



Full spectrum banking and insurance for the digital age

63 Digital led new order wins in FY 2016 – 2017

Ranked as #2 in Digital Banking by global research firm IBS Intelligence Annual Sales League Table 2017

intellectdesign.com

INTELLECT IS WORLD #2 IN DIGITAL BANKING



Annual Report 2016 - 17

New York • London • Dubai • Singapore • Sydney • Toronto • Tokyo • Mumbai • Chennai

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FINANCIAL HIGHLIGHTS

CONSOLIDATED
REVENUES FOR FY17 INR

₹914 CR

CONSOLIDATED
REVENUES FOR FY17 USD

\$136.18 MN

CONSOLIDATED
GROSS MARGIN

₹450.32 CR

FY 15

FY 17

REVENUE
609 CR

REVENUE
914 CR

CAGR
22.51%

SOFTWARE
LICENSE
85 CR

SOFTWARE
LICENSE
156 CR

CAGR
35.47%

AMC
108 CR

AMC
170 CR

CAGR
25.46%

The average USD – INR Conversion rate for the year (1st Apr 2016 – 31st Mar 2017) stands at Rs. 67.09

GEOGRAPHY REVENUE

ADVANCED MARKETS

₹437.40 CR

EMERGING MARKETS

₹476.18 CR

SOFTWARE LICENSE & AMC REVENUE

FY16

₹126 CR

FY17

₹156 CR

₹144 CR

₹170 CR

LETTER TO SHAREHOLDERS

Dear Shareholders,

This is a remarkable time for everyone in your company. Intellect has just finished FY16-17. During the year, Intellect has established its roots as an independent brand with trusted products, impeccable deliveries and wider reach of sales network. In April 2017, your company was recognized as #2 in Digital Banking & Channels, #1 in Retail Banking Systems and #1 in Payment Systems amongst global players, by the IBS Intelligence Annual Sales League Table 2017.

This growth has not been accidental; it has stemmed from your company's reading of headwinds in the banking and financial services sector in recent times. The challenge has come mainly from the explosion of digital technology, from rapidly-evolving regulatory frameworks and the increasing complexity of doing business across borders.

BELIEF - The Foundation that Shaped Us

BELIEF is the foundation of the Intellect story; the powerful framework that propels us in our exciting journey of digital domination in the world of banking and financial technology. In life, it is belief that creates actual fact. It is no different at Intellect. For us, Belief is the coming together of our most powerful values; it is the summation of our philosophy. B is all about the brand, E is the all-important end customer. L stands for leadership, which is our proud legacy across our lines of business. I represent the intellectual product and E is for execution excellence. Finally F takes into account the financial robustness and integrity of the Intellect brand.

BELIEF is the coming together of the 6 essential catalysts of growth and excellence we strive for. It is our talisman; the confluence that drives our mission to transform banking and financial technology.

At Intellect, our reason for existence is clear - we seek to foster disruption that makes banking smarter, easy and more intuitive. Design thinking and an unwavering focus on digital is our roadmap to get there. BELIEF serves us as the invaluable beacon in this exciting journey forward.

Finance Capital

Let me take you through Finance Capital first. Your company revenue has grown from 609 Crs in FY 15 to 914 Crores in FY 17 registering a CAGR of 22.51%.

Software license revenue has grown from 85 Crores in FY 15 to 156 Crores in FY 17 registering a CAGR of 35.47% and AMC revenue has grown from 108 Crores

in FY 15 to 170 Crores in FY 17 registering a CAGR of 24.89%. Our annual gross margins stood at 49.3%.

The Company achieved positive EBITDA and generated 15.64 Cr of EBITDA in Q4 FY 17 compared to negative 18 crores in Q3 FY 17. The company also became PAT positive generating net profit of 10.6 crores during Q4 FY 17.

During Q4 FY 17 we have been able to manage our costs better. We have rationalized some leakages in our cost structures. On the 3rd element of the Finance capital i.e., Collections, Intellect has collected more than 40 million dollars in a single quarter on the back of deliveries resulting in 19 days reduction in DSO - from 180 to 161 days.

Brand Capital

Let me speak about the first alphabet of BELIEF Model i.e., Brand capital. Your company was ranked as #2 in Digital Banking & Channels, #1 in Retail Banking Systems, and #1 in Payment Systems by global research firm IBS Intelligence in their Annual Sales League Table 2017.

Our thought leadership in Brand is driven by iGTB Oxford School of Transaction Banking and 8012 FinTech Design Center.

End Customer Capital

Let me take the 2nd element of BELIEF model i.e., the End Customer. Intellect's strength is coming from the balanced portfolio of Advanced and Emerging Markets customer base. Including the order wins recorded in Q4 FY 17, Intellect's customer base stands at 209. Referenceability of our rich and diversified customer base is the key for driving product business closer to 'Crossing the Chasm' stage.

Leadership Capital

It's time for me to speak about Leadership which is 3rd element of our BELIEF model. Our 4 LOBs have very comprehensive leadership encompassing strategic thinking, innovative product manufacturing, impeccable service deliveries and persuasive customer engagement. Our leadership team comprises of institution building passionate leaders with past pedigree and new leaders added during the last 2 years from competition. These leaders are veterans from global organizations like JPMC and competitors like Misys, Fundtech and Temenos. They understand the industry, and chose to participate in the Intellect journey.

IP Capital

At Intellect Design Arena, we have embarked on being Agenda setters in the Financial Technology product space globally, because we see a big opportunity with the advent of cutting edge technologies in the Digital space. We believe that this can be leveraged to redefine the way Financial Technology will be delivered. We are all aware of the fact that harnessing the power of digital technology requires a new way of thinking (which I call 'Design Thinking'), a completely new way of architecting and then connecting it with a totally new Business Experience Platform.

We at Intellect have built 8 Digital Technology Platforms like Digital Core, Digital Transaction Banking, Digital Lending, Digital Insurance, Digital Wealth, Digital Markets, Digital Treasury and Digital Payments driving business growth for over 200 customers across 24 countries.

Execution Capital

'Devil is in the detail' i.e., Execution, the fifth element of BELIEF model which drives the Finance Capital. During the year 44 customers have gone 'live'. We are proud of the fact that Intellect's technology has been adopted by the Reserve Bank of India, Life Insurance Corporation of India, Citigroup Technology, St. James's Place, and Mashreq Bank among others. With the number of customers gone live, the AMC revenues are also growing in a sustained manner.

Ahead of the curve, by Design

It is only natural that we have successfully maintained our position in the BFSI space over the past two decades. The most vivid illustration is our focus on Digital, which dates back to 2006.

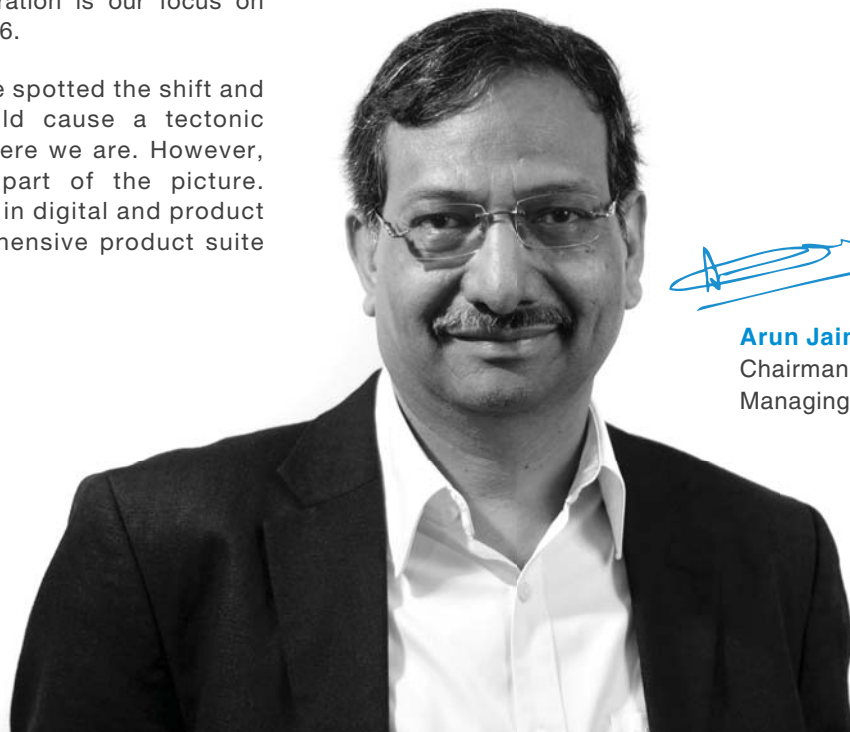
It was way back in 2006 that we spotted the shift and understood that Digital would cause a tectonic shift. Now, 10 years hence, here we are. However, spotting the trend is only part of the picture. Intellect has invested steadily in digital and product R&D, thus creating a comprehensive product suite in financial technology.

We built the 8012 FinTech Design Center spread over 30,000 sqft in 2013, to harness the power of Design Thinking to aid us in the building of our Digital Business Experience Platforms. At our Design Center, customers can experience their digital vision in real time and work with specialists on the customer experience and operational excellence drivers, sharing pain points, getting under the hood to better appreciate gaps in current systems, identify change opportunities and establish priorities for progressive modernisation.

Steady on course

In conclusion, it has been a satisfying year in our journey. I would like to thank all the shareholders and analysts who trusted Intellect's vision. I also take this opportunity to thank each Intellect associate who has contributed in this journey of transformation by applying Design Thinking in building digital products for financial industry worldwide.

Your company was ranked as **#2 in Digital Banking & Channels**, **#1 in Retail Banking Systems**, and **#1 in Payment Systems** by global research firm IBS Intelligence in their Annual Sales League Table 2017.



Arun Jain
Chairman &
Managing Director



FULL SPECTRUM BANKING AND INSURANCE FOR THE DIGITAL AGE



DESIGNED FOR DIGITAL

iGTB[™] | GLOBAL
TRANSACTION
BANKING

iGCB[™] | GLOBAL
CONSUMER
BANKING

iRTM[™] | RISK, TREASURY
& MARKETS

**intellect
SEEC**[™] | INSURANCE



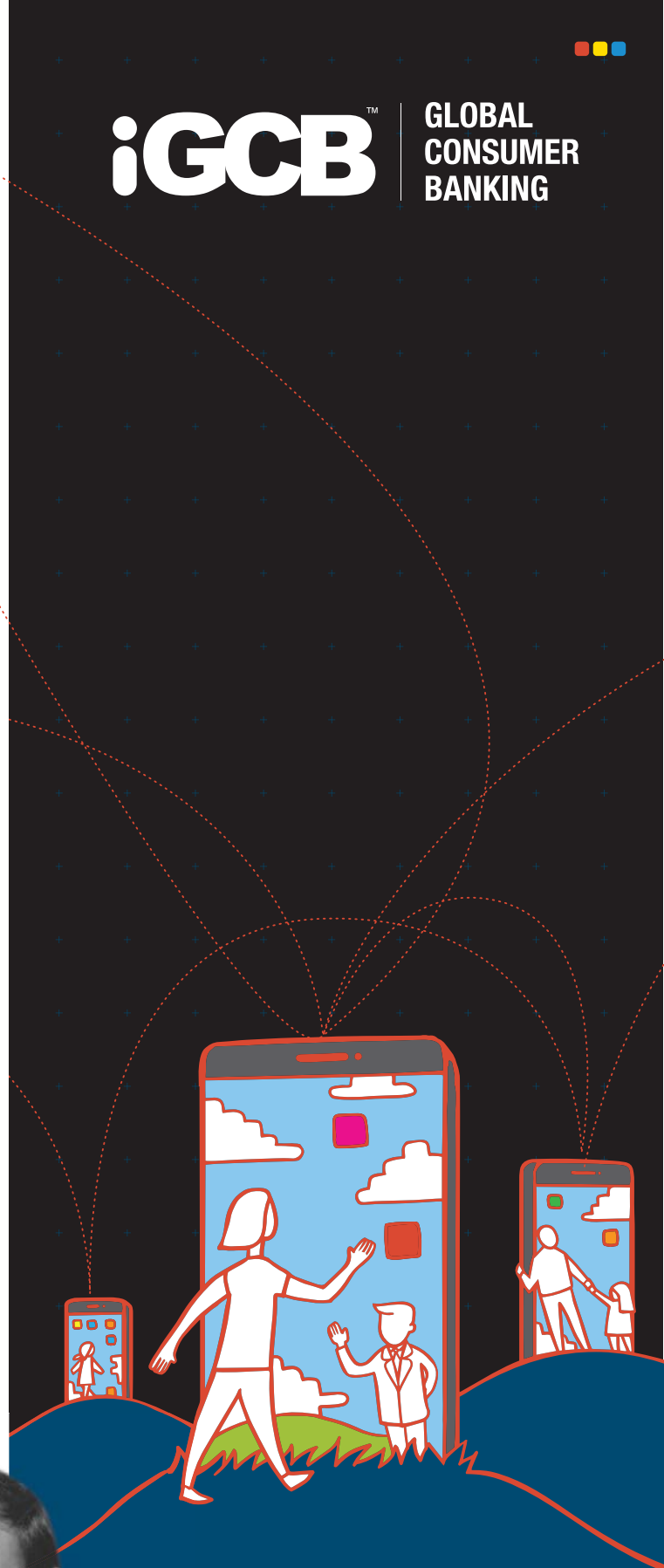
GLOBAL
TRANSACTION
BANKING

iGTB is the global transaction banking platform of Intellect. It offers a comprehensive solution that covers the entire corporate financial supply chain from payments to treasury management, in a fully integrated manner, supporting bundled and cross-product solutions, with omni-channel access. *The platform is capable of aggregating multiple bank information, leveraging efficient shared services* and providing uniform entitlement comprehensive reporting.

Manish Maakan
Chief Executive Officer
Intellect Global Transaction Banking

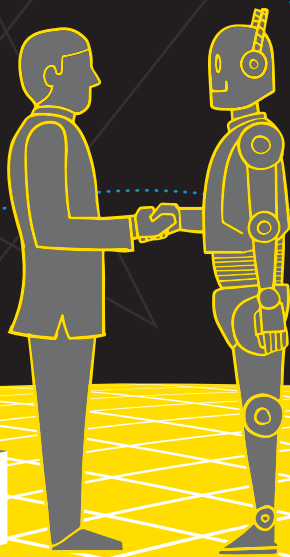


With a dramatic shift in customer preferences, banks, globally, are re-aligning their strategies to provide superior customer experience. The present trend in consumer banking i.e., 'customer firmly at the centre' requires a calibrated and uniquely integrated single digital platform. *iGCB is the consumer banking business of Intellect. Designed around Digital 360 approach, our products present both worlds, i.e., Customer Experience (Digital Outside) and Operational Efficiency (Digital Inside) to our customer banks.*



Rajesh Saxena
Chief Executive Officer
Intellect Global Consumer Banking

iRTM is the Risk, Treasury and Markets platform of Intellect, iRTM is a cross asset, high performance platform that covers the complete trade cycle. It functions via a user configurable straight-through- processing (STP) mechanism across the front, middle and back office, which improves the efficiency of trading functions by eliminating redundant manual processes. iRTM platform is equipped with comprehensive regulatory reporting capabilities which can be customized to various regulatory environments such as *Basel III and treasury trading policies and controls - MiFID.*

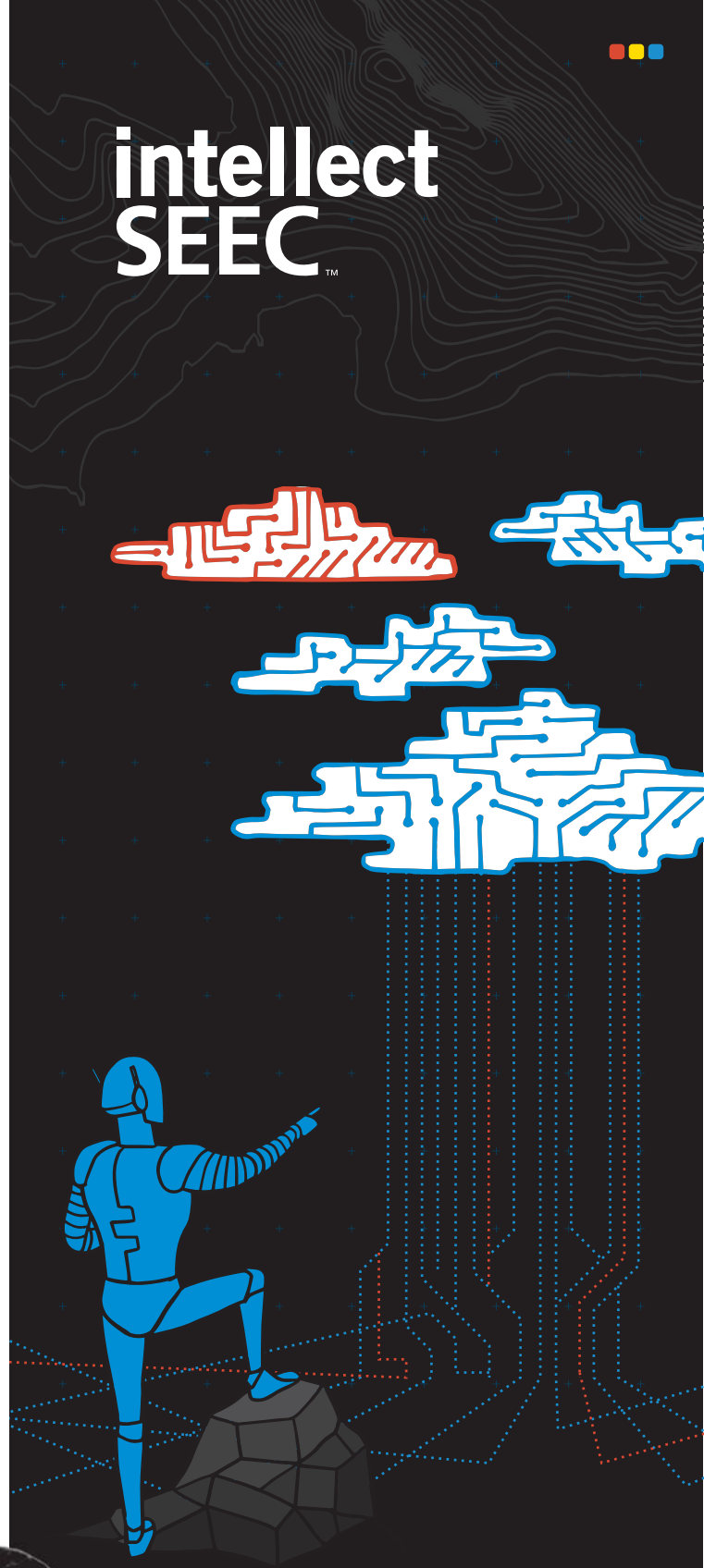


Venkatesh Srinivasan
Chief Executive Officer
Intellect Risk, Treasury and Markets



intellect SEEC™

Intellect SEEC develops innovative insurance solutions to lower operating costs and increase premium volumes and margins. The platform has an extensive portfolio covering distribution, underwriting, servicing and claims which is designed to be an innovative, low-cost solution that seeks to simplify the operational aspect of a complex business. *The products have been designed with a view to enable insurance companies to focus on their strategic imperatives and enhance the customer experience.*



Pranav Pasricha
Chief Executive Officer
Intellect SEEC

IEC

INTELLECT
EXECUTIVE
COUNCIL



Arun Jain

Chairman & Managing Director



Manish Maakan

Chief Executive Officer
Intellect Global Transaction Banking



Rajesh Saxena

Chief Executive Officer
Intellect Global Consumer Banking



Jaideep Billa

Chief Executive Officer
Intellect Wealth



Venkatesh Srinivasan

Chief Executive Officer
Intellect Risk, Treasury & Markets



Pranav Pasricha

Chief Executive Officer
Intellect SEEC



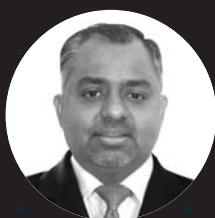
Andrew England

Director and Head, Strategy
Intellect Global Transaction Banking



Michel Jacobs

Head, New Market Strategy
Intellect Global Transaction Banking



K Srinivasan

Business Head
IMEA, APAC & CIS Markets



Alfred J. Carpetto

Business Head
Americas



Reid Warren

Business Head
Asia Pacific



S Swaminathan

Chief Financial Officer



Govind Singhal

Group Business Enablement Officer



Rajesh Kuppaswamy

Head, Digital Banking

BOARD OF DIRECTORS



Arun Jain

Chairman &
Managing Director



Anil Kumar Verma

Whole Time Director



V Balaraman

Independent Director



Aruna Krishnamurthy Rao

Independent Director



Arun Shekhar Aran

Independent Director

REGISTERED OFFICE

INTELLECT DESIGN ARENA LIMITED
No. 244, Anna Salai, Chennai – 600 006
Phone: 044-3987400, Fax: +91-44-3987-4123

CORPORATE HEADQUARTERS

NxtLvl
INTELLECT DESIGN ARENA LIMITED
Plot No.3/ G-3, SIPCOT IT Park,
Siruseri, Chennai – 600 130
Phone: 044-3341 8000

AMERICAS

USA

INTELLECT DESIGN ARENA INC
30 Montgomery Street, Suite 700, Jersey City,
New Jersey 07302 | Phone: 1-732-508-4443 extn: 1001

INTELLECT DESIGN ARENA INC
20 Corporate Place South Piscataway,
New Jersey 08854 | Phone: 1-732-769-1062

INTELLECT DESIGN ARENA INC
2730 Sidney Street, Suite 200, Pittsburgh, PA 15203
Phone: 1-412-2970046

INTELLECT DESIGN ARENA INC.,
One Highland Oaks, 10150 Highland Manor Drive,
Suite 200-238, Tampa, FL 33619

CANADA

INTELLECT DESIGN ARENA INC
Suite 710, The Exchange Tower, 130 King Street West,
Toronto, ON M5X 1B1 | Phone: 1-416-865-3365

CHILE

INTELLECT DESIGN ARENA LTDA, CHILE
Calle Monseñor Sotero Sanz N° 161, Piso 8,
Providencia, Santiago, Chile. | Phone: 56-2-3695681

ASIA PACIFIC

SINGAPORE

INTELLECT DESIGN ARENA PTE LIMITED
No 10, Ubi Crescent, #04-48 Lobby C, Ubi Tech Park,
SINGAPORE - 408564
Phone: +65 68482870, Fax: +65 63331431

VIETNAM

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6, District 3, HCMC | Phone: +84 4. 3941 3076
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Sales Office

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Fax: +84-4-3941-2991

PHILIPPINES

INTELLECT DESIGN ARENA PHILIPPINES INC
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THAILAND

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JAPAN

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INDONESIA

PT. INTELLECT DESIGN ARENA
Menara BCA 50th Fl, Jl MH. Thamrin No.1, Jakarta
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Fax: +62 21 23584401

MALAYSIA

INTELLECT DESIGN ARENA, SDN BHD
Suite 1007, 10th Floor, Wisma Lim Foo Yong,
No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur.

