data and unless stated otherwise)

Particulars	Note no.	March 31, 2017	March 31, 2016	April 1, 2015
Non-current assets				
(a) Property, Plant and Equipment	2a	478.61	818.84	925.52
(b) Intangible assets	2b	8.06	41.79	-
(c) Financial Assets	3			
(i) Other financial assets		107.80	72.92	62.32
Total non-current assets		594.46	933.55	987.84
Current assets				
(a) Inventories	4	11,264.19	12,596.53	12,243.53
(b) Financial Assets				
(i) Trade receivables	6	7,558.04	7,526.24	9,118.74
(ii) Cash and cash equivalents	7	1,229.06	-	-
(iii) Other financial assets	3	2,276.07	6,031.97	2,783.47
(c) Other Current assets	8	893.80	1,486.47	2,901.08
Total current assets		23,221.15	27,641.21	27,046.83
Total assets		**23,815.61**	**28,574.76**	**28,034.67**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital				
(b) Other Equity				
i. Reserves and surplus	9b	8,755.83	12,423.51	13,516.22
ii. Other Reserves	9c	527.02	599.47	-
Total Equity		9,282.85	13,022.98	13,516.22
Non-current liabilities				
(a) Deferred tax liabilities (net)	10	2,367.43	1,410.54	502.97
(b) Other non-current liabilities	12a	102.08	119.38	157.91
Total non-current liabilities		2,469.51	1,529.92	660.88
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	2,686.78	3,365.01	2,062.52
(ii) Trade payables	13	7,824.25	4,216.42	4,325.22
(b) Other current liabilities	12b	1,379.99	4,962.48	6,907.34
(c) Employee benefit obligtions	14	172.24	1,477.96	562.48
Total current liabilities		12,063.26	14,021.87	13,857.56
Total Liabilities		23,815.61	28,574.76	28,034.67

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

For and on behalf of Chetan Mayur & Co.
Firm Registration No. 123216W
Chartered Accountants

Chetan Mayur & Co. * Chartered Accountants *

Chetan Shroff
Partner
Membership No. 104273

For and on behalf of the Board

Pinaki Kar
Director

Sandeep Kishore
Director

Place: Pune
Date: April 25,2017

Place: Pune
Date: April 25,2017

Zensar Technologies IM, Inc.
Statement of Profit and Loss Account for the year ended 31st March,2017
(All amounts are in Rupees Lacs, except per share data and unless stated otherwise)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Income				
Revenue from operations	15	42,914.05	49,348.76	49,780.18
Other income	16	-	0.82	-
Total Income		42,914.05	49,349.58	49,780.18
Expenses				
Cost of traded goods and services		12,892.24	15,391.59	15,990.97
Employee benefits expense	17	15,638.86	16,215.33	15,946.36
Depreciation and amortisation expense	18	484.24	595.86	659.30
Other Expenses	19	19,083.79	18,468.21	17,407.94
Finance cost	20	197.15	168.42	119.41
Total expenses		48,296.27	50,839.41	50,123.98
Loss before exceptional items and tax		(5,382.23)	(1,489.83)	(343.81)
Exceptional items		-	-	
Loss before tax		(5,382.23)	(1,489.83)	(343.81)
Tax expense				
Current tax		(2,716.91)	(160.81)	17.06
Deferred tax		989.46	-	-
Total tax expense		(1,727.44)	(160.81)	17.06
Loss for the year		(3,654.78)	(1,329.02)	(360.87)

Particulars	Notes	March 31, 2017	March 31, 2016	March 31, 2015
Other comprehensive income				
A. Items that may be reclassified to profit or (loss				
- exchange difference on translation of foreign operations	12 (c)	(72.45)	599.47	
- income tax relating to these items	12 (c)			
		(72.45)	599.47	
B. Items that will not be reclassified to profit or loss				
- remeasurements of post employment benefit obligations	12 (c)			
- income tax relating to this item	12 (c)			
Other comprehensive income for the year, net of tax [A+B]		(72.45)	599.47	
Total comprehensive income for the year		(72.45)	599.47	

Particulars	Notes	March 31, 2017	March 31, 2016	March 31, 2015
Loss per share - [nominal value per share Rs.0.45/- (March 31, 2016: Rs.0.45/-)]	29			
Basic and Diluted		(3,654,781.25)	(1,329,022.46)	

Summary of significant accounting policies 1(a)
Critical judgements and estimates 1(b)

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

For and on behalf of Chetan Mayur & Co.
Firm Registration No. 123216W
Chartered Accountants