Sales Office

INTELLECT DESIGN ARENA LIMITED
Suite 5, Level 21, Block 3B, Plaza Central, Jalan
Stesen Sentral 5, 50470, Kuala Lumpur, MALAYSIA.
Phone: + 60 3 27735636

AUSTRALIA

INTELLECT DESIGN ARENA PTY LTD
Level 12, 31 Market Street
Sydney, NSW 2000 | Phone: +61-2-92671955
Fax: +61-2-92671966

EUROPE

UNITED KINGDOM

INTELLECT DESIGN ARENA LIMITED
Level 35, 25 Canada Square, London, E14 5Lq,
United Kingdom, | Phone: 0044-2075160113
Fax No: 0044-2075161398

SWITZERLAND

INTELLECT DESIGN ARENA S.A.
Avenue de la Gare 49, Case Postale, 2067, CH 2001,
Neuchatel, Switzerland | Phone :- 0041-32-7221990
Fax:- 41-32-7221999

GLOBAL OFFICES

FRANCE

INTELLECT DESIGN ARENA LIMITED
30 bis, Rue du vieil abreuvoir, 78100, Saint-Germain-
En-Laye-France, | Phone: 0033 1 46 94 66 66
Fax: 0033 1 46 37 87 88

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Filial Wallingatan 38, 4 tr, S – 111 24 Stockholm
Sweden | Phone: +46 8 55 11 36 90
Fax: +46 733 58 53 13

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INTELLECT DESIGN ARENA LIMITED
Sucursal en Espana Avenida de Aragan
330 Prague, Empresarial Las, Mercedes, Edificio 5,
Planta 3, Madrid 28022, Spain | Phone: 34-915625152
Fax: 34-915627873

GERMANY

INTELLECT DESIGN ARENA LIMITED
German Branch, Herriotstrasse 1, Frankfurt Am Main,
60528, Germany | Phone: 0049-69-6773-3000

AUSTRIA

INTELLECT DESIGN ARENA LIMITED
Zweigniederlassung Österreich Mooslackengasse 17,
Vienna A 1190, Austria | Phone: + 43 (0) 1 23060 3110

IMEA

INDIA

INTELLECT DESIGN ARENA LIMITED
Silver Metropolis Unit No. 801, 802, 901, 902, 1001,
1002, 8th, 9th & 10th Floors,
CTS No. 213/A/2 & 214, Jay Coach, Western Express
Highway, Goregaon East, Mumbai – 400 063
Phone: 022 – 6780 1500

INTELLECT DESIGN ARENA LIMITED
Unit 35-A, SDF II, Unit 174-C & 175-C, SDF VI,
SEEPZ-SEZ, Andheri East, Mumbai – 400 096
Phone: 022 – 3981 5300/28292646

INTELLECT DESIGN ARENA LIMITED
“Intellect Towers”,
Plot No. 249, Udyog Vihar Phase IV,
Gurgaon – 122001 | Phone: 011-22611719

INTELLECT DESIGN ARENA LIMITED
SEEC Towers, Plot No. 6, APIIC Layout,
Adj. BSNL Office, Hi-Tech City, Madhapur,
Hyderabad – 500 081 | Phone: 040 – 4463 1000

INTELLECT DESIGN ARENA LIMITED
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Pune 411014 | Phone: 090-28097541

SRI LANKA

INTELLECT DESIGN ARENA LTD
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2nd Floor, McLaren's Building,
Bambalapitiya, Colombo 4. Sri Lanka
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SOUTH AFRICA

INTELLECT DESIGN ARENA EXTERNAL COMPANY
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377, Rivonia Boulevard, Sandton, Johannesburg 2128,
Republic of South Africa
Phone: +27-11-593-2000

BANGLADESH

35, Kemal Ataturk Avenue, 7th Floor, Abedin Tower,
Banani C/A Dhaka – 1213, Bangladesh
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UAE

INTELLECT DESIGN ARENA FZ LLC
Building No. 14, Office 118-120, Dubai Internet City,
Dubai, UAE | Phone: 00971-4-4369461
Fax: +971 - 43697459

TURKEY

INTELLECT DESIGN ARENA FZ LLC
Uphill Court Complex A1-B, Door No. 11, Akzambak
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Phone: +90 – 216 – 6881094

KENYA

INTELLECT DESIGN ARENA LIMITED
#1, 10th Floor, Tower 3, 'The Mirage' Waiyaki Way,
Westlands Nairobi, Kenya

KAZAKHSTAN (Representative Office)

INTELLECT DESIGN ARENA FZ LLC
Office 60-61, 6th floor, Koktem Business Center
180, Dostyk Avenue, 050051, Almaty, Republic of
Kazakhstan | Phone: +7 727 220 72 07

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INTELLECT DESIGN ARENA LIMITED

Annual Report for the year ended March 31, 2017

Regd. Office: No.244, Anna Salai, Chennai - 600 006. INDIA.

FINANCIAL REPORT

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Bankers

Citibank N.A
HSBC Ltd.
HDFC Bank Ltd.
IDFC Bank Ltd.
Axis Bank Ltd.
Barclays Bank
Bank of America

Auditors

M/s. S.R.Batliboi & Associates LLP
6th & 7th Floor, A Block
(Module 601, 701 – 702), Tidel Park, No.4,
Rajiv Gandhi Salai, Taramani,
Chennai – 600 113. India.

DIRECTORS' REPORT

DIRECTORS' REPORT

To the members,

We are pleased to present the 6th Annual Report on our business and operations for the year ended 31st March 2017, of Intellect Design Arena Limited ("Company"). This is our third year of business operations.

1. Results of operations

(In Rs. Lakhs, except EPS data)

| Description | Standalone | | Consolidated | |
|---|---------------------|------------|--------------|------------|
| | Year ended March 31 | | | |
| | 2017 | 2016 | 2017 | 2016 |
| Income (Including Other Income) | 548,43.56 | 563,57.40 | 955,49.38 | 836,40.87 |
| Expenses (Including exceptional items) | 571,45.46 | 528,85.95 | 946,16.32 | 847,90.74 |
| Profit/(Loss) before Interest, Depreciation & Tax (PBIDTA) | (23,01.90) | 34,71.45 | 9,33.06 | (11,49.87) |
| Finance Charges | 10,52.30 | 9.86 | 11,30.24 | 1,19.22 |
| Depreciation & amortization | 22,60.71 | 19,04.52 | 24,13.99 | 20,64.98 |
| Net Profit/(Loss) Before Tax | (56,14.91) | 15,57.07 | (26,11.17) | (33,34.07) |
| Provision for tax including Deferred Tax | - | (10,75.10) | 2,83.63 | (9,06.32) |
| Net Profit/(Loss) after tax | (56,14.91) | 26,32.17 | (28,94.80) | (24,27.75) |
| Add / (Less): Share of Profit / (Loss) on Associate Companies | - | - | 6,56.22 | 82.76 |
| Net Profit / (Loss) | (56,14.91) | 26,32.17 | (22,38.58) | (23,44.99) |
| Re-measurement gains/(losses) on defined benefit plans | (1,87.44) | (81.48) | (1,94.16) | (75.47) |
| Exchange differences on translation of foreign operations | - | - | (13.99.70) | 13,12.23 |
| Net movement on cash flow hedges | 12,23.97 | 1,13.00 | 12,23.97 | 1,13.00 |
| Other comprehensive income for the year, net of tax | 10,36.53 | 31.52 | (3,69.89) | 13,49.76 |
| Total comprehensive income for the year, net of tax | (45,78.38) | 26,63.69 | (26,08.47) | (9,95.23) |
| EPS | | | | |
| Basic Rs. | (5.56) | 2.61 | (2.21) | (2.33) |
| Diluted Rs. | (5.56) | 2.50 | (2.21) | (2.33) |

Table No. 1.1

Function wise classification of statement of consolidated Profit and Loss

In Rs. lakhs

| PARTICULARS | Year Ended | |
|---|-------------------|-------------------|
| | March 31, 2017 | March 31, 2016 |
| INCOME | | |
| Income from software product license and related services | 913,57.50 | 810,65.55 |
| EXPENDITURE | | |
| Software development expenses | 463,26.00 | 395,00.01 |
| Selling and marketing & General and administrative expenses | 391,02.94 | 330,50.24 |
| Research & Engineering expenses | 71,92.08 | 106,29.77 |
| Provision for Debts and Write Offs | 12,33.16 | 9,79.62 |
| Total Expenditure | 938,54.18 | 841,59.64 |
| EBITDA | (24,96.68) | (30,94.09) |
| Depreciation / Amortisation | 24,13.99 | 20,77.11 |
| Finance Charges | 11,30.24 | 1,19.22 |
| Profit / (Loss) before other income / minority interest | (60,40.91) | (52,90.42) |
| Other Income including exceptional items | 32,35.56 | 18,69.71 |
| Minority Interest / Share of profit / (loss) of Associate Companies | 6,56.24 | 93.93 |
| Profit / (Loss) before tax | (21,49.11) | (33,26.78) |

| PARTICULARS | Year Ended | |
|--|-------------------|-------------------|
| | March 31, 2017 | March 31, 2016 |
| Provision for taxation | (2,83.63) | 9,06.32 |
| Profit / (Loss) after tax | (24,32.74) | (24,20.46) |
| Net movement on cash flow hedges & Exchange differences on translation of foreign operations | (1,75.73) | 14,25.23 |
| Total comprehensive income for the year, net of tax | (26,08.47) | (9,95.23) |

Table No. 1.2

2. Business Performance

The consolidated revenue of the Company for the year ended March 31st, 2017 stood at Rs.913,57.50 lakhs as against Rs.810,65.55 Lakhs for the previous year and delivered a growth of 13%. The consolidated Net Profit/(Loss) for the fiscal year ended March 31st, 2017 stood at Rs.(24,32.74) lakhs as against the previous year's Net Profit/(Loss) of Rs.(24,20.46) Lakhs. The Consolidated Reserves and Surplus as of 31st March 2017 stood at Rs.547,47.69 Lakhs as against Rs.560,92.84 Lakhs as of March 31st, 2016.

3. Material Changes and Commitments

There were no material changes and commitments from the end of the financial year till the date of this report.

4. Subsidiaries

Details of Subsidiary Companies, Joint Ventures and Associate Companies, and their financial position.

Your Company has 23 (12 direct, 1 JV and 10 step down) subsidiary companies and 2 Associate Companies for the financial year ended on March 31st, 2017. The information as required under the first proviso to sub-section (3) of Section 129 is given in Form AOC-1 in Annexure [1].

5. Cash & Cash Equivalents

Your Company's has cash reserve of Rs.86,50.74 lakhs.

6. Share Capital

The paid up Capital of the Company was increased to Rs.50.87 Crs through share allotments made against exercise of Options under the ASOP Schemes comprising of 10,17,33,872 number of equity shares of Rs.5/- each as on March 31st, 2017.

The information as required under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, and also the information required under the Guidance note of ICAI, in relation to ESOPs are set out in the Annexure 2 to the Directors' Report.

The details of all the stock option plans, including terms of reference, and the requirement specified under Regulation 14 of the SEBI (Share-based Employee Benefits) Regulations, 2014 is available on the Company's website, at <https://www.intellectdesign.com/investor/corporate-governance.asp>.

The Register of Members and Share Transfer books of the company will be closed with effect from 11th August, 2017 to 21st August, 2017 (both days inclusive).

7. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated under Regulation 27 of the Listing Regulations and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

Disclosure as required under Section II (IV) Part II of Schedule V of Companies Act, 2013

| Sl.No | Particulars | Name of Director, Managing Director or Executive Director | | | | |
|-------|---|---|-------------------------------|------------------------------------|--|--|
| | | Anil Kumar Verma – Executive Director | Arun Jain – Managing Director | V.Balaraman – Independent Director | Aruna Krishnamurthy Rao - Independent Director | Arun Shekhar Aran – Independent Director |
| 1 | Salary | 120.00 | NIL | NIL | NIL | NIL |
| | Benefits and bonuses | NIL | NIL | NIL | NIL | NIL |
| | Stock Option | 2,05,000* | NIL | 25,000* | NIL | NIL |
| | Pension | NIL | NIL | NIL | NIL | NIL |
| 2 | Fixed component | NIL | NIL | NIL | NIL | NIL |
| | Performance linked incentive and performance criteria | NIL | NIL | NIL | NIL | NIL |
| 3 | Service Contract of the Director | NIL | NIL | NIL | NIL | NIL |
| | Notice Period of the Director | NIL | NIL | NIL | NIL | NIL |
| | Severance fees | NIL | NIL | NIL | NIL | NIL |
| 4 | Details of stock option and Discount details, if any | NIL | NIL | NIL | NIL | NIL |
| | No. of Stock options accrued | NIL | NIL | NIL | NIL | NIL |
| | No. of Stock options exercisable | NIL | NIL | NIL | NIL | NIL |

Table No. 1.3

* No. of stock options.

8. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 125 and other applicable provisions of Companies Act, 2013, dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz: Investor Education and Protection Fund ("IEPF"). Once the amounts that are due for refund are transferred to the IEPF, no claim shall lie in respect of those amounts against the Company. The Company had not declared any dividend so far, hence the above provisions are not applicable to our Company.

9. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in the Annexure 3 to this Report.

10. Particulars of employees

Information pursuant to the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached to this Report in Annexure [4]. Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, exempts from inclusion, the particulars of employees posted and working outside India not being directors or their relatives, drawing more than Rs. 1.02 Crore per financial year or Rs. 8.5 lakhs per month, but requires such particulars shall be furnished to the Registrar of Companies. Hence, the statement included in Annexure [4] does not contain the particulars of employees who are posted and working outside India. Any Member interested in obtaining a copy of such details may write to the Company in this regard.

11. Directors' responsibility statement as required under Section 134 (5) of the Companies Act, 2013

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 the Directors of your company confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are

reasonable and prudent so as to give a true` and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts on a "going concern basis".
- The Board of Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors**(a) Board Meetings:**

The Board of Directors of the Company met 8 times during the year 2016-17. The details of various Board Meetings are provided in the Corporate Governance Report. The gap intervening between two meetings of the board is as prescribed in the Companies Act, 2013 (hereinafter "the Act").

(b) Changes in Directors & Key Managerial Personnel

The following changes have happened during the Financial Year 2016-17

- Dr. Ashok Jhunjhunwala resigned from the Board of the Company on February 03, 2017.
- Mr. Arun Shekhar Aran was appointed as Additional Director by the Board at its meeting held on 03rd May, 2016 and subsequently was appointed as Independent Director by the shareholders at the Annual General meeting held on 21st July, 2016

(c) Re-Appointment

As per Article 34(1) of the Articles of Association of the Company, one third of the Directors are liable to retire by rotation at the Annual General Meeting of the Company. Mr. Anil Kumar Verma, Director is liable to retire by rotation and offers himself for re-appointment

(d) Independent Directors

Mr. V. Balaraman and Ms. Aruna Krishnamurthy Rao were appointed as independent directors at the 3rd AGM held on 17th September 2014 and at the EGM held on 9th October 2014, respectively for a period of three (3) years, who will continue to be on the Board till the conclusion of 6th Annual General Meeting scheduled to be held on 21st August 2017. Mr. Arun Shekhar Aran was appointed as independent director at the 5th Annual General meeting held on 21st July 2016 for a period of three (3) years, till the conclusion of 8th Annual General meeting

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Act, that they meet the criteria of independence as laid down in Section 149(6) of the Act.

(e) Details of remuneration to Directors: The information relating to remuneration of directors as required under Section 197(12) of the Act, is given in Annexure [5].

(f) Board Committees

The Company has the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration & Compensation committee
3. Stakeholders' Relationship committee
4. Corporate Social Responsibility committee
5. Risk Management Committee

Sub-committees:

1. Share transfer Committee

The composition of each of the above Committees, their respective role and responsibility is as detailed in the Report of Corporate Governance.

The policy framed by the Remuneration and Compensation Committee under the provisions of Section 178(4) of the Act, is as below:

(g) Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration & Compensation Committee decides the remuneration policy for Directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective Directors for the growth of the Company.

The Policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters as required under Section 178 sub-section 3 of the Companies Act, 2013 is available. There has been no change in the policy since the last fiscal year. We affirm that the remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

(h) Board Evaluation

As required under the provisions of Section 134(3)(p) and Regulation 27 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and the manner in which such performance evaluation was carried out is as under:

The performance evaluation framework is in place and has been circulated to all the directors to seek their response on the evaluation of the entire Board and independent directors. The Nomination and Remuneration & Compensation Committee has carried out evaluation of director's performance.

The criteria of evaluation is exercise of responsibilities in a bona fide manner in the interest of the Company, striving to attend meetings of the Board of Directors/ Committees of which he/she is a member/ general

meetings, participating constructively and actively in the meetings of the Board /committees of the Board etc.

(i) Vigil Mechanism

The Company has established a whistle-blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same is explained in the Corporate Governance Report.

(j) Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions as required under Section 134(3)(h) r/w Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure [6].

13. Auditors

Financial Auditors: S.R. Batliboi & Associates LLP, Chennai, Chartered Accountants who are the Financial Auditors of the Company hold office as financial auditors until the conclusion of the 8th Annual General Meeting of the meeting to be held in the Calendar year 2019. Their appointment is subject to ratification by the members at the 6th Annual general meeting.

Secretarial Audit: Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been carried out by Mr. S Eshwar, Practising Company Secretary, and his report is annexed as Annexure [7].

14. Fixed Deposits

Our Company has not accepted any deposits during the financial year and as such, no amount of principal or interest was outstanding as on March 31, 2017.