Chetan Shroff
Partner
Membership No. 104273

For and on behalf of the Board

Pinaki Kar
Director

Sandeep Kishore
Director

Place: Pune
Date: April 25,2017

Place: Pune
Date: April 25,2017

Zensar Technologies IM, Inc.
Statement of Cash Flows for year ended March 31, 2017
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	March 31, 2017		March 31, 2016	
Cash Flow from operating activities					
Profit before taxation from:					
- continuing operations		(5,382.23)		(1,489.83)	
- discontinued operations					
Profit before taxation including discontinued operations			(5,382.23)		(1,489.83)
Adjustments for:					
Depreciation and Amortisation		468.44		595.86	
Provision for Leave compensation		(21.82)		216.14	
Dividend Income		-		(0.82)	
Finance costs		197.15		168.42	
Provision for doubtful debts		652.15		1,722.45	
Bad debts		601.10		69.36	
Net exchange differences		-	1,897.03	-	2,771.41
Operating Profit before Working Capital Changes			(3,485.20)		1,281.58
Change in operating assets and liabilities					
(Increase)/ decrease in other non current financial assets		(34.88)		(10.60)	
(Increase)/ decrease in trade receivables		(1,285.05)		(199.31)	
(Increase)/ decrease in other current financial assets		3,755.90		(3,248.50)	
(Increase)/ decrease in other current assets		592.67		1,414.61	
(Increase)/ decrease in Inventories		1,332.34		(353.00)	
Increase/ (decrease) in other non current liabilities		(17.30)		(38.53)	
Increase/ (decrease) in trade payables		3,607.79		(108.81)	
Increase/ (decrease) in current employee benefit obligations		(1,283.90)		699.34	
Increase/ (decrease) in other current liabilities		(3,582.49)	3,085.08	(1,944.86)	(3,789.65)
Cash generated from operations			(400.12)		(2,508.07)
Income taxes paid (net of refunds)		956.89	956.89	907.57	907.57
		2,716.91	2,716.91	160.81	160.81
Net cash inflow from operating activities			3,273.68		(1,439.69)
Cash Flow from investing activities					
Purchase of tangible/intangible assets including Capital Work in Progress		(11.27)		(405.77)	
Sale of investments		(83.20)		(125.21)	
Dividend Income		-		0.82	
Net Cash used in Investing Activities			(94.47)		(530.16)
Cash Flow from financing activities					
Interest paid		(197.15)		(168.42)	
Proceeds / (Repayment) of short-term borrowings		(678.23)		1,302.49	
Net Cash used in Financing Activities			(875.38)		1,134.07
Effect of exchange differences on translation of foreign currency cash and cash equivalents			(1,074.77)		835.78
Net Increase/(Decrease) in cash and cash equivalents			1,229.06		0.00
Cash and cash equivalents at the beginning of the financial year			-		-
Cash and cash equivalents at the end of the financial year			1,229.06		-

Notes:
1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statements.

2. Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
3. Cash and cash equivalents comprise of:

	2016-17	2015-16	2014-15
Cash on Hand		4.59	3.84
Balances with Banks	1,229.06	8395.82	5030.88
Total	1229.06	8400.41	5034.72

The accompanying notes are an integral part of these financial statements
This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of Chetan Mayur & Co.
Firm Registration No. 123216W
Chartered Accountants

Chetan Shroff
Partner
Membership No. 104273

Place: Pune
Date: April 25, 2017

For and on behalf of the Board

Pinaki Kar
Director

Sandeep Kishore
Managing Director

Place: Pune
Date: April 25, 2017

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
Statement of changes in equity
(All amounts are in Rupees Lakhs, unless otherwise stated)

A Equity share capital

Particulars	Amount
As at April 1, 2015	*
Change in equity share capital	*
As at March 31, 2016	*
Change in equity share capital	*
As at March 31, 2017	*

* Rs 450 has been rounded off to Rs in Lakhs

B Other equity

Particulars	Notes	Reserves & Surplus		Other components of equity	Total other equity
		Securities premium reserve	Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2015		8,796.40	4,719.83	-	13,516.22
Profit/(Loss) for the year		-	(1,329.02)	599.47	(729.55)
Other Comprehensive Income		-	236.31	-	236.31
Total comprehensive income for the year		**8,796.40**	**3,627.11**	599.47	13,022.98
Balance as at March 31, 2016		**8,796.40**	**3,627.11**	599.47	13,022.98
Profit/(Loss) for the year		-	(3,654.78)	(72.45)	(3,727.23)
Other Comprehensive Income		-	(12.90)	-	(12.90)
Total comprehensive income for the year		**8,796.40**	(40.57)	527.02	9,282.85
Balance as at March 31, 2017		**8,796.40**	(40.57)	527.02	9,282.85

Zensar Technologies IM, Inc.
Notes acgrouping the Financial Statements as at and for the year ended March 31, 2017

Background

PSI Holding Group, Inc. and Subsidiaries (the Group) consists of PSI Holding Group, Inc. and it's two wholly owned and controlled subsidiaries i.e. Zensar Technologies IM,Inc. (Erstwhile Akibia, Inc.) and Zensar Technologies IM, BV (Erstwhile Akibia BV). The group provides information technology services in the following areas: IT hardware maintenance, outsourcing, consulting and other professional services for the support of data centers. Through its Product business, the group delivers secure network infrastructure solutions to improve productivity, network security and efficiency, through consulting services, telephone support, and the resale of security and networking software and devices, and related maintenance.

1 (a) Summary of significant accounting policies

a. Basis of preparation

(i) Compliance with Ind AS

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

The financial statements are the first financial statements of the group under Ind AS. Refer note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets and liabilities which are measured at fair value and
- defined benefit plans - plan assets measured at fair value

(iii) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the group has ascertained its operating cycles as 12 months for the purpose of current -non current classification of assets and liabilities.

b. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
The board of directors of PSI Holding Group, Inc. has appointed a Management Committee which assesses the financial performance and position of the group, and makes strategic decisions. The management committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer, Vice Presidents and Associate Vice Presidents for corporate planning.

c. Foreign currency translation

(i) Functional and presentation currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Consequently the functional currency for PSI Holding Group, Inc. and Zensar Technologies IM Inc. is US Dollars and for Zensar Technologies IM BV is EUR. The financial statements are presented in Indian rupee (INR), which is the presentation currency for Zensar Group, for which the current Special Purpose Financial Statements are prepared.

(ii) Transactions and balances

- Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains/(losses), net within results of operating activities.

- A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

- Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) Foreign Operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:
- Assets and liabilities are translated at the closing rate at the date of the Balance Sheet
- Income and expense items are translated at the average exchange rates for the period.
- All resulting exchange differences are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal.

d. **Revenue Recognition**

The group derives revenue primarily from maintenance of software/hardware and related services, and sale of hardware and software licences.
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, discounts, value added taxes and other amounts collected on behalf of third parties.