15. Social Connect

Ullas Trust

A Social initiative started in 1997 with an aim to integrate associates with the larger community to enable them to enjoy the bliss of working with young minds in the country continues to grow into a movement exemplifying the power of inclusive CSR. In its 20 year journey the Ullas movement has grown beyond our associate community to include committed partners to the cause of igniting young minds. These partners include family and friends of our associates, associates from our clients, Civil Society Organizations, and youth from colleges in the districts of Tamil Nadu all united by the common purpose of shaping the thinking of adolescent young students.

Over the 2 decades, Ullas has awarded merit scholarships to more than 52,000 students across Chennai, Delhi, Hyderabad, Mumbai and Pune. While the merit scholarships recognize their academic excellence, these "young achievers" as they are called, receive weekend enrichment programs aptly titled as SUMMIT delivered by our associate community – through packaged modules of 5 interventions of 3 hours each - 15 magical hours per year over the four year period of the child's association with Ullas. This academic year, over 6200 children from Corporation, Government and Government-Aided schools in five cities – Chennai, Delhi, Hyderabad, Mumbai, and Pune attended these intervention programs – that aid not just with life skills but also in design thinking. Under the rural re-connect program "Touch The Soil", over 2 lakh young minds were ignited with the power of "CAN DO" and "Planning" with the active engagement and support of over 1600 volunteers across 82 districts in 5 states.

Ullas – Chennai

Ullas Trust celebrated its 19th Annual workshop on Sep 3rd, 2016 at The Music Academy Auditorium in Chennai. The workshop was all about Igniting Young Minds and celebrated over 1230 grade IX Ullas Young

Achievers from 218 - Corporation, Government and Government-Aided schools, who not only participated in the aspirational “CAN DO” workshop but also were awarded the Ullas Young Achievers Scholarships. The workshop saw real life role models Mr. Sunil Paliwal, IAS (MD-Aavin, Co-operative Milk Federation, Tamil Nadu), and Dr. Sankar (Pediatric Orthopedic Surgeon) – share their life journey - events and incidents that shaped them, inspire and interact with the students. Continuing its endeavor of recognizing and Encouraging Excellence in Education (EEE), 3 schools one each from corporation, government, and government aided were awarded the EEE award. Associate volunteers conducted the weekend enrichment program (SUMMIT) across 7 venues in the city (including our corporate offices) covering over 3,752 young achievers from grade 9-12. As part of the Touch The Soil program, over 400 volunteers visited 403 schools in the 32 districts of TN, igniting over 1.51 lakh grade 9-12 students, conducting the Diary of Dreams and Planning workshop. A total of 3579 scholarships were given to toppers in grade 9 and 10 in the district schools. During this academic year Ullas inducted 68 Higher Education Scholars (26 professional stream, and 42 arts and science students) while continuing to support an overall of 198 Higher Education Scholars who come back as mentors to the incoming Ullas Young Achievers. These Higher Education Scholars not only inspire their juniors but also dazzle the associate mentors with their commitment and thirst to give back! Ullas continues to sponsor Easy Learning English (ELE) program of Vidyarambam Trust (VT) for grade 6 to 8 students in over 25 schools in 5 districts of TN. Vidyarambam Akkas also deliver our SUMMIT interventions to over 2,500 grade 9 and 10 students in these schools, further extending the engagement with these young minds! In the spirit of partnering with likeminded partners to reach as many young minds in schools, Talent Quest for India (TQI) a student volunteer body movement has taken the SUMMIT Level 1, 2 and 3 interventions to over 7,200 students (grade 9,10 and 11) in 19 schools, across 15 districts of TN, through their army of over 250 college student volunteers from 32 different colleges. The second edition of Ullas Confluence was held in Feb 2017, to celebrate and recognize these young TQI volunteers from various colleges across the districts who are giving back selflessly. Common purpose and intent unites these partners with Ullas in reaching not just the students from the urban schools but also rural schools enabling dreams and aspirations!

Ullas – Mumbai

Mumbai Ullas chapter conducted the “CAN DO” workshop on 26th November at Damodar Hall, Parel, celebrating over 530 young achievers from 23 schools (13 Municipal and 10 Govt-Aided schools). The interactive workshop encouraged the students to dream big, and dream big with conviction. Associate volunteers including over 50 volunteers from our client partner - Morgan Stanley conducted SUMMIT in the chapter schools during the weekends – reaching out to a total of 1029 students between grade 9 and 10. As part of the Touch The Soil program, 98 volunteers visited 85 schools in 32 talukas of 10 districts covering 13,404 grade 9 and 10 students with 650 scholarships for the toppers in 9th and 10th, and conducting the Diary of Dreams and Planning workshop for the young minds.

Ullas – Hyderabad

In Hyderabad, 280 students enthusiastically participated in the Annual “CAN DO” Workshop on January 7th, 2017 which was held at Sardar Patel Auditorium, in Kesava Memorial Institute of Science and Technology. The Young Achievers enthralled everyone with their rendering of Saraswathi Vandanam and cultural performances. The Diary of Dreams workshop was very interactive and enabled students to share their aspirational dreams. SUMMIT classes also saw our associate volunteers conduct the weekend intervention program for 280 grade 9 students and 254 grade 10 students at 9 school chapters. As part of the Touch the Soil initiative, over 80 associate volunteers, their family and friends went in teams to 167 schools from 56 talukas, in 21 districts conducting the “CAN DO” and Planning workshop for 22,125 students, along with 1428 merit scholarships for deserving grade 9 and 10 students.

Ullas – Delhi

Ullas NCR chapter conducted the Annual CAN DO workshop on 19th November 2016, at ISKCON Auditorium, New Delhi. 262 grade 9 young achievers from 20 government and government-aided schools were inducted into the portals of Ullas Trust. The workshop also saw over 40 school teachers and 50 associate volunteers who cheered and supported the young achievers. The weekend enrichment program – SUMMIT was conducted by our associate volunteers in school chapters and our corporate office for over 874 young achievers (grade 9 to 12) and was received very well by the students and their school authorities. As part of the Touch The Soil initiative, over 40 volunteers travelled to 19 mandals, in 12 districts of NCR, reaching 9,506 students of grade 9-12 from 32 schools, inspiring and igniting young minds delivering the Diary of Dreams workshop and Planning workshop, and also with a merit scholarship to 295 toppers in 9th and 10th.

Ullas – Pune

Ullas Pune Chapter continued its engagement with 4 schools this year. The Annual Diary of Dreams workshop was conducted on Nov 26th, 2016 for incoming young achievers, covering over 200 eager students across three locations. A total of 81 scholarships were awarded in the urban schools as part of the SUMMIT program. 25 volunteers along with family and friends conducted the subsequent weekend enrichment programs in the schools over 8 weekends, covering over 860 grade 9 and 10 students. As part of the Touch The Soil initiative, 27 volunteers went to 21 talukas in 7 districts covering 53 district schools, reaching 10,072 students from grade 9 and 10 with the diary of dreams and planning workshop. 470 scholarships were given to 5 toppers each from grade 9 and 10 in these 53 schools.

The Ullas movement continues to be strengthened not just by our associates but also their family and friends, and strong long minded partners driven by the common purpose of “igniting young minds” and seeding the “CAN DO” spirit.

16) Audit Committee Recommendation

During the year all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

17) Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure [8].

18) Significant & Material Orders passed by the Regulators or Courts

During the Financial Year 2016-17, no order has been passed by any regulatory authorities or Courts.

19) Particulars of Loans, Guarantees and Investments u/s 186*

Investments made during the year 2015-16:

| SL. no. | Name of the Investee | Currency | Face Value | Amount in FCY/INR | Amount in Lacs |
|---------|----------------------------|----------|------------|-------------------|----------------|
| 1. | Intellect Payments Limited | INR | 5 | 2,50,00,000 | 2,50.00 |

Table No. 1.4

* The Company has not granted Loans and Guarantees under Section 186 of the Companies Act, 2013

20) Risk Management Policy

Being a pioneer in the Intellectual property led Business in India, the company is continuously focusing and committing itself to have a Risk Management system suited for the Products business.

Towards this, the Board has formed a Risk Management Committee with Directors, the Chief Financial Officer & the Chief Risk Officer as members of the committee. The Committee works to mitigate any inherent risks faced

by the Business and to meet the increasing demand of Customer's liability through different means within the overall framework listed below.

Risk Management Framework

Objective

The Organization is subject to certain risks that may affect our ability to operate, may disrupt our business model due to changes in competitive landscape, changes in Technology which may render our capabilities obsolete, and thus hamper our ability to serve our customers and protect assets. These risks could adversely affect Customer projects, Employees, Shareholders, liability to Third Party and risks to Property among others. Controlling these risks through a formal process is necessary for the well being of the Organization and its stakeholders.

The organization's Risk policy identifies these Risks on a continuous basis and proposes mitigation measures. Our risk policy aims to minimize adverse impact of these risks on Company's growth, Profit margins and People engagement besides Regulatory Compliance. Risk Management has been made an integral part of the Organization by encouraging Risk Awareness among employees.

Risk Management Framework

The Audit Committee of the Board of Directors oversees the Risk Management process done by the Risk Committee under the overall direction of the Board of Directors. The Risk Management Committee consists of the Board of Directors, Chief Financial Officer & the Chief Risk Officer.

Risk Management Process

Risk Management is a continuous and developing process which runs throughout the Organization's strategy and the implementation of that strategy. The Risk Management helps the organization to proactively manage uncertainties in the internal and external environment and to limit the negative impacts and benefit on the opportunities.

Some of the Major risks and risk mitigation measures can be grouped in the following four categories:

| 1. Business Risk | 2. Operational Risk | 3. Financial Risk | 4. Legal & Compliance Risk |
|--------------------------------|---|--|---|
| Business Segment Concentration | Recruitment - difficulty in finding specialized skill | Foreign Exchange | Geo Subsidiary Compliance Reporting |
| Business Model | New Country Entry Risk | Risk due to Large Order to Cash cycle and Liquidity Risk | Intellectual Property Protection Risk |
| Geography Concentration | Commercial General Liability, Cyber & Crime | | Internal Financial Control (IFC) implementation |
| Competition | Risk from actions of Directors and Officers | | Contractual Compliance |
| | Risk due to Fire Hazards and Accident | | |

Table No. 1.5

1. Business Risk

1.1. Business Segment Concentration

The company is specialized in BFSI space and could face the risk of concentration in a single space. However, this risk is mitigated to a large extent because the company has presence in all the 4 sub segments of BFSI namely Corporate Banking, Retail Banking, Capital Markets and Insurance. These 4 sub segments have different boom and bust cycle and therefore protect the company. The Company's foray into the Payments space

through iPay will further reduce this risk as Payments business is a fairly stable business with less impact of cyclicity.

1.2 Business Model

Our Revenue model is based on Products Business with its License and AMC revenues. There is a possibility that increasing share of business starts to come from Cloud Model rather than License & AMC Model. This may pose a risk to our Business Model.

The Company keeps a close eye on the changing business scenario. A certain portion of our revenue is already derived from the Cloud model. Should Cloud model get precedence over License model, the company has the wherewithal to shift the business model.

1.3 Geographic Concentration

Intellect is present across different Geographies which we internally classify as World I, World II, World III countries. World I is Rich countries, World II is Middle Income countries and World III is the Emerging world. The risk gets mitigated by being present in all the three worlds as the demand from these countries varies across segments and balances the cyclic nature of business.

1.4 Competition

The company faces competition from large Multinational companies, Local companies in the geography in which we operate and Indian Product companies. While many of these companies are established companies, the start ups may also disrupt our business.

With a view to stay ahead of the competition, an analysis of these competitions in the 4 sub-segments and the 3 Worlds is done on a continuous basis. Another lever to mitigate this risk is the Investments made in R&D which helps us to remain ahead in the innovation curve.

2. Operational Risk

2.1 Recruitment

The company operates in niche BFSI product space which requires people with specialized skill, as against mass recruitment that was followed in Services business. The Company minimizes the risk through in-depth in-house training & recruitment from top end Engineering colleges and B Schools.

Background Checks (BGC) is mandated for all new hirers and is audited from time to time.

2.2 New Country Entry Risk

For any new business opportunity in a new country, a Country risk assessment clearance from the CRO is a must. Country risk assessments during entry and subsequent mitigation measures help in developing a robust knowledge platform and also to understand the local conditions and business culture at the early stages of the business.

2.3 Commercial General Liability, Cyber & Crime

The company has a Global leader in Risk & Insurance advisory for advising on the risk and insurance coverage.

- Commercial General Liability Insurance - To safeguard against Third Party bodily injury or property damage arising out of our business operations.
- Cyber Liability Insurance - To safeguard against any loss arising out of a security breach and or privacy breach that would result in sensitive or unauthorized data or information being lost or compromised.
- Crime Insurance - To safeguard against any direct financial loss of property, money or securities arising out the fraudulent activities committed by the employee or in collusion with others.

2.4 Risks from actions of Directors and Officers

Directors & Officers Liability Insurance - To safeguard against any loss arising out of a wrongful act made by the Directors, Officers and Employees of the organization with reference to the company's business operations and activities.

2.5 Risks due to Fire Hazards & Accidents

Standard Fire and Special Perils Insurance - To protect the company's Assets (movable & immovable Assets) from the risk of Fire or Perils.

3. Financial Risk

3.1 Foreign Exchange

The company earns a large portion of its revenue in foreign currencies and is exposed to the risk of currency movements. To mitigate this risk, the company follows a 2 step strategy.

- As the first step, quotation in foreign currencies is restricted to few selected major currencies. Quotation in any other currency is highly controlled.
- The second leg of this strategy is to hedge the foreign earnings after subtracting the local expenses.

3.2 Larger Order to Cash cycle and Liquidity Risk

Our customer being large Banks and Financial Institutions the credit worthiness is in comfort even though the cycle is long. The percentage of bad debts is also minimal. Since the Products business has a long order to cash cycle, the company has identified Liquidity Risk as an area to monitor. The Finance organization headed by the CFO monitors the liquidity position consisting of cash and near cash instruments on a continuous basis.

4. Legal & Compliance Risks

4.1 Subsidiary Compliance Reporting

A well structured framework has been instituted in Unmail, the Company's Enterprise Social Network for Subsidiary Compliance Reporting. The respective Operations Directors ensure uploading of the Compliance reports (suitably customized for each Subsidiary) on a quarterly basis. This process enhances the control and improves statutory compliance in each jurisdiction.

4.2 Intellectual Property Protection Risk

Difficulties in protecting out IP in some countries that are pivotal for generating revenues are mitigated by registration of the IP in countries that have safe IP protection laws.

4.3 Internal Financial Control (IFC)

The company has to comply with additional controls enforced by Section 134 of the Companies Act 2013. This is to report on the Internal Financial Control in the Directors Report and also by the Statutory Auditors. To comply with this, the company appointed a reputed Chartered Accountant firm to assess the existing control environment and ensure that the requirements are complied.

4.4 Contractual Compliance

Product development companies are exposed to legal risk arising from Infringement of IP right and Non performance of contractual obligation. The company has established a strong process to review and appraise all contracts. As a policy it restricts its obligation under each contract. The company has adequate Insurance to mitigate against risk of Errors and Omissions, Commercial General Liability.

21) Corporate Social Responsibility

Company has formed Corporate Social Responsibility Committee on October 15th, 2014 and following are the members to the Committee :-

- Mr. Anil Kumar Verma – Chairman of the Committee
- Ms. Aruna Rao – Member of the Committee
- Mr. Arun Jain – Member of the Committee
- Mr. V. Balaraman – Member of the Committee

The Company is not required to contribute towards Corporate Social Responsibility (CSR), as the average profits of the previous three financial years is negative. However the Company as a responsible corporate citizen has emerged itself to make contributions in the area of education, to Ullas Trust. The Company for making contributions to Ullas Trust, had sought the approval of the shareholders in its previous AGM held on 21st July 2016 and the same was approved by the shareholders.

22) Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

The following is the summary of the complaints received and disposed off during the financial year 2016-17:

- No. of complaints received: NIL
- No. of complaints disposed: NIL

23) Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2017-18 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

24) Acknowledgment

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all round operational performance at all levels.

By Order of the Board
For Intellect Design Arena Limited

Place: Chennai
Date : July 06, 2017

Arun Jain
Chairman and Managing Director

Annexure 1**Form AOC - 1**

Statement (Pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries as on 31st Mar 2017

PART "A" : Subsidiaries

In Rs Lakhs

| Sl No | Name of the Subsidiary | Reporting Period | Reporting Currency | Exchange Rate | Capital | Reserves | Total Assets | Total Liabilities | Investment other than Investment in Subsidiary | Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend | % of Holding |
|-------|---|--------------------|--------------------|---------------|----------|------------|--------------|-------------------|--|-----------|-------------------|-------------------|------------------|-------------------|--------------|
| 1 | Intellect Design Arena Pte Ltd., Singapore (+) | April-March | SGD | 46.41 | 1,698.60 | 1,823.96 | 6,588.74 | 3,066.18 | - | 4,757.34 | (610.21) | 20.95 | (631.16) | Nil | 100% |
| 2 | Intellect Design Arena Limited., United Kingdom (+) | April-March | GBP | 80.90 | 617.50 | 7,720.10 | 16,058.13 | 7,720.52 | - | 29,349.83 | 5,230.28 | 234.43 | 4,995.85 | Nil | 100% |
| 3 | Intellect Design Arena SA,Switzerland (+) | April-March | CHF | 64.83 | 112.76 | 3,524.12 | 4,213.40 | 576.53 | - | 1,157.72 | 350.48 | 58.81 | 291.67 | Nil | 100% |
| 4 | Intellect Design Arena Co. Ltd,Vietnam (+) | April-March | VND | 0.00 | 22.50 | (348.16) | 92.91 | 418.57 | - | 128.02 | (206.79) | - | (206.79) | Nil | 100% |
| 5 | Intellect Design Arena FZ LLC,Dubai (+) | April-March | AED | 17.66 | 203.70 | 4,670.87 | 9,095.24 | 4,220.67 | - | 12,549.96 | (348.00) | - | (348.00) | Nil | 100% |
| 6 | Intellect Commerce Ltd,India (Formerly Known as Polaris Enterprise Solutions Ltd) (+) | April-March | INR | 1.00 | 900.00 | (504.92) | 1,100.11 | 705.03 | - | 676.36 | 100.00 | 39.45 | 60.55 | Nil | 100% |
| 7 | Laser Soft Infosystems Limited,India (+) | April-March | INR | 1.00 | 783.13 | 1,859.21 | 4,664.10 | 2,021.76 | 0.45 | 2,190.75 | 127.87 | - | 127.87 | Nil | 100% |
| 8 | SFL Properties Private Ltd,India (+) | April-March | INR | 1.00 | 156.00 | 489.91 | 646.38 | 0.47 | - | - | (4.85) | - | (4.85) | Nil | 100% |
| 9 | Indigo TX Software Pvt Ltd,India (+) | April-March | INR | 1.00 | 39.70 | 95.57 | 345.65 | 210.38 | - | 170.37 | (122.50) | - | (122.50) | Nil | 100% |
| 10 | Intellect Payments Limited, India (+) | April-March | INR | 1.00 | 255.00 | - | 582.10 | 327.10 | - | - | - | - | - | Nil | 100% |
| 11 | Intellect India Limited, India (+) | April-March | INR | 1.00 | 5.00 | - | 6.55 | 1.55 | - | - | - | - | - | Nil | 100% |
| 12 | Sonali Polaris FT Ltd,Bangladesh (+) | April-March | BDT | 0.82 | 468.15 | (1,182.48) | 1,115.50 | 1,829.83 | - | 2,202.93 | 1,027.45 | - | 1,027.45 | Nil | 51% |
| 13 | Intellect Design Arena Ltda. Chile* | January - December | CLP | 0.10 | 5.02 | (180.32) | 1,070.62 | 1,245.92 | - | 1,220.04 | (321.64) | - | (321.64) | Nil | 100% |
| 14 | Intellect Design Arena Inc., Canada* | April-March | CAD | 48.59 | 572.79 | (1,538.21) | 2,466.04 | 3,431.46 | - | 3,423.10 | (928.72) | - | (928.72) | Nil | 100% |
| 15 | Intellect Design Arena,PT Indonesia** | April-March | IDR | 0.00 | 145.10 | (348.92) | 41.40 | 245.22 | - | - | (126.48) | (9.05) | (117.43) | Nil | 100% |
| 16 | FT Grid Pte Ltd, Singapore** | April-March | SGD | 46.41 | 0.04 | (1.35) | 0.05 | 1.36 | - | - | - | - | - | Nil | 100% |
| 17 | Intellect Design Arena Inc.,US** | April-March | USD | 64.85 | 3,542.71 | (7,510.32) | 10,924.45 | 14,892.06 | - | 8,439.42 | (712.60) | 5.34 | (717.94) | Nil | 100% |
| 18 | Intellect Design Arena Phillipines, INC ** | January - December | PHP | 1.29 | 276.07 | (504.90) | 2,618.62 | 2,847.45 | - | 1,778.55 | (110.82) | (76.00) | (34.82) | Nil | 100% |
| 19 | Intellect Design Arena,SDN BHD, Malaysia** | April-March | MYR | 14.65 | 77.11 | (10.47) | 949.94 | 883.30 | - | 1,005.75 | 54.34 | 9.70 | 44.64 | Nil | 100% |
| 20 | Intellect Design Arena Pte Ltd, Australia** | April-March | AUD | 49.58 | 50.98 | (281.58) | 147.68 | 378.27 | - | 184.75 | (141.29) | - | (141.29) | Nil | 100% |
| 21 | Intellect Design Arena Ltd, Thailand** | January - December | THB | 1.88 | 149.73 | (565.98) | 25.12 | 441.37 | - | 15.06 | (252.94) | - | (252.94) | Nil | 100% |
| 22 | SEEC Asia Technologies Private Limited,India*** | April-March | INR | 1.00 | 349.90 | 1,720.86 | 3,717.13 | 1,646.37 | - | 2,037.71 | 11.02 | 5.00 | 6.02 | Nil | 100% |

Table No. 1.6

Notes:

1.Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31st Mar, 2017

2.* Subsidiaries of Intellect Design Arena Limited, UK

3.** Subsidiaries of Intellect Design Arena Pte Ltd, Singapore

4.*** Subsidiaries of Intellect Design Arena Inc, USA

5.Investment includes investments made in step down subsidiaries

6.Information provided above is based on the IND AS of the Subsidiaries for the financial year ended 31st Mar, 2017

7.{+} Direct Subsidiaries of Intellect Design Arena Ltd

8.Names of subsidiaries which have been liquidated or sold during the year - NIL

Part “B”: Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

In Rs. lakhs

| S. No. | Name of Associates / Joint Ventures | Adrenalin eSystems Limited | NMSWorks Software Private Limited | Intellect Polaris Design, LLC |
|--------|---|--|---|---|
| 1. | Latest audited Balance Sheet Date | March 31st, 2017 | March 31st, 2017 | March 31st, 2017 |
| 2. | Shares of Associates / Joint Ventures held by the company on the year end | | | |
| | Number of shares | 1,42,85,502 | 7,26,256 | 45 |
| | Amount of Investment in Associates/Joint Venture | 18,77.32 | 6,24.14 | 13,80.15 |
| | Extent of Holding % | 39.93% | 36.54% | 45% |
| 3. | Description of how there is significant influence | The Company has the control in excess of 20% of total share capital of Adrenalin eSystems Limited as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company | The Company has the control in excess of 20% of total share capital of NMSWorks Software Private Limited as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company | The Company has the control in excess of 20% of total share capital of Intellect Polaris Design, LLC as per Section 2(6) of the Companies Act, 2013 and comes under the definition of Associate Company |
| 4. | Reason why the associate / joint venture is not consolidated | Holds less than 51% of Share Capital, Hence no Control. | Holds less than 51% of Share Capital, Hence no Control. | Holds less than 51% of Share Capital, Hence no Control * |
| 5. | Networth attributable to Shareholding as per latest audited Balance Sheet | 27,93.79 | 34,40.01 | 28,84.31 |
| 6. | Profit/ Loss for the year | | | |
| i. | Considered in Consolidation | 3,72.08 | 3,47.31 | (63.17) |
| ii. | Not Considered in Consolidation | 5,59.74 | 6,03.17 | (63.17) |

Table No. 1.7

* In case of Intellect Polaris Design, LLC your Company is doing Proportionate Consolidation

1. Names of associates or joint ventures which are yet to commence operations - Nil

2. Names of associates or joint ventures which have been liquidated or sold during the year - Nil

For and on behalf of the Board of Directors of
Intellect Design Arena Limited

Arun Jain
Chairman & Managing Director

Arun Shekhar Aran
Director

S.Swaminathan
Chief Financial Officer

V.V.Naresh
Vice President &
Company Secretary

ANNEXURE 2

Employee Stock Option Plans

Your Company currently administers [4] stock option programs, viz., ASOP 2003, ASOP 2004, ASOP 2011 which were inherited from the Demerged Company and ISOP 2015 which was approved by the members in the meeting held on 29th January 2015 and ISOP 2016 which was approved by the members in the meeting held on 21st July, 2016. Summary information of these various stock option programs of the Company is provided under Notes to Accounts under Standalone Financial Statements of this Annual Report.

All the ESOP schemes are available on the website of the Company. Web link for the same is <http://www.intellectdesign.com/investor/corporate-governance.asp>

The Company has recorded compensation cost for all grants using the intrinsic value- based method of accounting, in line with prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued by ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Information as required under Rule 12(9) (j) (i) to (iii) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Key Managerial Personnel

| Name of the Key Managerial Personnel | Designation | ESOPs Granted |
|--------------------------------------|--|---------------|
| Arun Jain | Chairman and Managing Director | NIL |
| Anil Kumar Verma | Executive Director | 25,000 |
| S. Swaminathan | Chief Financial Officer | 25,000 |
| V V Naresh | Company Secretary and Compliance Officer | NIL |
| Total | | 50,000 |

Table No. 1.8

Employees who were granted options amounting to 5% or more of options granted during the financial year 2016-17:- NIL

Employees who were granted options amounting to 1% or more of issued capital of the Company at the time of grant of options during the financial year 2016-17 - NIL

ANNEXURE 3

Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

[Clause (m) of sub-section (3) of Section 134 of the Act, r/w Rule 8 of the Companies (Accounts) Rules, 2014]

Conservation of energy:

- The steps taken / impact on conservation of energy:
 - We are continuing to optimize usage of chiller / split / package AC set point to maintain condition space temperature @ 26 degree centigrade
 - We switch off the lights through Manual Control Board thus conserving energy.
 - Have initiated Implementation of replacement of LED lights Floor Wise – initial progress made to reduce lighting power consumption
 - Auto shutting down of systems to reduce UPS power consumption
 - Installation of Solar street lights in Next level campus
- Savings achieved
 - In FY 2016 -17, power supply has stabilized in Tamil Nadu reducing the dependency on Diesel which resulted in savings.
- Steps taken by the company for utilizing alternate sources of energy;

- We started purchasing Wind power trading @ Next Level location in FY 2016-17
- Capital investment on energy conservation equipment;
 - Purchase of LED lighting to reduce power consumption @ NxT Lvl
 - Purchase of VFDs to reduce power consumption in HVAC system

Have obtained ISO certification (ISO 14001:2015) for Environment Management System - October 2016

During FY 2016-17 we have added one more floor at NxT Lvl, (Second floor operation started on 24th Aug 2016 with 583 seats). Based on the increase in occupancy in NxT Lvl, we have added 500 Kv by raising additional demand with the EB. We have purchased group captive power from OGPL that brought in savings of Rs.15.00 lakhs approx. With the continuous flow of the units we strengthened our relationship with OGPL and propose to renegotiate the unit price for 2017-18 that would bring in additional savings of 3-4 lakhs. Current TNEB unit price is Rs.6.35.

IT Infrastructure

Major Upgrades:

Intellect IT Infrastructure is redesigned with two Cloud service providers for test & development, to handle BCP / DR. We had also built new DC at NxT Lvl, Chennai with 12 rack capacity to take care of legacy systems and RISC based servers. Data Center – DR is built at Goregaon, Mumbai with critical services hosted during BCP / DR.

Cloud servers are accessible through MPLS network, with 2 last miles. Hence associates have same experience in accessing cloud as like data center.

Complex network architecture was designed and implemented as Intellect has open network pockets and secured network pockets to take care of product development, which are tested for possible scenarios.

PBX at Goregaon is replaced as it was EoS and migrated to new one very smoothly.

IT Operations:

Global Monitoring Center at Intellect monitors IT Infrastructure on 24*7 basis, able to deliver >99.95% uptime month –on-month.

Assets are optimally managed, thus saving INR 49L on reuse of repaired assets.

Cloud services are built to take care of BCP/DR requirements, which again helped us in achieving cost save of INR 42L per annum

Voice services including telephone calls and voice conference are built with 3 tier redundancy, also reducing the voice costs by 20-30%.

New IT infrastructure

The following new IT infrastructure implementations were completed during the past year:

Varanasi (40 Seats)

Pune (60 Seats)

NxT Lvl - Second Floor (550 Seats)

MIS

After the demerger, PeopleSoft ,the core financial system had to be replaced for Intellect. Top Management decided to use our own QCBS product "EGL" to replace PeopleSoft. EGL was successfully implemented in short time by team Intellect. This was possible only because of excellent collaboration amongst the various user teams like Finance, HR, Admin, QCBS and MIS IT team. The cost save on software management & support.

A new data interface was developed to share required Master and Transactional Data to the QCBS system on regular basis for invoicing and collections.

Intellect adopted the new tool JIRA to record the activities and tasks, which can be used to provide evidences during System Audit.

UnMail

This is the social platform used in Intellect. This helps more collaboration and improves productivity. Following features are enhanced during FY2016-17

1) More Social:

- The omni-present "Like" - Ability to like Conversations / Circle Topics and their replies. (Earlier this facility was available only to Broadcasts and Intellect Connect)
- Follow global posts in your My Notifications. Now we can follow Intellect Connect posts and Circle topics in My Notifications. By default, we "follow" all room activities.
- Mention a user in room broadcasts / conversations to get his / her attention. This post is highlighted for the mentioned user in My Notifications even if the user is not following the room updates.

2) Advanced Notification Management:

- Filter Notifications (by app type, unread only, highlighted updates only)
- Inline replies / actions to notifications
- UnFollow a room broadcast / conversation or the global post being followed to stop recurring notifications on that post
- Quick visual scan of My Notifications with the photo of the personFT

3) Better Attachment & Image Handling:

- Now attachments are supported in Broadcasts / Intellect Connect as well. (Earlier this facility was available only to Conversations / Knowledge Circles)
- Attachment is treated as a gold copy document with version control. The attachment gets added to your Room Documents and linked to the post. One would no longer need to attach the same file at multiple places in the thread
- All the attachments of a thread are listed at the top as a single list with the facility to update the version or download, in addition to support for inline attachments within content.
- Attachment can now be from the user machine or just a link to existing room document / private wall document
- Image can be inserted into a post using drag and drop from your machine folder

4) Enrichments to Apps:

- Action Items can now be tracked as a Social Flow with notifications and reminders
- Reviews, Customer Commitment, Risk can now be tracked as a Social Flow with notifications
- Comments to Broadcasts and Intellect Connect now support their own nested one level discussion
- Folders in Documents and Conversations are now ordered in ascending order of their name

- Conversations Listing also supports preview now. In addition to the default thread-like view, post view of a conversation also supports date-wise linear view
- Displaying User Name instead of user id in posts and notifications.

5) My Messages:

- Now they are not notified separately on top right band. Its notifications appear in My Notifications along with notifications of private conversations.
- Can now be treated as private conversation allow addition of more participants for discussion around it

6) The mobile apps

Many of the above features are supported on mobile as well. In addition, Mobile app supports Appreciation credits functionality and Room Member listing with addition / removal of members. Aspects related to Follow / UnFollow and inline replies are available for Android users and would be supported in iOS subsequently.

7) Multi-lingual capability

8) Travel Management

Effective Travel Management is the inherent service part of any organization. UnMail brings the social touch to travel management by capturing all the travel details and flowing the information across right people. By doing this the complete travel process becomes very lean and transparent.

9) Visitor Management with mobile push notification when visitor is at the site.

10) Milestone POC. Better tracking of milestones.

11) Poll . Organization wide poll.

12) Pick of the Day

FT Grid Operations

Background: Being a SAAS delivery model, Intellect has to closely work with the application team and service partners, such as Telecom, to ensure end-to-end service availability. Intellect's IT department has six core banking customers, four FABX customers and one Lending (A PSU home finance company) on FT Grid.

(C) Foreign exchange earnings and Outgo :-

| | Rs. In lakhs | |
|---------------------------|--------------|-----------|
| Particulars | 2016-17 | 2015-16 |
| Foreign exchange earnings | 349,18.12 | 387,73.93 |

Table No. 1.9

| | Rs. In lakhs | |
|------------------------|--------------|----------|
| Particulars | 2016-17 | 2015-16 |
| Foreign exchange outgo | 98,14.95 | 59,65.97 |

Table No. 1.10

ANNEXURE 4

Particulars of Employees

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Director's Report for the Financial Year ended March 31, 2017

Top 10 employees of the Company employed throughout the year

| Sl.No. | Employee Name | Designation | Nature of employment | Qualification | Age (Years) | Previous Employer | Total Experience (in years) | Designation at Previous Employment | Date of Joining | Amount in Lakhs INR |
|--------|--------------------------------|---------------------------------------|----------------------|---|-------------|--|-----------------------------|--------------------------------------|-----------------|---------------------|
| 1 | Paul Hansford | Executive Vice President | Service | B.E | 58 | Smartstream Technologies Limited | 37 | Global Head of Professional Services | 01/12/2014 | 2,60.79 |
| 2 | Swaminathan S | Executive Vice President & CFO | Service | B.Com, CA | 60 | TVS Electronics Limited | Over 30 years | President, Strategic Accounts & CFO | 08/02/2007 | 1,71.89 |
| 3 | K. Srinivasan | Head Growth Markets – IMEA and APAC | Service | B.Sc, PGDM | 50 | Suntech Business Solutions | 27 | Global Sales Head | 18/03/2008 | 1,50.42 |
| 4 | Govind Singhal | President & CEO | Service | M.Sc (Phy.), B.Sc. (Phy.) | 56 | Satyam Computers | 31 | Senior Vice-President & Integrator | 15/12/2008 | 1,46.91 |
| 5 | Rajesh Saxena | Executive Vice President | Service | B.E., PGDM | 53 | American Express Banking Corporation | 31 | Executive Vice President | 31/08/2011 | 1,50.10 |
| 6 | Govind Saxena | Executive Vice President | Service | B.Tech, M.Tech | 48 | Orbitech Solutions Limited | 22 | Assistant Vice President | 1/2/1995 | 1,42.16 |
| 7 | Ramkumar Pechiappan | Executive Vice President | Service | M.Tech | 47 | J.P. Morgan Services India Pvt Limited | 22 | Executive Director | 14/04/2015 | 1,11.66 |
| 8 | Venkatesh Iyengar Srinivasan | Executive Vice President | Service | B.Com, CA, ICA | 56 | Citibank N.A. | 32 | Vice President | 17/11/1997 | 1,09.68 |
| 9 | Paramdeep Singh | Executive Vice President | Service | B.E. (EEE), MBA | 50 | Mind Shaper Technologies Pvt. Ltd. | 28 | President – Private School Business | 01/04/2014 | 1,00.45 |
| 10 | Kedarnath Harishankar Udiyavar | President & Business Head One Markets | Contractual | Master of Management Studies, Bachelor of Engineering | 58 | Polaris Consulting & Services Limited | 34 | President & Chief Solutions Officer | 01/04/2016 | 90.76 |

Table No. 1.11

Note:- (i) The above ranking of top 10 employees has been done based on their gross salary

(ii) None of the employees mentioned above are relatives of any Director or Managers of the Company

(iii) Above remuneration includes amount paid during the year plus perquisite value of Stock Option and Retirement benefit

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Director's Report for the Financial Year ended March 31, 2017

| Sl.No | Employee Name | Designation | Nature of employment | Qualification | Age (Years) | Previous Employer | Total Experience (in years) | Designation at Previous Employment | Date of Joining | Amount in Lakhs INR |
|-------|------------------------------|--------------------------------|----------------------|---------------------------|-------------|---------------------------------------|-----------------------------|--------------------------------------|-----------------|---------------------|
| 1 | Govind Saxena | Executive Vice President | Service | B.Tech, M.Tech | 48 | Orbitech Solutions Limited | 22 | Assistant Vice President | 1/2/1995 | 142.16 |
| 2 | Venkatesh Iyengar Srinivasan | Executive Vice President | Service | B.Com, CA, ICA | 56 | Citibank N.A. | 32 | Vice President | 17/11/1997 | 109.68 |
| 3 | Padmini Sharathkumar | Executive Vice President | Service | B.E., M.M. S | 48 | American Express Technologies-Chennai | 24 | Team Leader | 18/06/2002 | 149.11 |
| 4 | Swaminathan S | Executive Vice President & CFO | Service | B.Com, CA | 60 | TVS Electronics Limited | Over 30 | President, Strategic Accounts & CFO | 08/02/2007 | 171.89 |
| 5 | Govind Singhal | President & CEO | Service | M.Sc (Phy.), B.Sc. (Phy.) | 56 | Satyam Computers | 31 | Senior Vice-President & Integrator | 15/12/2008 | 146.91 |
| 6 | Rajesh Saxena | Executive Vice President | Service | B.E., PGDM | 53 | American Express Banking Corporation | 31 | Executive Vice President | 31/08/2011 | 150.10 |
| 7 | Paul Hansford | Executive Vice President | Service | B.E | 58 | Smartstream Technologies Limited | 37 | Global Head of Professional Services | 01/12/2014 | 260.79 |

Table No. 1.12

Note:- (i) None of the employees mentioned above are relatives of any Director or Managers of the Company

(ii) Above remuneration includes amount paid during the year plus perquisite value of Stock Option and Retirement benefit

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Director's Report for the Financial Year ended March 31, 2017 (For the Part of the Year)

| Sl.No. | Employee Name | Designation | Nature of employment | Qualification | Age (Years) | Previous Employer | Total Experience (in years) | Designation at Previous Employment | Date of Joining | Amount in Lakhs INR |
|--------|----------------------|-----------------------|----------------------|--|-------------|-------------------|-----------------------------|------------------------------------|-----------------|---------------------|
| 1 | Guido Leon Vogelzanj | Senior Vice President | Service | Degree in Electrical Engineering & Degree in Economics | 47 | Symphony | 20 | Vice President - CRM Technology | 18/08/2016 | 87.52 |

Table No. 1.13

Note:- (i) None of the employees mentioned above are relatives of any Director or Managers of the Company
(ii) Above remuneration includes amount paid during the year plus perquisite value of Stock Option and Retirement benefit

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Director's Report for the Financial Year ended March 31, 2017 - (Resigned)

| Sl.No. | Employee Name | Designation | Nature of employment | Qualification | Age (Years) | Previous Employer | Total Experience (in years) | Designation at Previous Employment | Date of Joining | Amount in Lakhs INR |
|--------|---------------------|--------------------------|----------------------|---------------|-------------|----------------------------------|-----------------------------|------------------------------------|-----------------|---------------------|
| 1 | Vinod Chelambathodi | Executive Vice President | Service | B.Com, PGDPM | 51 | Cappgemini India Private Limited | 27 | Vice President | 04/01/2012 | 75.26 |
| 2 | Shashi Mohan | Chief Technology Officer | Service | B.E. | 54 | HA Systems / Oracle | 34 | Principal | 02/06/2008 | 54.90 |

Table No. 1.14

ANNEXURE 5

Details of ratio of remuneration to Directors & KMP

[Section 197(12), r/w Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

| | | |
|---|--|---|
| (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; | Name of the Director Anil Kumar Verma, Executive Director | Ratio to the Median 14.28 |
| (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | Name of the Director Mr. Arun Jain, Managing Director Mr. Anil Kumar Verma Mr. S. Swaminathan, Chief Financial Officer Mr. V V Naresh, Company Secretary and Compliance Officer | % increase NIL NIL 7% 7% |
| (iii) the percentage increase in the median remuneration of employees in the financial year; | 9.88% | |
| (iv) the number of permanent employees on the rolls of company; | 3,834 (including 2 whole time directors) | |
| (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average Increase – 6.80% Key Managerial Personnel : Company Secretary – 7% Chief Financial Officer – 7% | |
| (vi) Affirmation that the remuneration is as per the remuneration policy of the company. | Yes, the remuneration is as per the Remuneration Policy of the Company. | |