The group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group estimates its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) **Time and material contracts:**

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered. The same is measured on the basis of the efforts spent and the materials utilized for rendering such services.

(ii) **Fixed- price contracts:**

Revenues from fixed-price contracts, including IT Infrastructure development and integration contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on efforts or costs incurred to date as a percentage of total estimated efforts or costs required to complete the project. The efforts or cost expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. If the group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent
of contract cost incurred for which recoverability is probable.
When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of income in the period in which such losses become probable based on the current contract estimates.
'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period. 'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

(iii) **Maintenance contracts:**

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion. In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognized as revenue on completion of the term.

(iv) **Multiple element arrangements:**

Revenue from contracts with multiple-element arrangements are recognized using the guidance in Ind AS 18, Revenue. The group allocates the arrangement consideration to separately identifiable components based on their relative fair values or on the residual method. Fair values are determined based on sale prices for the components when it is regularly sold separately, third-party prices for similar components or cost plus an appropriate business-specific profit margin related to the relevant component.

(v) **Sale of Products and Licenses:**

Revenue from sale of product, licenses and support are recognized when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

e. **Income Tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income. The group has three major jurisdictions viz. Massachusetts and California in the United States for PSI Holding Group, Inc. and Zensar Technologies IM Inc. and Netherlands for Zensar Technologies IM BV.

(i) **Current Income Tax:**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period.
The group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized
amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

(ii) **Deferred Income Tax:**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets
against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

f. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement specified in appendix C of Ind AS 17, is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

As a lessee:

Finance Lease: Leases of property, plant and equipment, where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Operating lease: Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of income on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Deposits provided to lessors: The group is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

g. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

h. Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, in banks and demand deposits with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value, and bank overdrafts.

i. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j. Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either though other comprehensive income, or through profit and loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual cash flowcharacteristics.

(ii) Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) **Measurement**

Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further,in cases where the group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) **Impairment of financial assets**

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

(v) **Derecognition of financial assets**

(vi) **Income Recognition**

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, which is generally when shareholders approve the dividend, it is probable that the ecnonomic benefits associated with the dividend will flow to the group and the amount of dividend can be measured reliably.

k **Financial Liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

(ii) **Subsequent Measurement**

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at fair value through profit and loss.

Trade and other payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

l. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforeacble right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

m. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Freehold land is carried at historical cost and is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the group and the cost of the item can be measured reliably.
The carrying amount of any component accounted for as a separate asset is derecognised when replaced.
All other repairs and maintenance costs are charged to profit and loss in the reporting period in which they occur.

The cost of property, plant and equipment not available for use before each reporting date are disclosed under capital work- in-progress.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Transition to Ind AS

On transition to Ind AS, the group has decided to continue with the carrying value of all its property, plan and equipment recognised as at April 1, 2015 as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(iii) Depreciation

The group depreciates property, plant and equipment on a straight-line basis as per the useful lives as per the group policy which is determined on the basis of technical evaluation carried out by the management at Zensar Group Level.
Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.
The lease of land with a tenure of 99 years has been classifed as finance lease and is depreciated over the lease period.
The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate and where appropriate.

n. Business combination and Intangible Assets

(i) Business combination:

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.
The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognized in the Statement of profit and loss.

(ii) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the group to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and the expenditure attributable to the said assets during its development can be measured reliably.

(iii) Amortisation periods and methods: Intangible assets are amortised on straight line basis over their estimated useful lives which are as follows:

Class of asset	As per group Policy
Computer Software (acquired)	3 years

The estimated useful life of amortizable intangibles are reviewed

(iv) Transition to Ind AS

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

o. Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

p. Employee benefits

(i) Post-employment and pension plans

The group participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service. Under a defined benefit plan, it is the group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the group. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

The group has the following employee benefit plans:

401(k) and Social Security Fund:

The group has Defined Contribution Plans for Post-employment benefits for all employees in the form of 401(k) Fund and Social Security Fund. These funds are classified as defined contribution plans as the group has no further obligation beyond making the contributions as per plan. The group's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

(ii) Short-term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. Liabilities for wages and salaries including the amount expected to be paid under short-term cash bonus, expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Compensated absences:

The employees of the group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

q. Dividends

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

r. Earnings per share

The basic earnings per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date.

s. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

t. Recent accounting pronouncements

Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

The group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

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

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

The group is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

3. Critical estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

The areas involving critical estimates and/or judgements are:

a Revenue Recognition

The Company recognizes revenue based on the following:
a. Fixed Term Maintenance Contracts- The revenue is recognized based on the time period elapsed from the commencement of effective contract start date.
b.Time & Material- The revenue is based on the effort spents and materials used for delivering such services.

b Income taxes

The company's three major jurisdictions are Massachusetts and California in the United States and Netherlands, though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer Note 25.

c Business combination

The Company has applied business combination on a retrospective basis, from the date of acquisition i.e. w.e.f. October 2010. The investment in the equity shares of Aquila Technologies Corp. However w.e.f. May 2012, there was a loss of control over the entity. Consequently, the same was deconsolidated as of the transition date and the investment in the equity shares of the entity was designated at FVOCI. The valuation of shares is performed by an independent valuer based on Discounted Cash Flow method using the future income approach based on the projections of the future estimated incomes and profits arising out of operations of Aquila.

d Defined benefit obligation

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Also refer note 13.

e Other estimates

i.The Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns,
customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.
ii. The Company estimates the usability of the inventory held not linked to any maintenance contract, based on historical precedence.