Table No. 1.15

ANNEXURE 6

Details of Related Party Transactions

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

| | | | |
|-----|---|---|---|
| (a) | Name(s) of the related party and nature of relationship | - | - |
| (b) | Nature of contracts/arrangements/transactions | - | - |
| (c) | Duration of the contracts/arrangements/transactions | - | - |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | - | - |
| (e) | Justification for entering into such contracts or arrangements or transactions | - | - |
| (f) | Date(s) of approval by the Board | - | - |
| (g) | Amount paid as advances, if any: | - | - |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | - | - |

Table No. 1.16

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

in Rs.Lakhs

| NAME OF THE RELATED PARTY AND NATURE OF RELATIONSHIP | Adrenalin e-Systems Limited | Indigo TX Software Private Limited | Laser Soft Infosystems Limited |
|--|--|---|---|
| Nature of contracts/arrangements/transactions | a. Reimbursement of expenses to the Company b. Interest Income from Investment in debt instruments of associates c. Reimbursement of expenses by the Company d. Short term loans and advances e. Maximum amount outstanding during the year f. Investment in Debt Instrument carried at amortized cost g. Investment | a. Software Development Expenses b. Reimbursement of Expenses to the Company c. Reimbursement of expenses by the Company d. Trade Receivables e. Loans and Advances f. Maximum amount outstanding during the year g. Investments | a. Software Development Expenses b. Reimbursement of Expenses to the Company c. Reimbursement of Expenses by the Company d. Loans and advances e. Maximum amount outstanding during the year f. Investments |
| Duration of the contracts/arrangements/transactions | The Contract will continue till any party terminate the contract | The Contract will continue till any party terminate the contract | The Contract will continue till any party terminate the contract |
| Salient terms of the contracts or arrangements or transactions including the value, if any | The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 03.05.2017 | The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 03.05.2017 | The transactions entered into are in the usual course of business and at arm's length basis. The board took note of the same in the meeting of the directors held on 03.05.2017 |
| Justification for entering into such contracts or arrangements or transactions | a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another | a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another | a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another |
| Date of approval by the Board | 03.05.2017 | 03.05.2017 | 03.05.2017 |
| Amount paid as advances, if any | a. Reimbursement of expenses to the Company- 15.62 b. Interest Income from Investment in debt instruments – 46.20 c. Reimbursement of expenses by the Company- 4,00.69 d. Short term loans and advances- 846.93 e. Maximum amount outstanding during the year 8,46.93 f. Investment in Debt Instrument carried at amortized cost- 4,31.24 g. Investment—18,77.33 | a. Software Development Expenses- 1,20.53 b. Reimbursement of Expenses to the Company- 51.08 c. Reimbursement of expenses by the Company- 27.32 d. Trade Receivables- 1.58 e. Loans and Advances- 1,02.65 f. Maximum amount outstanding during the year 1,03.38 g. Investments-17,02.97 | a. Software Development Expenses- 11,40.00 b. Reimbursement of Expenses to the Company- 20,75.57 c. Reimbursement of Expenses by the Company- 13,75.06 d. Loans and advances- 8,95.27 e. Maximum amount outstanding during the year 18,76.25 f. Investments-52,01.05 |

Table No. 1.17

ANNEXURE 7**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**

To,
The Members,
Intellect Design Arena Limited
No. 244, Anna Salai,
Chennai – 600006.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) SEBI (Share Based Employee Benefits) Regulations, 2014.
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to our observations elsewhere in this report.

6. We further report that, after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company:
 - a. The Foreign Trade (Development and Regulation) Act, 1992, and the policies framed thereunder.
 - b. Information Technology Act, 2000.
 - c. SEZ Act, 2005

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review Mr. Arun Shekhar Aran was appointed as an Independent Director on the Board of the Company and Dr. Ashok Jhunjunwala, Independent Director, resigned from the Board of the Company.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent / tabled at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

Based on the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company **We further report that**, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines including general laws, labour laws, competition law, environmental laws

We further report that during the audit period the following were the events or actions having a major bearing on the Company's affairs:

- a) The shareholders in its annual general meeting held on 21st July 2016
 - a. approved reclassification of promoter shareholding to only Polaris Banyan Holdings Private Limited, Mr. Arun Jain and Arun Jain HUF;
 - b. introduced and approved a new employee stock option scheme "ISOP 2016 scheme" for 40,00,000 stock options;
 - c. increased the authorised share capital from Rs. 55 crores to Rs.75 crores.
 - d. Approved fund raising options for an amount not exceeding Rs.300 crores.
- b) The Board approved to borrow monies as below, which are within the limits of Section 180(1)(c):
 - a. A foreign currency term loan upto an extent of USD 20 million
 - b. A loan from Polaris Banyan Holdings Private Limited upto an amount of Rs. 100 crores.
 - c. The Company has on exercise of ESOPs allotted 9,55,248 shares, and with respect to the shares allotted to NRI/Foreign Nationals, the Company is in the process of intimating RBI in respect of the monies received and file form FC-GPR with respect to the allotment.
 - d. The Board approved to raise funds by way of issue of equity shares to the existing shareholders on rights basis upto Rs.200 crores. However as on 31st March 2017, the Company was yet to circulate the offer letter to the shareholders.

Place: Chennai

Date: July 06, 2017

for 
Company Secretaries

S ESHWAR

FCS. No. 6097, C.P. NO. 5280

To,
The Members,
Intellect Design Arena Limited
No. 244, Anna Salai,
Chennai – 600006.

Our Secretarial Audit Report of even date is to be read along with this letter.

- a. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
- b. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
- c. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
- d. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: July 06, 2017

for 
Company Secretaries

S ESHWAR

FCS. No. 6097, C.P. NO. 5280

Annexure 8**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|--|
| 1. | CIN | L72900TN2011PLC080183 |
| 2. | Registration Date | 18.04.2011 |
| 3. | Name of the Company | Intellect Design Arena Limited |
| 4. | Category/Sub-category of the Company | Public Limited Company Limited by shares and Non-Government Company |
| 5. | Address of the Registered office & contact details | 244 Anna Salai, Chennai-600 006 Phone :- 044 – 3987 4000 |
| 6. | Whether listed company | Listed |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Computershare Private Ltd Plot no. 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph : 040 - 6716 1529 |

Table No. 1.18

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Software Development and Implementation | 62013 | 100% |

Table No. 1.19

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No | Name And Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Intellect Design Arena Pte Ltd., Singapore No. 10 UBI Crescent, #04-48 Lobby C UBI Tech Park, Singapore 408564 | 199701040R | Subsidiary | 100% | 2 (87)(ii) |
| 2 | Intellect Design Arena Limited., United Kingdom Level 35, 25 Canada Square, London, E14 5Lq, United Kingdom | 3574904 | Subsidiary | 100% | 2 (87)(ii) |
| 3 | Intellect Commerce Limited (formerly known as Polaris Enterprise Solutions Limited) No. 244 Anna Salai, Chennai – 600 006 | U30006TN1998PLC041456 | Subsidiary | 100% | 2 (87)(ii) |
| 4 | Laser Soft Infosystems Limited No. 244 Anna Salai, Chennai – 600 006 | U72200TN2000PLC044182 | Subsidiary | 100% | 2 (87)(ii) |
| 5 | Intellect Design Arena Co. Ltd, Vietnam M Level, HSC Tower, 162B Dien Bien Phu Street, Ward 6, District 3, HCMC | 411043001297 | Subsidiary | 100% | 2 (87)(ii) |
| 6 | SFL Properties Private Ltd No. 244 Anna Salai, Chennai – 600 006 | U70101TN2006PTC059938 | Subsidiary | 100% | 2 (87)(ii) |
| 7 | Indigo TX Software Pvt Ltd No.244 Anna Salai, Chennai – 600 006 | U72200TN2004PTC054445 | Subsidiary | 100% | 2 (87)(ii) |

| | | | | | |
|----|--|--|------------|---|-------------|
| 8 | Intellect Design Arena FZ LLC, Dubai Building No. 14, Office 118-120, Dubai Internet City, Dubai, UAE | 20228 | Subsidiary | 100% | 2 (87)(ii) |
| 9 | Intellect Design Arena Philippines, INC * LKG Tower, 37th Floor, 6801 Ayala Avenue, Makati City 1226, Philippines | CS201110259 | Subsidiary | 100% | 2 (87)(ii) |
| 10 | Sonali Polaris FT Ltd, Bangladesh 35, Kemal Ataturk Avenue, 7th Floor, Abedin Tower, Banani C/A Dhaka – 1213, Bangladesh | | Subsidiary | 51% | 2 (87)(ii) |
| 11 | Intellect Design Arena SA, Switzerland Avenue de la Gare 49, Case Postale, 2067, CH 2001, Neuchatel, Switzerland | CH-645-1009822-6 & (IDE/UID). CHE 105.625.426 | Subsidiary | 100% | 2 (87)(ii) |
| 12 | PT Intellect Design Arena, Indonesia* Menara BCA 50th Fl, Jl MH. Thamrin No.1, Jakarta 10310 Indonesia | 09.05.1.62.85075 | Subsidiary | 100% | 2 (87)(ii) |
| 13 | FT Grid Pte Ltd, Singapore* 10 UBI Crescent, #04-48 UBI Tech Park, Singapore 408564 | 201110574K | Subsidiary | 100% | 2 (87)(ii) |
| 14 | Intellect Design Arena Ltda, Chile ** Calle Monsenor Sotero SanZ N° 161, Piso 8, Providencia, Santiago, Chile | 76.639.860-k | Subsidiary | 100% | 2 (87)(ii) |
| 15 | Intellect Design Arena Inc., USA* 2730 Sidney Street, Suite 200, Pittsburgh, PA 15203 | 55-0686906 | Subsidiary | 100% | 2 (87)(ii) |
| 16 | NMSWorks Software Private Limited C3,6TH FLOOR, IIT MADRAS RESEARCH PARK TARAMANI CHENNAI TN 600113 | U64202TN2001PTC046928 | Associate | Preference Shares : 63.40% Equity Shares: 38.70% | 2 (6) |
| 17 | Adrenalin eSystems Limited NO.244, CAREX CENTRE, ANNA SALAI, CHENNAI-6. | U72200TN2002PLC048860 | Associate | Preference Shares : 50% Equity Shares: 40.25% | 2(6) |
| 18 | Intellect Payments Limited No. 244 Anna Salai, Chennai – 600 006 | U72900TN2015PLC102491 | Subsidiary | 100% | 2 (87)(ii) |
| 19 | Intellect India Limited No. 244 Anna Salai, Chennai – 600 006 | U72300TN2016PLC103532 | Subsidiary | 100% | 2 (87) (ii) |
| 20 | SEEC Technologies Asia Private Limited *** Plot No.6, APIIC Software Units Layout Hi-Tec City, Madhapur Hyderabad Kurnool TG 500081 | U72200TG1998PTC029093 | Subsidiary | 100% | 2 (87) (ii) |
| 21 | Intellect Design Arena SDN BHD Malaysia* Suite 1007, 10th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur. | 1152795 W | Subsidiary | 100% | 2 (87)(ii) |
| 22 | Intellect Design Arena Inc, Canada** 130 King Street West Suite 1800 Toronto, ON M5X 1E3 | 920513-6 | Subsidiary | 100% | 2 (87)(ii) |
| 23 | Intellect Design Arena Limited, Thailand* Level 33 Interchange21, 399 Sukhumvit Road, North Klongtoey, Wattana, Bangkok, 10110 Thailand | 0105555108078 | Subsidiary | 100% | 2 (87)(ii) |
| 24 | Intellect Design Arena PtyLtd. – Australia* Level 12, 31 Market Street Sydney, NSW 2000 | 608 978 043 | Subsidiary | 100% | 2 (87)(ii) |
| 25 | Intellect Polaris Design LLC No.20, Corporate Place - South, Piscataway, New Jersey, 08854, USA | | Associate | 45% | 2 (87) (ii) |

Table No. 1.20

* Subsidiaries of Singapore

** Subsidiaries of UK

*** Subsidiaries of Intellect US

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

A) Category-wise Share Holding

| CATEGORY CODE | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017 | | | | % CHANGE DURING THE YEAR |
|---------------|---|---|----------|--------------|-------------------|---|----------|--------------|-------------------|--------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | (X) | (XI) |
| (A) | PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| (a) | Individual /HUF | 96,83,322 | 0 | 96,83,322 | 9.61 | 55,98,365 | 0 | 55,98,365 | 5.50 | 4.11 |
| (b) | Central Government/State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 2,30,29,974 | 0 | 2,30,29,974 | 22.85 | 2,42,91,508 | 0 | 2,42,91,508 | 23.88 | -1.03 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total A(1) : | 3,27,13,296 | 0 | 3,27,13,296 | 32.46 | 2,98,89,873 | 0 | 2,98,89,873 | 29.38 | 3.08 |
| (2) | FOREIGN | | | | | | | | | |
| (a) | Individuals (NRIs/Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total A(2) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total A=A(1)+A(2) | 3,27,13,296 | 0 | 3,27,13,296 | 32.46 | 2,98,89,873 | 0 | 2,98,89,873 | 29.38 | 3.08 |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds /UTI | 85,84,465 | 0 | 85,84,465 | 8.52 | 68,39,521 | 0 | 68,39,521 | 6.72 | 1.80 |
| (b) | Financial Institutions /Banks | 8,35,335 | 0 | 8,35,335 | 0.83 | 7,14,788 | 0 | 7,14,788 | 0.70 | 0.13 |
| (c) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 96,62,556 | 150 | 96,62,706 | 9.59 | 1,12,88,710 | 150 | 1,12,88,860 | 11.10 | -1.51 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total B(1) : | 1,90,82,356 | 150 | 1,90,82,506 | 18.94 | 1,88,43,019 | 150 | 1,88,43,169 | 18.52 | 0.41 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 86,02,347 | 550 | 86,02,897 | 8.54 | 87,94,187 | 550 | 87,94,737 | 8.64 | -0.11 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto Rs.1 lakh | 1,88,80,679 | 2,91,209 | 1,91,71,888 | 19.02 | 2,66,02,156 | 1,79,838 | 2,67,81,994 | 26.33 | -7.03 |
| | (ii) Individuals holding nominal share capital in excess of Rs.1 lakh | 1,82,91,295 | 0 | 1,82,91,295 | 18.15 | 1,49,94,452 | 0 | 1,49,94,452 | 14.74 | 3.41 |
| (c) | Others | | | | | | | | | |
| | CLEARING MEMBERS | 5,57,917 | 0 | 5,57,917 | 0.55 | 311,605 | 0 | 311,605 | 0.31 | 0.25 |
| | NON RESIDENT INDIANS | 11,11,223 | 3,850 | 11,15,073 | 1.11 | 11,80,081 | 4,850 | 11,84,931 | 1.16 | -0.06 |
| | NRI Non Repatriable | 0 | 0 | 0 | 0 | 5,23,790 | 0 | 5,23,790 | 0.51 | -0.51 |
| | OVERSEAS CORPORATE BODIES | 250 | 50 | 300 | 0.00 | 250 | 50 | 300 | 0.00 | 0.00 |
| | TRUSTS | 9,14,429 | 0 | 9,14,429 | 0.91 | 97,248 | 0 | 97,248 | 0.10 | 0.81 |
| | TRUSTS | 3,08,923 | 20,100 | 32,9023 | 0.33 | 2,91,673 | 20,100 | 3,11,773 | 0.31 | 0.02 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total B(2) : | 4,86,67,063 | 3,15,759 | 4,89,82,822 | 48.60 | 5,27,95,442 | 2,05,388 | 5,30,00,830 | 52.10 | -3.49 |
| | Total B=B(1)+B(2) : | 6,77,49,419 | 3,15,909 | 6,80,65,328 | 67.54 | 7,16,38,461 | 2,05,538 | 7,18,43,999 | 70.62 | -3.08 |
| | Total (A+B) : | 10,04,62,715 | 3,15,909 | 10,07,78,624 | 100.00 | 10,15,28,334 | 2,05,538 | 10,17,33,872 | 100.00 | 0.00 |
| (C) | Shares held by custodians, against which Depository Receipts have been issued | | | | | | | | | |
| (1) | Promoter and Promoter Group | | | | | | | | | |
| (2) | Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | GRAND TOTAL (A+B+C) : | 10,04,62,715 | 3,15,909 | 10,07,78,624 | 100.00 | 10,15,28,334 | 2,05,538 | 10,17,33,872 | 100.00 | |

Table No. 1.21

B). Shareholding of Promoter-

| Sl.No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|-------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | POLARIS BANYAN HOLDING PRIVATE LIMITED | 2,30,29,974 | 22.85 | 0 | 2,42,91,508 | 23.88 | 0 | 1.03 |
| 2 | ARUN JAIN | 48,09,365 | 4.77 | 0 | 48,09,365 | 4.73 | 0 | (0.04) |
| 3 | YOGESH ANDLAY* | 20,77,447 | 2.06 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 4 | MANJU JAIN* | 12,80,460 | 1.27 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 5 | ARUN JAIN (HUF) | 7,89,000 | 0.78 | 0 | 7,89,000 | 0.78 | 0 | 0.00 |
| 6 | UDAY JAIN* | 6,19,500 | 0.61 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 7 | AARUSHI JAIN* | 60,000 | 0.06 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 8 | MEENA AGARWAL* | 24,950 | 0.02 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 9 | SHASHI GUPTA* | 5,900 | 0.01 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 10 | NAVEEN KUMAR* | 4,800 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 11 | NEETA MATHUR* | 2,400 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 12 | NITA JAIN* | 2,400 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 13 | MANJU VERMA* | 2,400 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 14 | UMA GUPTA * | 2,400 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |
| 15 | SUMAN MATHUR* | 2,300 | 0.00 | 0 | Not Applicable | Not Applicable | 0 | 0.00 |

Table No. 1.22

* The Company has classified them as non-promoters during the financial year 2016-17 and the shareholders have also approved such declassification in its AGM held on 21st July 2016. Hence at the end of the financial year 31st March 2017, there are only 3 promoters i.e., Polaris Banyan Holding Private Limited, Arun Jain and Arun Jain (HUF).

C) Change in Promoters' Shareholding (please specify, if there is no change) (details of persons who are promoters at the end of the financial year 31st March 2017)

| Sl.No | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|---|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 2,86,28,339 | 28.41 | 2,98,89,873 | 29.38 |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | POLARIS BANYAN HOLDING PRIVATE LIMITED Holding as on 01.04.2016 :- 2,30,29,974 Increase in shareholdings: Increase in shareholdings: 30/06/2016(Purchase) 3,96,534 19/08/2016(Purchase) 1,92,040 26/08/2016(Purchase) 6,72,960 Holding as on 31.03.2017 :- 2,42,91,508 | | | |
| 3 | At the end of the year | | | 2,98,89,873 | 29.38 |

Table No. 1.23

D) Shareholding Pattern of top ten Shareholders as on 31.03.2017: (Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No | Name of the Share Holder | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of total shares of the Company | Date | Increase / Decrease in Shareholding | Reasons | Cumulative Holding | % change in shareholding |
|--------|---|--|----------------------------------|------------|-------------------------------------|----------|--------------------|--------------------------|
| 1 | Reliance Capital Trustee Co Ltd A/C- Reliance REGUL | 75,53,352 | 7.49 | 01.04.2016 | | | | |
| | | | | 15.07.2016 | (1,21,197) | Sale | 74,32,155 | 7.36 |
| | | | | 12.08.2016 | (18,667) | Sale | 74,13,488 | 7.34 |
| | | | | 19.08.2016 | (6,60,200) | Sale | 67,53,288 | 6.68 |
| | | | | 09.09.2016 | (2,00,000) | Sale | 65,53,288 | 6.48 |
| | | | | 23.09.2016 | (1,34,900) | Sale | 64,18,388 | 6.35 |
| | | 64,18,388 | 6.31 | 31.03.2017 | - | - | - | (1.18) |
| 2 | Jhunjhunwala Rekha Rakesh | 37,50,000 | 3.72 | 01.04.2016 | | | | |
| | | | | 10.02.2017 | (2,50,000) | Sale | 35,00,000 | 3.46 |
| | | | | 17.02.2017 | (35,00,000) | Sale | 0 | 0.00 |
| | | 0.00 | 0.00 | 31.03.2017 | | | | (3.46) |
| 3 | Jhunjhunwala Rakesh Radheshyam | 22,50,000 | 2.23 | 01.04.2016 | | | | |
| | | | | 16.12.2016 | (1,25,000) | Sale | 21,25,000 | 2.10 |
| | | | | 23.12.2016 | (6,25,000) | Sale | 15,00,000 | 1.48 |
| | | | | 30.12.2016 | (2,50,000) | Sale | 12,50,000 | 1.24 |
| | | | | 10.02.2017 | (2,50,000) | Sale | 10,00,000 | 0.99 |
| | | | | 17.02.2017 | (10,00,000) | Sale | 0 | 0.00 |
| | | 0 | 0 | 31.03.2017 | | | | (2.23) |
| 4 | Yogesh Andlay | 20,77,447 | 2.06 | 01.04.2016 | | | | |
| | | 20,77,447 | 2.04 | 31.03.2017 | | | | 0.02 |
| 5 | Atyant Capital India Fund I | 3,84,962 | 0.38 | 01.04.2016 | | | | |
| | | | | 26.08.2016 | 2,00,000 | Purchase | 5,84,962 | 0.58 |
| | | | | 11.11.2016 | 2,50,000 | Purchase | 8,34,962 | 0.83 |
| | | | | 17.02.2017 | 9,82,670 | Purchase | 18,17,632 | 1.80 |
| | | | | 03.03.2017 | 3,00,000 | Purchase | 18,47,632 | 1.83 |
| | | | | 24.03.2017 | 94,583 | Purchase | 19,42,215 | 1.91 |
| | | | | 31.03.2017 | 50,000 | Purchase | 19,92,215 | 1.96 |
| | | 19,92,215 | 1.96 | 31.03.2017 | | | | 1.58 |
| 6 | GHI LTP LTD | 15,16,956 | 1.51 | 01.04.2016 | | | | |
| | | | | 17.02.2017 | 7,33,730 | Purchase | 22,50,686 | 2.23 |
| | | | | 03.03.2017 | 54,000 | Purchase | 23,04,686 | 2.28 |
| | | | | 24.03.2017 | 1,96,693 | Purchase | 25,01,379 | 2.46 |
| | | | | 31.03.2017 | 70,229 | Purchase | 25,71,608 | 2.53 |
| | | 25,71,608 | 2.53 | 31.03.2017 | | | | 1.02 |
| 7 | Param Capital Research Pvt Ltd | 15,00,000 | 1.49 | 01.04.2016 | | | | |
| | | | | 08.04.2016 | (14,99,900) | Sale | 100 | 0.00 |
| | | | | 30.06.2016 | 14,99,900 | Purchase | 15,00,000 | 1.48 |
| | | | | 08.07.2016 | (14,99,900) | Sale | 100 | 0.00 |
| | | | | 30.09.2016 | 14,99,900 | Purchase | 15,00,000 | 1.48 |
| | | | | 07.10.2016 | (14,99,900) | Sale | 100 | 0.00 |
| | | | | 30.12.2016 | 14,99,900 | Purchase | 15,00,000 | 1.48 |
| | | | | 06.01.2017 | (14,99,900) | Sale | 100 | 0.00 |
| | | | | 31.03.2017 | 14,99,900 | Purchase | 15,00,000 | 1.47 |
| | | 15,00,000 | 1.47 | 31.03.2017 | | | | 0.02 |
| 8 | Premier Investment Fund Limited | 12,81,520 | 1.49 | 31.03.2016 | | | | |
| | | | | 22.04.2016 | 815 | Purchase | 12,82,335 | 1.27 |
| | | | | 03.06.2016 | (30,520) | Sale | 12,51,815 | 1.24 |
| | | | | 10.06.2016 | 8,000 | Purchase | 12,59,815 | 1.25 |
| | | | | 09.09.2016 | (5,000) | Sale | 12,54,815 | 1.24 |
| | | | | 23.09.2016 | (5,000) | Sale | 12,49,815 | 1.24 |
| | | | | 07.10.2016 | 8,000 | Purchase | 12,57,815 | 1.24 |
| | | | | 04.11.2016 | (15,000) | Sale | 12,42,815 | 1.23 |
| | | | | 11.11.2016 | 10,000 | Purchase | 12,52,815 | 1.24 |

| Sl. No | Name of the Share Holder | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of total shares of the Company | Date | Increase / Decrease in Shareholding | Reasons | Cumulative Holding | % change in shareholding |
|--------|---|--|----------------------------------|------------|-------------------------------------|----------|--------------------|--------------------------|
| | | | | 30.12.2016 | (54,815) | Sale | 11,98,000 | 1.18 |
| | | | | 24.02.2017 | (30,000) | Sale | 11,68,000 | 1.16 |
| | | | | 03.03.2017 | (5,000) | Sale | 11,63,000 | 1.15 |
| | | | | 10.03.2017 | (2,10,000) | Sale | 9,53,000 | 0.94 |
| | | | | 17.03.2017 | (4,80,000) | Sale | 4,73,000 | 0.47 |
| | | 4,73,000 | 0.46 | 31.03.2017 | | | | |
| 9 | Manju Jain | 12,80,460 | 1.27 | 31.03.2016 | | | | |
| | | 12,80,460 | 1.26 | 31.03.2017 | | | | 0.01 |
| 10 | Vanberbilt University A/c Vanderbilt University | 6,50,000 | 0.64 | 31.03.2016 | | | - | |
| | | | | 11.11.2016 | 1,25,000 | Purchase | 7,75,000 | 0.77 |
| | | | | 17.02.2017 | 3,80,588 | Purchase | 11,55,588 | 1.14 |
| | | | | 24.03.2017 | 47,254 | Purchase | 12,02,842 | 1.18 |
| | | | | 31.03.2017 | 50,000 | Purchase | 12,52,842 | 1.23 |
| | | 12,52,842 | 1.23 | 31.03.2017 | | | | 0.59 |

Table No. 1.24

E) Shareholding of Directors and Key Managerial Personnel:

| Sl.No | Name of the Share Holder | Shareholding at the beginning of the year | Sold | Bought/ESOP Allotment | Cumulative Holding | Shareholding at the end of the year | Date |
|-------|--------------------------|---|------|-----------------------|--------------------|-------------------------------------|------------|
| 1 | V. BALARAMAN | - | - | - | - | - | 31.03.2017 |
| 2 | ANIL KUMAR VERMA | 27,000 | - | ESOP Allotment | - | 47,000 | 31.03.2017 |
| 3 | ARUNA KRISHNAMURTHY RAO | 6,860 | - | - | - | 6,860 | 31.03.2017 |
| 4 | ARUN SHEKHAR ARAN | 4,74,560 | - | - | - | 4,74,560 | 31.03.2017 |
| 5 | ARUN JAIN | 48,09,365 | - | - | - | 48,09,365 | 31.03.2017 |
| 6 | SUBRAMANIAM SWAMINATHAN | 24,500 | - | ESOP Allotment | - | 59,500 | 31.03.2017 |
| 7 | V.V.NARESH | - | - | ESOP Allotment | - | 750 | 31.03.2017 |

Table No. 1.25

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

In Rs. Lakhs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 15,00.00 | - | 15,00.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 9.86 | - | 9.86 |
| Total (i+ii+iii) | - | 15,09.86 | - | 15,09.86 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 172,77.67 | 5,540 | - | 228,17.67 |
| * Reduction | - | 15,09.86 | - | 1,5,09.86 |
| Net Change | 172,77.67 | 55,40.00 | - | 228,17.67 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 172,77.67 | 55,40.00 | - | 228,17.67 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 172,77.67 | 55,40.00 | - | 228,17.67 |

Table No. 1.26

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. In Lacs except share and stock option data)

| Sl.No | Particulars of Remuneration | Name of MD/WT/ Manager | | Total |
|-------|---|---|-------------------------------------|----------|
| | | Arun Jain Chairman and Managing Director* | Anil Kumar Verma Executive Director | |
| 1 | Gross salary | -- | 1,20.00 | 1,20.00 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -- | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | -- | | |
| | (c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961 | -- | | |
| 2 | Stock Option (in number) | -- | 2,05,000 | 2,05,000 |
| 3 | Sweat Equity | -- | | |
| 4 | Commission - as % of profit - others, specify... | -- | | |
| 5 | Others, please specify | -- | | |
| | Total (A) | -- | 1,20.00 | 1,20.00 |
| | Ceiling as per the Act | The remuneration paid to Mr. Anil Kumar Verma is within the ceiling as specified under Schedule V of the Companies Act, 2013. | | |

Table No. 1.27

* No Compensation is paid to the Chairman & Managing Director

B. Remuneration to other directors

| Sl.No. | Particulars of Remuneration | | Name of Directors | | | |
|--------|--|-----------|-------------------|-------------|--------------------|--------------|
| 1 | Independent Directors | Aruna Rao | Arun Shekhar Aran | V Balaraman | Ashok Jhunjhunwala | Total Amount |
| | Fee for attending board committee meetings | - | 5,600,00 | 7,200,00 | 8,000,00 | 20,800,00 |
| | Commission | - | - | - | - | |
| | Others, please specify | - | - | - | - | |
| | Total (1) | - | 5,600,00 | 7,200,00 | 8,000,00 | 20,800,00 |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | - | - | | | |
| | Commission | - | - | | | |
| | Others, please specify | - | - | | | |
| | Total (2) | - | - | | | |
| | Total (B)=(1+2) | - | 5,600,00 | 7,200,00 | 8,000,00 | 20,800,00 |
| | Total Managerial Remuneration | - | 5,600,00 | 7,200,00 | 8,000,00 | 20,800,00 |
| | Overall Ceiling as per the Act** | | | | | |

Table No. 1.28

** Ceiling : It is in accordance with the ceiling as specified under Section 197(1) of the Companies Act, 2013

C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT/

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|---|----------------------------------|------------|
| | | S. Swaminathan Chief Financial Officer | V.V. Naresh Company Secretary | Total |
| 1 | Gross salary (a+b+c) | 171,882,91 | 25,635,09 | 197,518,00 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 112,347,80 | 23,388,42 | 135,736,22 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 59,535,11 | 2,246,67 | 61,781,78 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | |
| 2 | Stock Option (in number) | 1,505,00 | 172,50 | 1,677,50 |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 171,882,91 | 25,635,09 | 197,518,00 |

Table No. 1.29

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties or punishments levied on the Company during the year. Also, there was no necessity for the Company to compound any offence.

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BUSINESS RESPONSIBILITY REPORT

INTELLECT DESIGN ARENA LIMITED IS COMMITTED TO OPERATE AND GROW ITS BUSINESS IN A SOCIALLY RESPONSIBLE WAY.

Sustainability, as part of this purpose, builds future resilience of the business and ensures that your company creates long-term value for its stakeholders. This also enables your Company to adhere to the objectives of its plan to achieve sustainable business spanning across the value chain of its operations. The Company's vision is to grow the business whilst reducing the environmental footprint and increasing its positive social impact. Intellect's sustainability initiatives are inspired by the opportunity to create enduring value through the enlargement of its contribution to the national economy. It is the Company's deep conviction that businesses possess the transformative capacity to create far larger societal impact by leveraging its entrepreneurial vitality, creativity and innovative capacity. This is manifest in the unique models fashioned by the Company to enable the creation of the power to dream, and then achieve these dreams amongst children, for whom such a vision was hitherto unavailable.

Your Company also contributes to activities listed in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' notified by the Ministry of Corporate Affairs, Government of India, as well as activities listed in the Companies Act, 2013.

This Report describes activities of the Company under each of the nine principles as outlined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : **L72900TN2011PLC080183**
2. Name of the Company : **INTELLECT DESIGN ARENA LIMITED**
3. Registered address : **244 ANNA SALAI, CHENNAI – 600 006**
4. Website : **www.intellectdesign.com**
5. E-mail id : **company.secretary@intellectdesign.com**
6. Financial Year reported : **2016-2017**
7. Sector(s) that the Company is engaged in (industrial activity code-wise) : **IT- Software Services**
8. List three key products / services that the Company manufactures/provides (as in balance sheet) :
 - a. Consumer Banking, Transaction Banking, Risk, Treasury and Markets, product software
 - b. Insurance product software
 - c. Enterprise enablement platform "iDigital"
9. Total number of locations where business activity is undertaken by the Company :
 - (a) Number of International Locations (Provide details of major 5) : Singapore, New Jersey, London, Sydney and Manila
 - (b) Number of National Locations : 5.
10. Markets served by the Company – Global Markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 50,86.69 Lakhs-
2. Total Turnover (INR) : 548,43.56 Lakhs
3. Total profit after taxes (INR) : (56,14.91) Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : upto 2% of License revenue
5. List of activities in which expenditure in 4 above has been incurred:-
 - (a) Scholarships and workshops organised by Ullas Trust.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? Yes Company have Seven (7) (Indian) and Fifteen (15) (overseas) subsidiaries

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
Yes, all India based subsidiaries participate.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] Yes, 30 - 60% of our suppliers of operational requirements participate.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR
 - a. Details of the Director/Director responsible for implementation of the BR policy / policies
 1. DIN Number :- **00580919**
 2. Name :- **Arun Jain**
 3. Designation :- **Chairman and Managing Director**
 - b. Details of the BR head

| No. | Particulars | Details |
|-----|----------------------------|---------------------------------------|
| 1 | DIN Number (if applicable) | 00580919 |
| 2 | Name | Arun Jain |
| 3 | Designation | Chairman and Managing Director |
| 4 | Telephone number | 044- 3341 8000 |
| 5 | e-mail id | company.secretary@intellectdesign.com |

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | N | N | N | N | N | N | N | N | N |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | N ¹ | N ¹ | N ¹ | N ¹ | N ¹ | N ¹ | N ¹ | N ¹ | N ¹ |
| 6 | Indicate the link for the policy to be viewed online? | N ² | N ² | N ² | N ² | N ² | N ² | N ² | N ² | N ² |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | N ³ | N ³ | N ³ | N ³ | N ³ | N ³ | N ³ | N ³ | N ³ |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

Note :

- 1 - This shall be tabled before the Board at the next Board Meeting.
- 2 - The committee shall be constituted and reviewed at the next Board Meeting.
- 3 - This Policy is already communicated to all associates.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.
Annually
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
Annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 : Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Intellect believes that good corporate governance is the foundation of a sustainable business. The Company was built on this foundation, and operates across the globe with integrity, ethics, transparency and accountability. Your Company has built a business with strong values and a mission to act as an agent of social change, and continues on this journey keeping the values and principles at the heart of everything it does.

These values and the commitment to ethical business practices are reflected in the Code of Conduct. The Code inspires the Company to set standards which not only meet the requirements of applicable legislation, but aspire to go beyond in many areas of functioning.

CODE OF CONDUCT

The Code of Conduct describes the operational principles the Company follows. It also supports its approach to governance and corporate responsibility. All associates, and suppliers of operational requirements who work with the Company are expected to observe the Code of Conduct.

The Code provides for mandatory requirements covering, but not limited to, the following areas :

- Accurate records
- Reporting and accounting
- Anti - bribery
- Avoiding conflicts of interest
- Gifts and entertainment
- Preventing insider trading
- Political activities and political donations
- Contact with government
- Regulators and non-governmental organisations
- Respect, dignity and fair treatment
- External communication with the media, investors and analysts.

The processes of identifying and resolving complaints, issues and concerns received under the Code of Conduct framework are clearly defined and communicated throughout the Company. During the financial year 2016 - 17, no complaints and issues from associates and suppliers were reported under the Code of Conduct framework.

Complaints, issues and concerns received under the Code of Conduct framework are duly investigated by the Company's Ombudsman, and reviewed by the Chairman. Appropriate action is taken after the review of investigation. The Chairman, through the Intellect Executive Council (IEC) is responsible for ensuring that the Code is understood and implemented throughout the Company. The Company periodically cascades the principles embodied under the Code across the organisation.

The Code also encompasses whistle blowing, which allows associates to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices, which is not in line with the Code. Associates are encouraged to raise any concerns by way of whistle blowing, without any fear or threat of being victimised.

The Company Secretary is the designated officer for effective implementation of the Code and dealing with complaints received under the Code.

Principle 2 : Products Lifecycle Sustainability

Businesses should provide Goods and Services that are safe and contribute to Sustainability throughout their lifecycle

By going beyond the demand of mandates and regulations, and by focusing on innovation through design thinking, we aim to make responsible business one of our important dimensions. While ensuring increased profitability and benefit for all our stakeholders, and working towards the overall well-being of the larger community around us, we aim to do so using a lesser quantum of scarce natural resources.

Intellect is a thought leader in next-generation banking software products. Hosted in a large datacentre in Chennai, our infrastructure and platforms comprise over 300 physical and virtual servers, a large quantum of disk storage, state of the art blade servers with interconnect hardware modules, tape libraries, operating systems and data protection layers. This data centre includes precious data concerning the Company and all its stakeholders.

Through server virtualisation, our server footprint has been reduced by over 10%. All our centres are zero effluent discharge units. The nature of the Company's business is that there are no significant emissions or process wastes. The waste generation is fairly limited and restricted primarily to e-waste, lube oil waste, waste from lead-acid batteries and municipal solid waste. The Company's waste management practices seek to reduce the environmental impact by reduction in generation, segregation at source, maximisation of recycling and reuse. The recycling currently undertaken includes :

- Waste lube oil, UPS Batteries, e-waste - disposed through government authorised recyclers.
- Waste office paper - sent for recycling
- Printer and toner cartridges - sent back to the manufacturer under take back arrangement.

Principle 3 : Employees' Well Being

Businesses should promote the well-being of all employees

Associate well-being is a continuous process at Intellect, enabling associates to feel good, live healthy and work safely. The Company believes that its competitive capability to build future-ready businesses and create enduring value for stakeholders is enriched by a dedicated and high-quality human resource pool. Therefore, nurturing quality talent and caring for the well-being of associates are an integral part of our work culture, which focuses on creating a conducive work environment that helps deliver winning performance.

The Company's policy is premised on its fundamental belief that diversity at the workplace creates an environment conducive to engagement, alignment, innovation and high performance. Intellect provides for diversity and equal opportunities to all associates, based on merit and ability. Further, we ensure a work environment that is free from any form of discrimination amongst its associates in compensation, training and benefits, based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or affiliation with a political or religious organization.

The culture of the Company ensures that aspects of work-life balance for associates, especially for women, are suitably addressed. Intellect has put in place suitable processes and mechanisms to ensure issues such as sexual harassment, if any, are effectively addressed. Intellect demands, demonstrates and promotes professional behaviour and treats all associates with equal respect.

Principle 4 : Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Your Company partners with many people and organisations that have a stake in its business. Engaging with stakeholders is essential in understanding stakeholder concerns and expectations to create a sustainable business. Intellect believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, we anchor our stakeholder engagement on the following principles :

- a. Materiality - Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b. Completeness - Understanding key concerns of stakeholders and their expectations.
- c. Responsiveness - Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns, and their resolution in an equitable and transparent manner.

Your Company has undertaken some important initiatives to become more customer centric. We organise joint design workshops with our customers and prospective customers to ensure that the product delivered meets all stated and unstated requirements of the client.

The value of a business does not lie in its balance sheet but in its shareholders. Your Company regularly interacts with shareholders through a number of methods of engagement like results announcement, annual report, media releases, Company's website and subject specific communications. The Annual General Meeting of shareholders is an important annual event where the shareholders of the Company come in

direct communication with the Board of Directors and the management. The Board engages with shareholders and answers their queries on varied subjects.

The Investor Relations Department regularly engages with the shareholders to resolve queries and grievances, if any, and provide guidance for shares / shareholder related matters. They also interact regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings as well as participation in investor conferences.

All interactions with the Government, legislators and regulators are done by duly authorised and appropriately trained individuals with honesty, integrity, openness and in compliance with local laws and in accordance with the Code of Conduct.

Regular interactions with the electronic, print and online media take place through press releases, media events and during the financial results announcement. We engage with the media to keep our stakeholders updated about the developments in the company. The Company also interacts with NGO's, Government bodies, and industry bodies as required, from time to time.