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

2a Property, Plant and Equipment

Particulars	Improvement to leasehold premises	Furniture and Fixtures	Office Equipment	Data processing equipments	Total
Gross Carrying Value					
Deemed cost as at April 1, 2016	346.92	(154.42)	333.12	399.91	925.52
Additions	-	0.74	-	405.03	405.77
Disposals/Adjustments	174.67	28.09	123.15	(783.27)	(457.36)
Gross carrying amount as at March 31, 2017	**521.60**	**(125.59)**	**456.27**	**21.66**	**873.93**
Accumulated Depreciation					-
Charge for the year	144.76	23.02	101.97	220.20	489.95
Disposals/Adjustments	155.63	(165.63)	230.77	(655.63)	(434.85)
Closing accumulated depreciation as at March 31, 2017	**300.39**	**(142.61)**	**332.74**	**(435.43)**	**55.09**
Net carrying value as at March 31, 2017	**221.21**	**17.01**	**123.53**	**457.09**	**818.84**

FY 2017
Property, Plant and Equipment

Particulars	Improvement to leasehold premises	Furniture and Fixtures	Office Equipment	Data processing equipments	Tangible Total
Gross Carrying Value					
Deemed cost as at April 1, 2016	521.60	(125.59)	456.27	21.66	873.93
Additions	-	-	1.67	9.60	11.27
Disposals					
CTA	65.36	10.53	3.76	18.25	97.90
Gross carrying amount as at March 31, 2017	**456.24**	**(136.12)**	**454.18**	**13.01**	**787.31**
Accumulated Depreciation	**300.39**	**(142.61)**	**332.74**	**(435.43)**	**55.09**
Charge for the year	133.99	8.58	65.40	260.47	468.44
Disposals					
CTA	60.68	10.17	16.17	127.83	214.83
Closing accumulated depreciation as at March 31, 2017	**373.70**	**(144.19)**	**381.98**	**(302.79)**	**308.70**
Net carrying value as at March 31, 2017	**82.54**	**8.07**	**72.20**	**315.80**	**478.61**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

2b Intangible Assets

Particulars	Software	Total
Gross Carrying Value		
Deemed cost as at April 1, 2015	-	-
Additions	147.71	147.71
Disposals/Adjustments	-	-
Gross carrying amount as at March 31, 2016	**147.71**	**147.71**
Accumulated Depreciation	-	
Charge for the year	105.92	105.92
Disposals/Adjustments		-
Closing accumulated depreciation as at March 31, 2016	**105.92**	**105.92**
Net carrying value as at March 31, 2016	**41.79**	**41.79**

Particulars	Software	Total
Gross Carrying Value		
As at April 1, 2016	41.79	41.79
Additions	-	-
Disposals/Adjustments	16.30	16.30
Gross carrying amount as at March 31, 2017	**25.49**	25.49
Accumulated Depreciation		
Balance as at April 1, 2016	-	-
Charge for the year	-	-
Disposals/Adjustments	(17.44)	(17.44)
Closing accumulated depreciation as at March 31, 2016	**17.44**	17.44
Net carrying value as at March 31, 2016	**8.06**	**8.06**

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

4 Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Spare parts in support of computer hardware maintenance contracts	11,264.19	12,596.53	12,243.53
Total	**11,264.19**	**12,596.53**	**12,243.53**

5 (a) Other non-current financial asset

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Security deposits	102.53	72.92	62.32
Advance to Supplier	5.27	-	
Total	**107.80**	**72.92**	**62.32**

5 (b) Other current financial asset

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	2,276.07	6,031.97	2,703.50
Govt Securities	0.00	0.00	79.98
Total	**2,276.07**	**6,031.97**	**2,783.47**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

4 Trade Receivables

(Unsecured, considered good unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	5,335.30	6,995.69	8,621.86
Receivables from related parties	2,735.54	2,496.98	734.91
Less: allowance for credit losses	512.79	1,966.43	238.03
Total receivables	**7,558.04**	**7,526.24**	**9,118.74**
	4,822.50	5,029.26	8,383.83

Break-up of security details

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, Considered good	7,558.04	7,526.24	9,118.74
Unsecured, Considered doubtful	512.79	483.99	200.28
	8,070.83	8,010.23	9,319.02
Less: allowance for credit losses	512.79	483.99	200.28
Total receivables	**7,558.04**	**7,526.24**	**9,118.74**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

7 Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand			
Balances with banks			
on current accounts	1,229.06	-	-
Total	**1,229.06**	-	-

8 Other Current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	507.13	377.06	376.06
Deferred cost	386.67	816.76	153.53
Others	-	292.66	2,371.49
Total	**893.80**	**1,486.47**	**2,901.08**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

9 (b) Reserves and Surplus:

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Retained earnings	(40.57)	4,956.13	4,719.83
Other reserves:			
Securities Premium Account	8,796.40	8,796.40	8,796.40
Total reserves and surplus	**8,755.83**	**13,752.53**	**13,516.22**

9 (c) Details of additions and deletions since the last Balance Sheet

Particulars	March 31, 2017	March 31, 2016
Retained earnings		
Balance as at the beginning of the year	4,956.13	1,358.78
Add: Transfer From Other components of equity	(1,341.92)	4,926.38
Add: Net Profit for the year	(3,654.78)	(1,329.02)
Balance as at the end of the year	**(40.57)**	**4,956.13**
Other reserves:		
Securities premium account	8,796.40	8,796.40
Balance as at the beginning and end of the year	**8,796.40**	**8,796.40**
Balance as at the end of the year	**8,755.83**	**13,752.53**

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

9 (c) Other components of equity:

Particulars	Foreign currency translation reserve	Total
As at April 1, 2015	-	-
Add : Foreign currency translation reserve for the year	599.47	599.47
Deferred tax impact/ transfer to retained earning		-
As at March 31, 2016	**599.47**	**599.47**
Add : Foreign currency translation reserve for the year	(72.45)	(72.45)
Deferred tax impact/ transfer to retained earning		-
As at March 31, 2017	**527.02**	**527.02**

9 (d) Nature and purpose of each reserve within equity:

(i) Foreign currency translation reserve:
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit and loss when the net investment is disposed off.

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

18 **Deferred tax Liability (net)**

The components of deferred tax assets and liabilities are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
The major components of the deferred tax asset are			
Depreciation	421.69	360.59	344.27
Provision for doubtful debts	201.92	735.35	88.27
Provision for expenses allowable on payment basis	189.30	304.05	231.91
Others	-	505.05	59.97
	812.92	**1,905.03**	**724.43**
The major components of the deferred tax liability are			
Provision for Inventories	3,066.41	3,126.44	1,092.77
Others	113.94	189.13	134.63
	3,180.35	**3,315.57**	**1,227.41**
Net deferred tax asset / (liability)	**(2,367.43)**	**(1,410.54)**	**(502.97)**

(i) **Significant Estimates:**

(ii) **Movement in deferred tax assets**

Particulars	Depreciation	Provision for doubtful debts	Provision for expenses allowable on payment basis	Others	Total
As at April 1, 2015	344.27	88.27	231.91	59.97	724.43
(Charged)/credited:					
- to statement of profit and loss	16.31	647.07	72.13	445.08	1,180.60
- to other comprehensive income	-	-	-	-	-
As at March 31, 2016	**360.59**	**735.35**	**304.05**	**505.05**	**1,905.03**
(Charged)/credited:					
- to statement of profit and (loss)	61.11	(533.42)	(114.74)	(505.05)	(1,092.11)
- to other comprehensive income	-	-	-	-	-
As at March 31, 2017	**421.69**	**201.92**	**189.30**	-	812.92

(iii) **Movement in deferred tax liabilities**

Particulars	Provision for Inventories	Aquila Fair Value - Def tax	Others	Total
As at April 1, 2015	1,092.77	-	134.63	1,227.41
Charged/(credited):				
- to statement of profit and loss	2,033.67	-	54.49	2,088.17
- to other comprehensive income			-	-
As at March 31, 2016	**3,126.44**	-	**189.13**	**3,315.57**
Charged/(credited):				
- to statement of profit and loss	(60.03)		(75.19)	(135.22)
- to other comprehensive income				-
As at March 31, 2017	**3,066.41**	-	**113.94**	**3,180.35**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

14 Borrowings

	Effective Interest Rate	Maturity	Terms of repayment	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non current borrowings						
Term loans (other than banks)						
Secured loan				-	-	-
Unsecured loan				-	-	-
Total non current borrowings				-	-	-
Current Borrowings						
Unsecured Loan						
From Holding Company	1.52(Previous Year :0.92)	Repayable on Demand		2,686.78	-	-
From banks		Refer note (a)		-	3,365.01	2,062.52
Total Current borrowings				**2,686.78**	**3,365.01**	**2,062.52**
Aggregate Secured loans				-	-	-
Aggregate Unsecured loans				**2,686.78**	**3,365.01**	**2,062.52**

Notes:

a Previous year Unsecured Borrowings from bank
On June 26, 2007, the Company entered into a revolving credit facility with a Bank.The revolving credit facility was amended time to time and as per amendment dated February 2, 2016, maturity was extended to May 31, 2016. Revolving credit facility with the bank is secured by the assets of the Group. This credit line was repaid in June, 2016

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

14 Employee benefit obligtions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
Current			
Provision for Compensated absences	(127.32)	818.00	
Accrued Salaries and Benefits	299.56	659.96	562.48
Total	**172.24**	**1,477.96**	**562.48**

12a Other Non-Current liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred revenue	-	-	-
Deferred lease rent	102.08	119.38	157.91
Total	**102.08**	**119.38**	**157.91**

13 Trade Payables

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Payables	3,342.63	3,548.09	3,863.34
Trade payables to related parties	4,481.62	668.33	461.88
Total	**7,824.25**	**4,216.42**	**4,325.22**
i. total outstanding dues of micro enterprises and small enterprises	-	-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	7,824.25	4,216.42	4,325.22

12b Other Current liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred revenue	2,624.77	4,659.19	4,736.49
Withholding and other taxes	(1,244.78)	10.63	(200.64)
Other payables	-	292.66	2,371.49
Total	**1,379.99**	**4,962.48**	**6,907.34**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in Rupees Lakhs, unless otherwise stated)

15 Revenue from operations

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Sale of traded goods and services	15,025.91	17,480.83	18,489.56
Sale of services	27,925.59	31,705.17	31,136.70
Other operating revenue	(37.45)	162.76	153.92
Provisions no longer required and credit balances written back (net)	-		
Total	**42,914.05**	**49,348.76**	**49,780.18**

16 Other income

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Interest income			
Bank deposits	-	-	-
Dividend Income	-	0.82	-
Total	-	**0.82**	-

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

17 Employee benefits expense

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Salaries and wages	12,354.52	13,012.77	12,945.99
Contribution to provident and other funds	1,232.20	1,467.70	1,264.95
Staff welfare expenses	2,073.96	1,518.72	1,487.73
Leave compensation	(21.82)	216.14	247.70
Total	**15,638.86**	**16,215.33**	**15,946.36**

18 Depreciation and amortization expense

Particulars	March 31, 2017	March 31, 2016	March 31, 2016
Depreciation of tangible assets	345.74	451.10	659.30
Amortization of intangible assets	138.50	144.76	-
Total	**484.24**	**595.86**	**659.30**