Principle 5 : Human Rights

Businesses should respect and promote human rights

Your Company's commitment to human rights and fair treatment is set in its Code of Conduct. The Code provides to conduct the operations with honesty, integrity and openness with respect for human rights and interests of associates. Your Company's approach to uphold and promote human rights in three ways :

- in its operations by upholding its values and standards
- in its relationships with suppliers and other business partners, and
- by working through external initiatives, like through NGO's.

The Company requires its associates and business partners to subscribe and adhere to this Code. The Code and its implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and Fundamental Human Rights Conventions of the International Labour Organisation (ILO). We play a positive role in building awareness on human rights for its key stakeholders and encourages respect for human rights of the local communities with specific focus on vulnerable and marginalised groups.

Principle 6 : Environment

Businesses should respect, protect and make efforts to restore the environment

Your Company's approach to reduce, reuse and recycle has helped to minimise its environmental impact across the value chain. The Company has contributed to environmental security by not only ensuring efficient use of resources, but also by augmenting precious natural resources.

On the reforestation sphere, we have planted over 20,000 saplings in the past year, which has enabled us not only to green, but provide dense forest cover over approx. 15,000 square feet of our land area in our flagship campus in Siruseri Chennai. This dense forest foliage was home to many migratory bird species during the previous winter season. Your Company intends to intensify its efforts to provide forest cover, rather than plant individual and spaced out saplings, as forest trees tend to support and have synergies with each other.

The Company has implemented radiant cooling in two floors of its Corporate Headquarters in the Nxt Lvl building in the Siruseri Campus, covering over 65,000 square feet. This revolutionary technique involves the circulation of chilled water through special high-technology pipes

embedded in the floor, that draw radiant heat away from humans and heat generating equipment. This technology has afforded us the opportunity to reduce the air-conditioning load by over 30% on these two floors.

Principle 7 : Policy Advocacy

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

Your Company believes that a lot can be achieved if it works together with the Government, legislators, regulators and NGO's to create positive social and environmental outcomes. Your Company's approach to advocacy is guided by the Code of Conduct. The Code provides that any contact by the Company or its agents with Government, legislators, regulators or NGO's must be done with honesty integrity, openness and in compliance with applicable laws. Only authorised and appropriately trained individuals can interact with the bodies mentioned above. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

Your Company tries to create a positive impact in the business eco-system and communities by practicing pro-active advocacy. Its purpose is not just lobbying the Government for securing certain benefits for industry, but is also about advocating certain best practices for the benefit of society at large. Your Company engages with industry bodies and associations to influence public and regulatory policy in a responsible manner.

Intellect is represented in key industry and business associations which include the Confederation of Indian Industry (CII), The National Association of Software and Services Companies (NASSCOM), the Federation of Indian Chamber of Commerce and Industry (FICCI) and many others.

Principle 8 : Inclusive Growth

Businesses should support inclusive growth and equitable development

Intellect believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of dreams, innovation and creativity. Our CSR Project on empowering school children in the classes 9 through 12, from Government and Corporation Schools is run through Ullas Trust. The Trust arranges scholarships, jointly funded through contributions from Intellect associates, and from the Company's finances, as well as classes on communication, English language and career counseling. The Trust also organises contact classes wherein the students are encouraged to lose their inherent fear of Corporate organisations.

The Trust through its "Touch the Soil" outreach allows Intellect associates to connect back with their primary schools in various districts in Tamil Nadu, Andhra Pradesh, Telangana, Maharashtra and Haryana. It has over 20,000 students being mentored at the present date. These students are not only given guidance right through school, but are also given guidance through tertiary education as Higher Education Scholars (HES).

Principle 9 : Customer Value

Businesses should engage with and provide value to their customers in a responsible manner

Your Company immensely values and carefully nurtures its customer relationships and works closely with them to pioneer new concepts. All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling customers to make informed purchase decisions through factual and truthful disclosure of information. Standard Operating Procedures are also in place to ensure that marketing communication is in accordance with voluntary codes adopted by the businesses.

A well established system is in place for dealing with customer feedback. All feedback is then collated, and feedback is provided to the Manufacturing, Service Delivery and Marketing arms of the Company.

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REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy

Intellect focuses on Corporate Governance as a key driver of sustainable corporate growth and a powerful medium to achieve the company's goal of maximizing value for all its stakeholders. A sound corporate governance strengthens investors' trust and enables the company to fulfill its commitment towards the customers, employees and the society in general. Intellect believes that the primary objective is to create and adhere to a corporate culture of conscience and consciousness, empowerment, accountability and independent monitoring. The company's philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

2. Board of Directors

The Board of Directors of the Company possesses highest personal and professional ethics, integrity and values, and provide leadership, strategic guidance and objective judgement on the affairs of the company. The Board is fully aware of its fiduciary responsibilities and is committed to represent the long-term interest of the Stakeholders. The Board adopted the principles of corporate governance and remains informed, participative, and independent to implement its broad policies and guidelines and has set up adequate review procedures.

• Composition of the Board of Directors as on March 31st, 2017

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of five members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management. The day-to-day affairs of the company are managed by the Chairman and Managing Director under the supervision of the Board.

As a policy, the Company has an optimal combination of Executive, Non-executive and Independent Directors to maintain the independence of the Board.

• Boards' Composition

The Board consists of five members; comprising one Executive Director, one Managing Director and three non-executive independent Directors to maintain the independence of the Board and to separate its functions of governance and management, there is an appropriate mix of Executive, Non-Executive and Independent Directors.

Composition of the Board and directorships held as on 31st March 2017:

| Name of the Director | Age | India Listed Companies (1) | All Companies around the world (2) | Committee memberships (3) | Chairperson of Committees (3) |
|---------------------------------------|-----|----------------------------|------------------------------------|---------------------------|-------------------------------|
| Chairman and Managing Director | | | | | |
| Arun Jain | 57 | 0 | 8 | 2 | 0 |
| Executive Director | | | | | |
| Anil Kumar Verma | 61 | 0 | 5 | 3 | 1 |

| Independent Directors | | | | | |
|-------------------------|----|---|---|----|---|
| Aruna Krishnamurthy Rao | 58 | 0 | 1 | 4 | 0 |
| V.Balaraman | 70 | 1 | 7 | 16 | 5 |
| Arun Shekhar Aran | 57 | 1 | 3 | 2 | 1 |

Table No. 3.1

Notes: Interse relationship between Mr. Arun Jain and Mr. Anil Kumar Verma

- (1) Excluding directorship in Intellect Design Arena Limited and its subsidiaries
- (2) Directorship in Companies around the world (listed, unlisted and private limited companies), including Intellect Design Arena Limited and its subsidiaries
- (3) As required by Regulation 17 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes membership / chairpersonship of the Audit Committee, Nomination and Remuneration & Compensation Committee and Stakeholders' Relationship Committee and Corporate Social Responsibility committee in Indian public companies (listed and unlisted)
- (4) Mr. Arun Shekhar Aran was appointed as an Additional Director by Board of Directors in the Meeting held on 03.05.2016. Subsequently, he was regularized as an Independent Director by the Members in the Meeting held on 21.07.2016.
- (5) Dr. Ashok Jhunjhunwala resigned from the Board, in the Meeting held on 03.02.2017, due to certain assignments with Government of India which he was likely to take up in the near future.

• During the financial year 2016-17, Board of Directors met 8 times on the following dates :

| | |
|--------------------------------|---------------------------------|
| 03 rd May, 2016 | 03 rd November, 2016 |
| 11 th June, 2016 | 13 th January, 2017 |
| 09 th August, 2016 | 03 rd February, 2017 |
| 20 th October, 2016 | 23 rd March, 2017 |

Table No. 3.2

The maximum gap between two Board meetings was 71 days. (between August 2016 to October 2016)

Board of Directors' attendance at the 5th Annual General Meeting held on July 21, 2016.

| Sl. No. | Name | Director Identification Number (DIN) | Designation / Category | Attended |
|---------|------------------------|--------------------------------------|------------------------|----------|
| 1. | Arun Jain | 00580919 | Managing Director | Y |
| 2. | Ashok Jhunjhunwala | 00417944 | Independent Director | Y |
| 3. | Venkataraman Balaraman | 00267829 | Independent Director | Y |
| 4. | Arun Shekhar Aran | 00015335 | Independent Director | Y |

Table No. 3.3

Board of Directors' attendance for the Board & Committee Meetings held during the year 2016-17

[Y= Attended, N= Not attended, (*) attended through Video Conference, (+) attended through Audio Conference; BM: Board Meeting, NRCC: Nomination and Remuneration & Compensation Committee Meeting, AC: Audit Committee Meeting, SRC: Stakeholders' Relationship Committee Meeting and IDC : Independent Directors' Committee Meeting.

Note: Details about Non-mandatory Committee are given elsewhere in this report.

| Note: Details about Non mandatory Committee are given elsewhere in this report. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|------------------------------------|-------------|----|------|-----|------------|----|------------|----|------|------|------------|----|------|------------|----|------|----------------|----|------------|----|------|------|------------|----|------|--|
| S No. | Name of the Director | 03. 05.2016 | | | | 11.06.2016 | | 09.08.2016 | | | | 20.10.2016 | | | 03.11.2016 | | | 13.01.2017 | | 03.02.2017 | | | | 23.03.2017 | | | |
| | | BM | AC | NRCC | SRC | BM | AC | BM | AC | NRCC | SRCC | BM | AC | NRCC | BM | AC | SRCC | BM | AC | BM | AC | NRCC | SRCC | BM | AC | NRCC | |
| 1 | Arun Jain | Y | - | Y | - | Y | - | Y | - | Y | - | Y | - | Y | - | Y | - | Y ⁺ | - | Y | - | Y | - | Y | - | N | |
| 2 | Aruna Krishnamurthy Rao | Y* | Y* | Y* | Y* | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | Y | N | N | N | N | N | N | Y | Y | Y | |
| 3 | V.Balaraman | Y | Y | Y | Y | Y | Y | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | |
| 4 | Dr.Ashok Jhunjhunwala ^s | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | - | - | - | |
| 5 | Anil Kumar Verma | Y* | Y* | - | Y* | Y | Y | Y | Y | - | Y | Y* | Y* | - | Y* | Y* | Y* | Y* | Y* | Y* | Y* | - | Y* | Y* | Y* | - | |
| 6 | Arun Shekar Aran ^{ss} | - | - | - | - | Y | - | Y | - | - | - | Y | Y | - | Y | Y | - | Y | Y | Y | Y | - | - | Y | Y | Y | |

Table No. 3.4

[§] Dr. Ashok Jhunjhunwala resigned from the Board, in the Meeting held on 03.02.2017.

^{ss} Mr. Arun Shekar Aran was appointed as an Additional Director by Board of Directors in the Meeting held on 03.05.2016. Subsequently, he was regularized as an Independent Director by the Members in the Meeting held on 21.07.2016

Profile of the Directors of the Company are given below:

Arun Jain, Chairman and Managing Director

Arun Jain is the Chairman and Managing Director of Intellect Design Arena Limited. Intellect is a specialist in applying true Digital Technologies, the world's first full spectrum Banking and Insurance technology products company, across Global Consumer Banking (iGCB), Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets (iRTM) and Insurance (Intellect SEEC). With revenues of USD

136 Mn and employee base of around 4000, Intellect powers over 200 leading Banks and Financial Institutions around the globe with its suite of Products.

Arun commenced his entrepreneurial journey by setting up Nucleus Software Workshop in 1986. In 1993, he founded Polaris Software Lab, which recorded a CAGR of nearly 200% during the seven year period 1993-2000. This path of deep domain expertise, vision and planning began in 1993, with just \$250 and a dream. His journey was guided by two strong beliefs – (1) ordinary people coming together to achieve extraordinary results, if the dreams are Big (2) the power of the organizational subconscious in realizing the vision. Intellect is his third venture, in pursuit of his vision to make India the IP Capital towards the next growth wave for the IT Industry. Arun's passion in creating a technology product power house from India made Intellect a reality.

Arun is passionate about Design Thinking as a science to create biggest impact on Individual and organizational performance. He visualizes it as a platform for learning and applying, with a child like curiosity to ask questions, forming the foundation of the practice of Design Thinking. An avid practitioner, Arun also evangelizes Design Thinking through public workshops. FinTech 8012, the World's first Design Center dedicated to Financial Technology is a testimony of his commitment to Design Thinking. He architected the creation of this Center from Concept to Execution.

Confederation of Indian Industry (CII) has conferred the Lifetime Achievement Award to Arun at the India's premier ICT Event, Connect 2016. He has received multiple awards including "INDO ASEAN Business Initiative Award", 'ICICI Venture – CII Connect Entrepreneur Award', 'Visionary of India 2014-15', amongst others in recognition of his contribution to the Industry and the Society. His contribution was

recognized by the Times Group, with an award and a feature in a book titled 'Pathfinders' that lauds the achievements of extraordinary personalities in the IT & ITES industry.

He holds / has held positions in CII, MMA, STPI, National Institute of Electronics and Information Technology (NIELIT) and the Indo American Chamber of Commerce. He has been the Chairman of CII BANKING TECH Summit from 2014-2016, for three consecutive years.

A social engineer by nature, Arun has been working towards creating a better community. Ullas Trust, founded in 1997, with the purpose of igniting young minds and guiding them to realizing their dreams, has since reached out to over 2,00,000 children from the economically challenged sections of Government, Municipal and Aided Schools. This brainchild of Arun provides vital professional skills to adolescent children across the country nurturing the "Can do" spirit among the young minds.

Continuing his Social Connect initiatives, Arun has recently launched 'Project Samridhi'. Samridhi is dedicated to holistic human development in India, through the design and development of projects that are sustainable and capable of scale to positively impact the larger population. Through START-UP Nukkad, another unique initiative for Start-up Entrepreneurs, Arun conducts special workshops for them to understand their purpose and nurture and mentor their innovative thinking.

Mr. Anil Kumar Verma, Executive Director, Intellect Design Arena Limited

Mr. Anil Kumar Verma is a key contributor to the strategic vision of the organization. A bachelor of electrical engineering from IIT Delhi and post-graduate in instructional design from the University of Wollongong in Australia, Anil has rich and global professional experience of over 37 years in the industry.

Anil established and nurtured deep relationships for strengthening Intellect brand in Australia. Earlier, he was part of the core group that conceptualized and created FINDIT (Forum of Indian IT Companies in Australia) that later became NASSCOM Australia, an influential industry body that he led as founder President for several years. Living the spirit of deeper connect with the local community, Anil established long term relationship with the Western Sydney University in Australia where he was instrumental in creating graduate and post graduate course on

software testing. He has contributed significantly in promoting collaboration between India and Australia in the field of ICT. In 1997 he was nominated for prestigious Australia Day award for his contribution to the Aboriginal community.

Anil has been associated with the Australian Computer Society, AIIA – FSG (Australian Information Industry Association – Financial Services Group) and Financial Services Institute of Australia (FINSIA) for a long time.

Ms. Aruna Krishnamurthy Rao, Executive Vice President & Group Chief Technology Officer (CTO) of Kotak Mahindra Group

Ms. Aruna Krishnamurthy Rao is Chief Technology Officer for Kotak Mahindra Bank and group companies. She provides senior oversight on all strategic technology initiatives across the group companies and builds technology innovation, collaboration, and standardization, across the teams. Being passionate about excellence through technology, she has lead several initiatives, the most recent ones harnessing mobility for banking and utilising cloud capabilities.

Ms. Rao brings a global perspective to her role, having worked across international markets. Starting her career in Chevy Chase Savings and Loan, in the US and going on to Citicorp Software (COSL), where she was responsible for implementation of systems in Australia, Central and Eastern Europe. She joined Polaris as part of the merger of COSL/Orbitech with Polaris. During her 20 year career in Citicorp Software/Polaris, she was Group Head of Corporate Banking Technology, where she built the business including Cash Management, Trade Finance and Treasury systems.

Ms. Rao contributes to several industry forums, serving on the advisory panel for International Exhibition & Conference on Banking Technology, Equipment & Services, the CIO Choice technology Vendor recognition platform, and technology vendor customer advisory councils. She contributes to the Computer Society of India, Mumbai Chapter, annual conference and serves as jury for mentoring initiatives like the Next 100 CIOs.

Ms. Rao holds a BSc degree from St. Xavier's College, Ahmedabad, an MBA degree from Gujarat University and a Master's degree in Information Systems from the University of Maryland, USA.

Mr. V. Balaraman, Corporate Director/Consultant/Mentor

Mr. V. Balaraman is a Chemical Engineer from the University of Madras and holds a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad. He was the MD and CEO of Pond's India Ltd between 1991 and 1998 and was Director - Exports in Hindustan Lever Limited between 1998 and 2002.

He is a Director on the Boards of Mahindra World City Developers Limited, Parry Enterprises India Limited, India Nippon Electricals Limited, Computer Age Management Services Pvt. Limited, Mother Dairy Fruit & Vegetable Private Limited and DELPHI-TVS Diesel Systems Limited.

Outside the corporate world Mr. V. Balaraman also served as the President of the Madras Chamber of Commerce and Industry, Madras Management Association, Indian Shoe Federation, Federation of Indian Export Organizations Southern Region and as Chairman of the Footwear Design and Development Institute.

Mr. V. Balaraman is passionate about Brand Marketing and Human Development and in pursuit of these interests, provides consultancy to companies besides coaching / mentoring business leaders. Frequently he is a speaker at Management seminars and business events in India and abroad.

Mr. Arun Shekhar Aran

Mr. Arun Shekhar Aran has had technical education at IIT Delhi, completing a B Tech degree in Mechanical Engineering. Subsequently, he also spent two years at IIM Ahmedabad studying management through their flagship course PGDM specializing in Systems.

He started his working career at Asian Paints (I) Ltd, which was very much respected for the quality of its management talent at that point of time. He established a lot of path-breaking usages for computers at Asian Paints during his stint of seven years there. At Asian Paints, he rose to a middle management position in short span.

He moved out of this good going job in 1989, to join some of his friends in an entrepreneurial venture – Nucleus Software Workshop Pvt Ltd at Chennai. He had major contribution to their development team and was instrumental in writing some of the new-age software solutions for their clients at that time.

In mid of year 1994, as a part of the group initiative he moved to Mumbai. With a rich and varied experience since 1989 in the realm of Software Development for Complex Banking Applications, he set up a new team in the name of Nucsoft Ltd which also started working with clients in Banking, Insurance and Financial Services area.

3. Audit Committee

Audit Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the Audit Committee was reconstituted by the Board in the meeting held on 03.02.2017, due to the resignation of Dr. Ashok Jhunjhunwala and addition of Mr. Arun Shekhar Aran, Independent Director as the Chairman of the Committee. The Company has a qualified and independent Audit Committee comprising of Executive and Non-executive/Independent Directors. The Company Secretary acts as the Secretary to the Committee.

Members of the Audit Committee are as follows:

| Name | Designation | No. of Meetings | |
|-----------------------------|----------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. Arun Shekhar Aran | Chairman (From 03.02.2017) | 5 | 5 |
| Dr. Ashok Jhunjhunwala | Chairman (Till 03.02.2017) | 7 | 7 |
| Ms. Aruna Krishnamurthy Rao | Member | 8 | 5 |
| Mr. V. Balaraman | Member | 8 | 6 |
| Mr. Anil Kumar Verma | Member | 8 | 8 |

Table No. 3.5

The Audit Committee had met eight times during the year 2016-17.

Powers of the Committee

- To investigate any activity within its terms of reference.
- To secure attendance of and seek information from any employee including representative of Prime Shareholders (subject to internal approvals).
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Compliance with the accounting standards.

Role / Functions of the Committee

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly and Annually financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or

discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions, as defined by the Committee, submitted by the management;
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. the appointment, removal and terms of remuneration of the Chief Internal Auditor
- f. statement of deviations :
 - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1)*
 - b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7)*

*Reference to regulations is SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. Nomination and Remuneration & Compensation Committee:

Nomination and Remuneration & Compensation Committee was constituted by the board in the meeting held on 15.10.2014. The Committee was reconstituted on 03.02.2017 due to the resignation of Dr. Ashok Jhunjhunwala and addition of Mr. Arun Shekhar Aran. The Nomination and Remuneration & Compensation Committee consists of 3 Non-executive Independent Directors and one whole time director (Managing Director).

The role of the committee shall, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. Whether to extend or continue the term of appointment of the Independent director, on the basis of the report of performance evaluation of Independent Directors.