19 Other expenses

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Power and fuel	196.74	175.21	252.53
Freight and forwarding charges	1,082.04	1,366.51	1,571.41
Subcontracting Expenses	3,862.14	4,168.75	6,010.50
Procurement charges	2,756.04	2,004.82	1,364.37
Cost of spare parts and outsourced services in support of computer hardware	4,410.15	3,524.35	3,334.40
Sales commission	7.27	-	-
Advertisement and sales promotion	58.48	229.45	134.47
Rent	1,858.64	1,852.40	1,729.13
Rates and taxes	54.97	72.90	63.10
Insurance	110.66	114.16	103.49
Repairs and maintenance	-	-	
Repair to Building	78.35	91.94	99.92
Repair to Others	522.38	530.50	565.72
Travelling and conveyance	1,130.92	977.80	887.76
Legal and professional fees	316.67	307.41	298.86
Net loss on foreign currency transactions and translation	46.63	(39.48)	0.06
Bad debts/ advances written off	601.10	69.36	99.88
Provision for doubtful debts (net)	652.15	1,722.45	(8.05)
Provision for doubtful advances and other receivables	-	-	
Recruitment expenses	69.61	57.01	127.15
Training Expenses	61.04	18.65	28.34
Postage, Telephone and E-Mail	816.93	707.39	401.96
Printing and Stationery	67.75	104.79	106.17
Miscellaneous expenses	323.11	411.83	236.77
Total	**19,083.79**	**18,468.21**	**17,407.94**

20 Finance costs

Particulars	March 31, 2017	March 31, 2016	March 31, 2016
Interest on loans	45.49	55.20	37.91
Unwinding of discount on provision	-	-	-
Bank Charges	151.66	113.22	81.50
Total	**197.15**	**168.42**	**119.41**

Zensar Technologies IM, Inc.
Notes to the Financial Statements as at and for the year ended March 31, 2017
(All amounts are in INR Lakhs, unless otherwise stated)

21 **Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to The Group is foreign exchange risk. The Group's exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

(a) **Market Risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently The Group is exposed to foreign exchange risk through its sales and services in the United States, Netherland and United Kingdom and purchases from overseas suppliers in various foreign currencies. The exchange rate between the USD for Zensar Technologies IM Inc. and PSI Holding Group, Inc. and Euro for Zensar Technologies IM BV and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of The Group's operations are adversely affected as the two functional currencies appreciate/ depreciate against these currencies. The Group evaluates exchange rate exposure arising from these transactions.

aa **The Group's exposure to foreign currency risk as of March 31, 2017 expressed in INR, is as follows:**

	March 31, 2017	
	EUR	Total
Financial assets		
Cash and cash equivalents		
Trade receivables		
Unbilled revenue		
Financial liabilities		
Trade payables	(2.48)	(2.48)
Accrued expenses		
Employee benefit obligations		
Other liabilities		
Net assets / (liabilities)	***(2.48)***	***(2.49)***

ab **The Group's exposure to foreign currency risk as of March 31, 2016 expressed in INR, is as follows:**

	March 31, 2016	
	EUR	Total
Financial assets		
Cash and cash equivalents		
Trade receivables		
Unbilled revenue		
Financial liabilities		
Trade payables	(0.01)	(0.01)
Accrued expenses		
Employee benefit obligations		
Other liabilities		
Net assets / (liabilities)	***(0.01)***	***(0.01)***

ac **The Group's exposure to foreign currency risk as of April 1, 2015 expressed in INR, is as follows:**

	April 1, 2015	
	EUR	Total - INR
Financial assets		
Cash and cash equivalents	*190.41*	190.41
Trade receivables		
Unbilled revenue		
Financial liabilities		
Trade payables		
Accrued expenses		
Employee benefit obligations		
Other liabilities		
Net assets / (liabilities)	***190.41***	***190.41***

ad **Sensitivity**

For the year ended March 31, 2017 and March 31, 2016, every percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, has affected The Group's incremental operating margins by approximately 0.152% and 0.149%, respectively and Euro has affected The Group's incremental operating margins by approximately 0.142% and 0.134%, respectively

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs.9091.29 lakhs and Rs. 7841.54 lakhs as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to Rs.2846.33 lakhs and Rs. 5362.88 lakhs as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers located in the United States, United Kingdom and elsewhere. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IND AS 109, The Group uses expected credit loss model to assess impairment loss or gain. The Group uses a matrix to compute the expected credit loss allowance for trade receivables and unbilled revenue. The provision matrix takes into account available external and internal credit risk factors and company's historical experience for customers.

Security deposits and other receivables from related party are subject to low credit risk since the parties have a strong capacity to meet the obligations and where the risk of default is negligible or nil.

ba **The following table gives details in respect of percentage of revenues generated from top customer and top five customers, other than related parties:**

	March 31, 2017	March 31, 2016	April 1, 2015
Revenue from top customer	4.87%	5.33%	4.85%
Revenue from top five customers	20.34%	22.21%	21.63%

bb The allowance for life time expected credit loss on customer balances for the year ended March 31, 2017 and March 31, 2016 was Rs. 512.79 lakhs and Rs. 1966.43 lakhs, respectively. The reversal of allowance for life time expected credit losses on customer balances for the year ended March 31, 2017 and March 31, 2016 was Rs. -1453.64 lakhs and Rs. 1728.4 lakhs, respectively.

	March 31, 2017	March 31, 2016
Balance at the beginning of the year	1,966.43	238.03
Impairment losses recognised /(reversed)	(852.54)	1,734.35
Write offs	(601.10)	(5.95)
Balance at the end of the year	512.79	1,966.43

The Group's credit period generally ranges from 60-90 days

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	7,558.04	7,526.24	9,118.74
Days sales outstanding - DSO (days)	64	56	67

bc Credit risk on cash and cash equivalents is limited as The Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(c) **Liquidity risk**

Liquidity risk is defined as the risk that The Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors The Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2017, cash and cash equivalents are held with major banks and financial institutions.

ca **The balanced view of liquidity and financial indebtedness is stated in the table below. This calculation of the net cash position is used by the management for external communication with investors, analysts and rating agencies:**

	March 31, 2017	March 31, 2016	April 1, 2015
Cash and cash equivalents	1,229.06	-	-
Deposits	-	-	-
Current investments	-	-	-
Loans and borrowings	(2,686.78)	(3,365.01)	(2,062.52)
Net cash position	**(1,457.72)**	**(3,365.01)**	**(2,062.52)**

cb **Interest Rate Risk**

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax		Impact on other components of	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest rates - increase by 15 basis points (Previous year: 09 bps)	(4.56)	(5.52)	-	-
Interest rates - decrease by 15 basis points (Previous year: 09 bps)	4.56	5.52	-	-

*holding all other variables constant

(All amounts are in INR Lakhs, unless otherwise stated)

22 Capital management

(a) Risk management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders.

The Company's objectives when managing capital are to :
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to Holding Company, return capital to shareholders or issue new shares.
The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

The group's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	2,686.78	3,365.01	2,062.52
Total equity	9,282.85	13,022.98	13,516.22
Net debt to equity ratio	**28.94%**	**25.84%**	**15.26%**

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

(b) Dividends

There are no dividends paid by the company during the current year i.e. 2016-17 vis a vis 2015-16 respectively.

23 Contingent liabilities

The group had no contingent liablities as at March 31, 2017.

24 Commitments

Non- cancellable operating leases

The Company has taken on lease certain facilities and equipment under operating lease arrangements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totalled approximately Rs.2646.10 (Previous year Rs. 2538.56 lakhs)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Future minimum lease payments in respect of non-cancellable operating leases			
Not later than one year	740.20	836.35	1,028.87
Later than one year and not later than five years	1,121.68	1,904.64	2,473.88
Later than one year and not later than five years	-	-	-

25 Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities which have been offset while preparing this financial statement.

26 First time adoption of Ind AS

Transition to Ind AS

These are The Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note number 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April, 2015. In preparing its opening Ind AS balance sheet, The Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). In its transition from previous GAAP to Ind AS, The Group has also availed certain optional exemptions and mandatory exceptions in accordance with Ind AS 101. An explanation of how this transition has affected The Group's financial performance and cash flows is set out in the following tables and notes.

(a) Exemptions from full retrospective application:

aa Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after October 1, 2010 and accordingly business combinations occurring prior to this date have not been restated.

ab Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, The Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ac Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/arrangements.

ad Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a foreign operation was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

The other exemptions either do not apply or are not relevant for The Group.

(b) Mandatory exceptions

ba Estimates

An entity's estimate on the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:
- Investment in mutual funds carried at FVPL;
- Impairment of financial assets based on expected credit loss model;
- Fair valuation of financial assets and liabilities excluding derivatives
- Fair valuation of assets and liabilities arising in business combinations

bc De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

bd Classification and measurement of financial assets

As required under Ind AS 101, The Group has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

(c) Reconciliations between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2015;
- equity as at March 31, 2016;
- total comprehensive income for the year ended March 31, 2016; and
- explanation of material adjustments to cash flow statements

In the reconciliations mentioned above, certain reclassifications have been made to Previous GAAP financial information to align with the Ind AS presentation.

ca Reconciliation of equity as at April 1, 2015

Particulars	Notes to first time adjustment	Amounts as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
ASSETS				
NON CURRENT ASSETS				
Property, Plant and Equipment		925.52	(0.00)	925.52
Intangible assets				-
Financial Assets				-
Investments				-
Other financial assets				-
Other non-current assets		108.17	(45.85)	62.32
Total non-current assets	6	**1,033.69**	**(45.85)**	**987.84**
	8			
Inventories		12,243.53	0.00	12,243.53
Financial Assets				-
Current investments				-
Trade receivables		9,096.65	22.09	9,118.74
Cash and cash equivalents				-
Bank balances other than in (iii) above				-
				-
Other financial assets	1	5,660.80	(2,877.33)	2,783.47
Income tax assets (Net)				-
Other Current assets			2,901.08	2,901.08
Total Current Assets		**27,000.98**	**45.85**	**27,046.83**
Total Assets		**28,034.67**	**0.00**	**28,034.67**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		-	-	*
Other Equity				-
i. Reserves and surplus	11	13,516.09	(0.14)	13,516.22
ii. Other components of equity	12			-
		13,516.09	**(0.14)**	**13,516.22**
Non-Current Liabilities				
Financial Liabilities				
Trade payables		-		-
Other financial liabilities		-		-
Deferred tax liabilities (net)		502.97	(0.00)	502.97
Employee benefit obligtions				-
Other non-current liabilities	9	157.91	(0.00)	157.91
Total Non-Current Liabilities		**660.88**	**(0.00)**	**660.88**
Current Liabilities				
Financial Liabilities				
Borrowings		2,215.27	152.75	2,062.52
Trade payables		4,251.32	(73.90)	4,325.22
Other financial liabilities				-
Other current liabilities		6,619.73	(287.61)	6,907.34
Employee benefit obligtions		771.38	208.90	562.48
Income tax liabilities (net)	3			-
Total Current Liabilities		**13,857.70**	**0.14**	**13,857.56**
Total Liabilities		**28,034.67**	**(0.00)**	**28,034.67**

cb **Reconciliation of equity as at March 31, 2016**

Particulars	Notes to first time adjustment	Amounts as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
ASSETS				
NON CURRENT ASSETS				
Property, Plant and Equipment		818.84	-	818.84
Intangible assets		41.79	-	41.79
Financial Assets	10			
Investments				
Loans				
Other financial assets		72.92	(0.00)	72.92
Deferred tax assets (net)				
Other non-current assets				
Total non-current assets		**933.55**	**(0.00)**	**933.55**
	8			
Inventories		12,596.53	0.00	12,596.53
Financial Assets				-
Current investments				-
Trade receivables		7,526.24	(0.00)	7,526.24
Cash and cash equivalents				-
Other financial assets	1	6,031.96	0.01	6,031.97
Income tax assets (Net)				
Other Current assets		1,486.47		1,486.47
Total Current Assets		**27,641.20**	**0.01**	**27,641.21**
	6		-	
Total Assets		**28,574.76**	**0.01**	**28,574.76**
	6		-	
EQUITY AND LIABILITIES				
Equity				
Equity Share capital				
Other Equity				
i. Reserves and surplus		12,423.51	-	12,423.51
ii. Other components of equity		599.42	0.05	599.47
		13,022.93	**0.05**	**13,022.98**
Non-Current Liabilities				
Financial Liabilities	11			
Trade payables	12			
Other financial liabilities				
Deferred tax liabilities (net)		1,410.54	0.00	1,410.54
Employee benefit obligtions				-
Other non-current liabilities		119.38	(0.00)	119.38
Total Non-Current Liabilities		**1,529.92**	**(0.00)**	**1,529.91**
Current Liabilities				
Financial Liabilities				-
Borrowings	9	3,137.38	227.63	3,365.01
Trade payables		3,889.23	327.19	4,216.42
Other financial liabilities				-
Other current liabilities		5,715.12	(752.64)	4,962.48
Employee benefit obligtions		1,280.18	197.78	1,477.96
Income tax liabilities (net)				
Total Current Liabilities		**14,021.91**	**(0.05)**	**14,021.87**
Total Liabilities		**15,551.83**	**(0.05)**	**15,551.78**
			-	
Total Equity and Liabilities		**28,574.76**	**0.00**	**28,574.76**

cc **Reconciliation of total comprehensive income for the year ended March 31, 2016**

Particulars	Notes to first time adjustment	Amounts as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
Continuing Operations				
Income				
Revenue from operations		49,348.76		49,348.76
Other income		-		-
Total Income		**49,348.76**	-	**49,348.76**
Expenses				
Cost of traded goods and services		15,381.66		15,391.59
Changes in inventories of Stock in trade		353.00		-
Employee benefits expense	4,9	16,215.34		16,215.33
Depreciation and amortisation expense	10	18,125.13		595.86
Other Expenses		595.86		18,468.21
Finance cost	6	168.42		168.42
Total expenses (II)		**50,839.41**	-	**50,839.41**
Profit before exceptional items and tax		**(1,490.65)**	-	**(1,490.65)**
Exceptional items		-	-	-
Profit before tax from continuing operations		**(1,490.65)**	-	**(1,490.65)**
Income Tax expense				
Current tax		(160.81)	-	(160.81)
Deferred tax	8	-	-	
Total tax expense		**(160.81)**	-	**(160.81)**
Profit from continuing operations		**(1,329.84)**	-	**(1,329.84)**
Profit from discontinued operations		-	-	-
Profit for the year		**(1,329.84)**	-	**(1,329.84)**
Other comprehensive income	12	-		
Total comprehensive income		**(1,329.84)**	-	**(1,329.84)**

cd **Notes to first time adoption**

Note 1- Foreign currency translation reserve

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2015. Accordingly, translation reserve balance under previous GAAP of Rs. 4,321.76 has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

Note 2: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. However since the impact of these adjustments were not significant, the same are not recorded in books.

Note 3: Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. Consequently the net deferred tax Liability as at March 31, 2016 increased by Rs. 563.14 (April 1, 2015- Rs. 387.52), total comprehensive income for the year ended March 31, 2016 decreased by Rs. 175.6

Note 4: Business combination

The Group has opted for adoption of accounting under Ind AS 103 on a retrospective basis, i.e. from the date of acquisition of subsidiary dated October 2010. Under the previous GAAP, The Group could establish its control over Aquila. However, as the definition of control could not be met under Ind AS and hence the equity shares held by The Group are designated as Investment in Equity Instruments designated at FVOCI. The amounts pertaining to Aquila have been deconsolidated and shown as Ind AS adjustments in the above transition.

Note 5: Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 6: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as other comprehensive income include remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

27 Impact of change in election of exemptions on transition to Ind AS

The Company had initially elected to apply Ind AS 103- Business Combinations from the date of transition i.e. April 1,2015. However, during the quarter ended March 31, 2017, the Company has now elected to apply this standard to all business combinations completed after October 1, 2010. This represents a change in election of exemptions under Ind AS 101. The impact of this change on the figures for the year ended March 31, 2017 is not material.

28 Segment reporting

Where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements of the Ultimate Holding Company.

For and on behalf of Chetan Mayur & Co.
Firm Registration No. 123216W
Chartered Accountants

Chetan Mayur & Co. * Chartered Accountants * PUNE

Chetan Shroff
Partner
Membership No. 104273

Place: Pune
Date: April 25, 2017

For and on behalf of the Board

Pinaki Kar
Director

Sandeep Kishore
Managing Director

Place: Pune
Date: April 25, 2017