The Chairman of the nomination and remuneration & compensation committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

The Nomination and Remuneration & Compensation Committee met 05 times during the year 2016-17.

Members of the Nomination and Remuneration & Compensation Committee are as follows:

| Name | Designation | No. of meetings | |
|-----------------------------|--------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. V.Balaraman | Chairman | 5 | 4 |
| Ms. Aruna Krishnamurthy Rao | Member | 5 | 3 |
| Dr. Ashok Jhunjhunwala | Member (Till 03.02.2017) | 4 | 4 |
| Mr. Arun Jain | Member | 5 | 4 |
| Mr. Arun Shekhar Aran | Member (From 03.02.2017) | 1 | 1 |

Table No. 3.6

Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration & Compensation Committee decides the remuneration policy for Directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective Directors for the growth of the Company.

Shares held and Stock Options granted/exercised and Cash Compensation paid to directors in fiscal year 2017

in Rs. Lacs except share and stock option data

| Name of the Director | Fixed Salary | | | | Bonus / incentives | Commission Payable | Sitting fees paid | Total | No. of equity shares held | Stock Options held | Stock Options exercised |
|--|--------------|--------------------------|------------------|--------------------|--------------------|--------------------|-------------------|---------|---------------------------|--------------------|-------------------------|
| | Basic Salary | Perquisites / Allowances | Retiral benefits | Total fixed salary | | | | | | | |
| Chairman and Managing Director | | | | | | | | | | | |
| Arun Jain | - | - | - | - | - | - | - | - | 48,09,365 | - | - |
| | | | | | | | | | | | |
| Executive Director | | | | | | | | | | | |
| Anil Kumar Verma* | 1,20.00 | - | - | 1,20.00 | - | - | - | 1,20.00 | 47,000 | 2,05,000 | |
| | | | | | | | | | | | |
| Non-Executive and Independent Director | | | | | | | | | | | |
| Aruna Krishnamurthy Rao | - | - | - | - | - | - | - | - | 6,860 | - | |
| V.Balaraman | | - | - | - | - | - | 7.20 | 7.20 | - | 25,000 | |
| Mr. Arun Shekhar Aran | - | - | - | - | - | - | 5.60 | 5.60 | 4,74,560 | | |
| No compensation is paid to the Chairman & Managing Director | | | | | | | | | | | |
| * In addition to the above mentioned fixed remuneration to Mr. Anil Kumar Verma, he is also eligible for an annual variable pay of Rs.30 lakhs. Further, the service contract is for a period of 3 (three) years with effect from 01st February, 2015.The Contract can be terminated earlier by either party by giving to the other party 3 (three) months notice of such termination or the company paying 3 (three) months remuneration in lieu of such Notice. He has been granted 2,00,000 stock options under ISOP 2015 scheme. | | | | | | | | | | | |

Table No. 3.7

Stock Options

The Company has 5 Stock Option Schemes – ASOP 2003, ASOP 2004, ASOP 2011, ISOP 2015 and ISOP 2016.

ASOP 2003, ASOP 2004 and ASOP 2011 were inherited by the Company from the Demerged Company as part of Clause 8.2 of the Scheme of Arrangement-cum-Demerger approved by Hon'ble High Court of Judicature, Madras vide its order Dt.15/09/2014 and these schemes were approved by the members of the Company in its meeting held on 9th October 2014 and in-principle approval for the same were obtained from National Stock Exchange of India Limited vide letter Ref:NSE/LIST/14698 dt.16/02/2015 for ASOP 2003 Scheme, NSE/LIST/14696 dt.16/02/2015 for ASOP 2004 Scheme and NSE/LIST/14688 dt.16/02/2015 for ASOP 2011 Scheme and from BSE Ltd vide letters Ref:DCS/IPO/CS/ESOP-IP/761/2014-15 dt.03/03/2015 for ASOP 2003, Ref:DCS/IPO/CS/ESOP-IP/723/2014-15 dt.19/02/2015 for ASOP 2004 and Ref:DCS/IPO/CS/ESOP-IP/721/2014-15 dt.19/02/2015 for ASOP 2011.

Further, in-principle approval for ISOP 2015 and ISOP 2016 schemes was obtained from National Stock Exchange of India Limited vide letter

Ref: NSE/LIST/67844 dt. 31/03/2016 , NSE/LIST/88195 dt 26/09/2016 and Bombay Stock Exchange vide letter Ref : DCS/IPO/ST/ESOP-IP/905/2016-17 dt. 05/04/2016 , DCS/IPO/MD/ESOP-IP/1292/2016-17 dt 19/09/2016 respectively.

ISOP 2016 :

The members in the Annual General Meeting of the Company held on 21st July 2016 have approved a new Stock Option Scheme, Intellect Stock Option Scheme ("ISOP 2016") which contains 40,00,000 Pool size Stock Options for grant of options to the Associates, Directors excluding Independent Directors of the Company and the associates of it's subsidiary companies.

The Scheme is classified into 5 categories:

- 1) Swarnam 101
- 2) Swarnam 201
- 3) Swarnam 301
- 4) Swarnam 401
- 5) Swarnam 501

Grant price per option:

The Grant Price per option shall be at the Market price or discount on Market price as detailed below :

| DISCOUNT PER OPTION (% on Market Price) | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|
| Price Band | | Swarnam 101 | Swarnam 201 | Swarnam 301 | Swarnam 401 | Swarnam 501 |
| A | Market Price up to Rs.49/- | Nil | Nil | Nil | Nil | Nil |
| B | Market Price between Rs.49 to Rs.140/- | 10% | 20% | 50% | 25% | Up to 50% |
| C | Market Price is > Rs. 140/- | 15% | 30% | 50% | 25% | Up to 50% |

Table No. 3.8

However, in case of B above, grant price (after discount) shall not be lower than the floor price.

Details of stock options granted during the financial year 2016-17 under ASOP 2003, 2004, 2011, ISOP 2015 & ISOP 2016 Schemes are detailed as below:-

| Sl. No. | Date of Grant | Option Price (Rs.) | ASOP 2003 | | ASOP 2004 | | ASOP 2011 | | ISOP 2015 | | ISOP 2016 | |
|--------------|---------------|--------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|------------------|-------------------|------------------|
| | | | No. of Associates | No. of Options | No. of Associates | No. of Options | No. of Associates | No. of Options | No. of associates | No. of Options | No. of associates | No. of Options |
| 1 | 03/05/2016 | 211.00 & 117.22 | -- | -- | -- | -- | -- | -- | 60 | 4,37,500 | - | - |
| 2 | 20/10/2016 | 163.44 & 154.36 | -- | -- | -- | -- | -- | -- | 48 | 6,66,000 | 483 | 15,17,500 |
| 3 | 23/03/2017 | 103.50 & 97.75 | -- | -- | -- | -- | -- | -- | -- | -- | 106 | 11,95,000 |
| TOTAL | | | -- | -- | -- | -- | -- | -- | 108 | 11,03,500 | 589 | 27,12,500 |

Table No. 3.9

Different Option Price is due to allotment under different Swarnam Schemes (Swarnam 101 and Swarnam 501).

The Company has obtained a certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) and Intellect Stock Options Plan(s) are being implemented in accordance with the SEBI (Share based employee benefits) Regulations 2014 as applicable and in accordance with the resolution of the Members in the General Meeting.

5. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 03.02.2017 due to the resignation of Dr. Ashok Jhunjhunwala. The Stakeholders' Relationship Committee consists of Executive and Non-executive Directors. It focuses on Shareholders' grievances and strengthening of investor relations. This Committee specifically looks into the redressal of shareholders complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc.

The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the company on a timely and regular basis, participating and voting in shareholders meetings, electing members of the Board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc.

The Stakeholders' Relationship Committee had met 4 times during the year 2016-17.

Members of the Stakeholders' Relationship Committee are as follows:

| Name | Designation | No. of Meetings | |
|-----------------------------|-------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. V. Balaraman | Chairman | 4 | 3 |
| Ms. Aruna Krishnamurthy Rao | Member | 4 | 3 |
| Dr. Ashok Jhunjhunwala | Member(till 03.02.2017) | 4 | 4 |
| Mr. Anil Kumar Verma | Member | 4 | 4 |

Table No. 3.10

Mr. V.V. Naresh, Company Secretary is the Compliance Officer of the Company.

During the year, under ASOP 2003 Scheme the company has allotted 69,098 equity shares of Rs.5/- each to 30 Associates and under ASOP 2004 Scheme company has transferred 7,600 equity shares of Rs.5/- each to 03 Associates and under ASOP 2011 Scheme company has allotted 7,59,750 equity shares of Rs.5/- each to 100 Associates and under ISOP 2015 Scheme company has allotted 1,26,400 equity shares of Rs.5/- each to 73 Associates pursuant to exercise of options granted as detailed hereunder:

| Sl. No. | Date of Allotment | ASOP 2003 | | ASOP 2004 | | ASOP 2011 | | ISOP 2015 | |
|---------|-------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|
| | | No. of Associates | No. of shares allotted | No. of Associates | No. of shares allotted | No. of Associates | No. of shares allotted | No. of Associates | No. of shares allotted |
| 1 | 03.05.2016 | 7 | 26,600 | - | - | 13 | 67,000 | 24 | 23,100 |
| 2 | 26.05.2016 | 3 | 2,200 | - | - | 22 | 93,450 | 8 | 31,500 |
| 3 | 23.06.2016 | 3 | 10,698 | 1 | 5,000 | 2 | 2,000 | 1 | 1,000 |
| 4 | 21.07.2016 | 3 | 8,900 | - | - | 7 | 12,800 | 4 | 2,500 |
| 5 | 25.08.2016 | 2 | 2,600 | - | - | 10 | 9,000 | 12 | 8,800 |
| 6 | 21.09.2016 | 6 | 9,300 | 1 | 600 | 5 | 4,650 | 3 | 3,700 |
| 7 | 26.10.2016 | 1 | 1,500 | - | - | - | - | 3 | 7,000 |
| 8 | 21.11.2016 | - | - | 1 | 2000 | 2 | 1,350 | - | - |
| 9 | 28.12.2016 | 2 | 4,200 | - | - | 4 | 3,800 | 1 | 500 |
| 10 | 03.02.2017 | - | - | - | - | 4 | 6,100 | - | - |
| 11 | 03.03.2017 | 3 | 3,100 | - | - | 17 | 56,100 | 12 | 25,300 |
| 12 | 18.03.2017 | - | - | - | - | 14 | 5,03,500 | 5 | 23,000 |
| | TOTAL | 30 | 69,098 | 03 | 7,600 | 100 | 7,59,750 | 73 | 1,26,400 |

Table No. 3.11

As a result of the above allotments, the paid-up equity share capital of the Company has increased from Rs. 50,38,93,120 comprising of 10,07,78,624 number of equity shares of Rs. 5/- each as on 31st March, 2016 to Rs.50,86,69,360 comprising of 10,17,33,872 equity shares of Rs. 5/- each as on 31st March, 2017.

5.1 Associate Stock Option Scheme (ASOP)

Consolidated Scheme wise ASOP status for the year ended March 31, 2017

| Sl. No. | Description | ASOP 2003 | ASOP 2004 | ASOP 2011 | ISOP 2015 | ISOP 2016 |
|---------|--|--------------|--------------|--------------------------|--------------------------|--------------------------|
| 1 | Outstanding at the beginning of the year | 2,38,100 | 86,800 | 36,39,650 | 48,62,400 | - |
| 2 | Granted during the year | - | - | - | 11,03,500 | 27,12,500 |
| 3 | Exercised during the year | 69,098 | 7,600 | 7,59,750 | 1,26,400 | - |
| 4 | Forfeited during the year | 17,600 | 10,000 | 2,40,550 | 6,25,800 | 82,000 |
| 5 | Cancelled during the year | 18,600 | 5,000 | 41,700 | 1,99,900 | 3,000 |
| 6 | Outstanding at the end of the year | 1,32,802 | 64,200 | 25,97,650 | 50,13,800 | 26,27,500 |
| 7 | Price formula | Market Price | Market Price | Discount on Market Price | Discount on Market Price | Discount on Market Price |
| 8 | Total Shares arised due to exercise of options | 69,098 | 7,600 | 7,59,750 | 1,26,400 | - |
| 9 | Money realized by exercise of options (Rs.) | 32,814,94 | 3,983,18 | 297,971,41 | 105,628,99 | - |

Table No. 3.12

6. Risk Management Committee:

Risk Management Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 03.02.2017 due to the resignation of Dr. Ashok Jhunjhunwala and the members of the Committee are as under:

The majority of the committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said committee and the chairman of the committee shall be a member of the Board of Directors.

| Name | Designation |
|-------------------|-------------|
| Mr. Arun Jain | Chairman |
| Mr. V Balaraman | Member |
| Mr. T V Sinha | Member |
| Mr. S Swaminathan | Member |

Table No. 3.13

Terms of Reference:

- Delegation of monitoring and reviewing of the Risk Management Policy
- Such other functions as it may deem fit

7. Corporate Social Responsibility Committee:

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs.500 crore or more, or turnover of Rs.1000 crore or more or Net Profit of Rs.5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board of Directors of the Company consisting of 3 or more directors, out of which at least 1 director shall be an independent director.

Accordingly, Corporate Social Responsibility Committee was constituted by the Board in its meeting held on 15.10.2014. Further, the committee was reconstituted by the Board on 03.02.2017 due to the resignation of Dr. Ashok Jhunjhunwala. The committee consists of the following members :

| Name | Designation |
|-----------------------------|-------------|
| Mr. Anil Kumar Verma | Chairman |
| Mr. Arun Jain | Member |
| Ms. Aruna Krishnamurthy Rao | Member |
| Mr. V. Balaraman | Member |

Table No. 3.14

The Terms of Reference of the Committee is as under:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities referred to above;
- To monitor the Corporate Social Responsibility Policy of the company from time to time
- To ensure that the company spends, in every financial year, at least two per cent of the average net profits for CSR. If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.
- To eradicate extreme hunger and poverty
- To promote education
- To promote gender equality and empowering women
- To reduce child mortality and improving maternal health
- To combat human immunodeficiency virus, malaria and other diseases
- To ensure environmental sustainability, Employment, enhancing vocational skills
- To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

8. Details of the Sub-Committees constituted by the Board

a. Share Transfer Committee

The Share Transfer Committee was constituted by the Board in the meeting held on 15.10.2014. Further, the committee was reconstituted by the Board in the meeting held on 20.10.2016 due to the resignation of Mr. V Ravi Shankar and addition of Mr. Govind Singhal, President – Group Business Enablement Officer.

The members of the Committee are :

| Name | Designation |
|--------------------|---|
| Mr. S. Swaminathan | Chief Financial Officer |
| Mr. Govind Singhal | President – Group Business Enablement Officer |
| Mr. V.V. Naresh | Vice President - Company Secretary & Compliance Officer |

Table No. 3.15

The Share Transfer Committee is empowered to consider and approve the physical transfer, transmission and transposition etc. of the shares of the Company. The Committee met 3 times during the year 2016-17 on 14th June, 2016, 03rd October, 2016 and 02nd February, 2017.

The brief details on the business transacted are as follows.

| Sl. No. | Details | No. of Cases | No. of Shares |
|--------------|-----------------------------------|--------------|---------------|
| 1 | Transfer of Shares | 4 | 4,200 |
| 2 | Consolidation of Unclaimed Shares | 0 | 0 |
| 3 | Deletion of names | 1 | 450 |
| 4 | Rematerialisation requests | 0 | 0 |
| 5 | Transmission of names | 0 | 0 |
| 6 | Split of Shares | 0 | 0 |
| Total | | 5 | 4,650 |

Table No. 3.16

9. Performance Evaluation of the Board of Directors:

A detailed note on performance evaluation of the Board of Directors of the company is provided in point no.(h) of Directors' Report.

10. General Body Meetings of the Company

Particulars of the last three Annual General Meetings of the Company are as follows:

| Financial year ended | Date and Time | Venue | Special Resolutions passed in AGM |
|-----------------------------|--|---|--|
| 31 st March 2014 | 17 th September 2014 3.00 PM | 244 Anna Salai, Chennai-600 006 | a) Adoption of new articles of association as per Companies Act, 2013 |
| 31 st March 2015 | 28 th July, 2015 3.00 PM | Rani Seethai Hall, No. 603, First Floor, Anna Salai, Thousand Lights, Chennai – 600 006 | a) Appointment of Mr. Anil Kumar Verma (DIN : 01957168) as an Executive Director b) Enhancement of investments of the Company in the Share Capital of Intellect Polaris Design LLC, USA |
| 31 st March 2016 | 21 st July 2016 4.00 PM | The Music Academy, Mini Hall, New No:168, TTK Road, Royapettah, Chennai-600 014 | a) Introduction of new ASOP Scheme namely "ISOP 2016" b) Approval of extension of the benefits and terms and conditions of Intellect Stock Option Plan 2016("ISOP 2016") to Subsidiary and Associate Companies c) To amend the Articles of Association subsequent to increase in Authorised Share Capital of the Company d) Approval of fund raising options for an amount not exceeding Rs.300 crores. |

Table No. 3.17

Extraordinary General Meeting and Postal Ballot of the Company held during the year 2016-17:

No Extraordinary General Meeting and Postal Ballot has been held during the year 2016-17.

11. Disclosures

a. Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Details on materially significant related party transactions are shown in the Note No.34 & under Significant Policies and Notes to accounts to the standalone Balance Sheet and Profit & Loss Account.

b. Statutory Compliance, Penalties & Strictures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years:- **One (1) :-**

| S.No | Regulatory Authority | Subject Matter |
|------|---------------------------------|--|
| 1 | Competition Commission Of India | Show Cause Notice under Section 43A of the Competition Act, 2002 read with Regulation 48 of the Competition Commission of India (General) Regulations, 2009. |

c. Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27 of Listing Regulations

The Company has complied with the mandatory requirements of Regulation 27 of the Listing Regulations including CEO/CFO certification. As required under Regulation 27, a certificate signed by CEO & CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report. Further, a certificate from the Statutory Auditors, certifying the compliance of Regulation 27 was adhered/adopted has also been provided elsewhere in this report.

Regulation 27(2) also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements are given below:-

(i) Nomination and Remuneration & Compensation Committee

The Company has constituted a Nomination and Remuneration & Compensation Committee consisting of Non-executive Directors and a whole time Director (Managing Director). A detailed note on Nomination and Remuneration & Compensation Committee is provided elsewhere in the report. The Chairman of the Committee is an Independent Director.

(ii) Whistle Blower Policy

The Company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, and violation of Code of Conduct of the Company etc.

The mechanism also provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2016-17, no employee has been denied access to the Audit Committee.

(iii) Ombudsman

Ombudsman is an Intellect initiative, to resolve workplace conflicts. It is a forum for associates and retirees to report, discuss and resolve workplace issues.

The office of the ombudsman promises complete confidentiality in all the matters discussed with him. Ombudsman also assures “No Reprisal” to the complainant who brings to light a problem or blows the whistle against someone. It works as an early warning system to the organization.

(iv) Risk Management framework

The Company continues to use the Risk Management framework adopted by the Board of Directors on 15th October 2014. The framework provides an integrated approach for managing the risks in various aspects of the business. A write-up on the above is provided in the management discussion and analysis report.

(v) Insider Trading Policy

As per the SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Insider Trading Regulations), 2015 an Insider Trading Policy of the company is in force. The policy guides a mechanism for regulating transactions of the shares of the company and enforces a code of conduct and internal procedures.

The details of Trading window during the year 2016-17:

| S.No | Closed on | Opened on |
|------|------------|------------|
| 1 | 23/01/2017 | 06/02/2017 |
| 2 | 24/10/2016 | 07/11/2016 |
| 3 | 01/08/2016 | 12/08/2016 |
| 4 | 22/04/2016 | 06/05/2016 |

d. Conflict of Interest Policy.

As a part of good corporate governance, the company has formulated a Conflict of Interest policy for the senior management and associates.

e. Directors and Key Managerial Personnel:

Mr. Arun Jain, was appointed as Managing Director on 30.08.2014 and as Chairman with effect from 24th September 2014.

Mr. Anil Kumar Verma was appointed as an Executive Director with effect from 1st February 2015.

Mr. V Balaraman was appointed as Independent Directors in the members’ meeting held on 17th September 2014.

Dr. Ashok Jhunjhunwala was appointed as an Independent Director in the members’ meeting held on 17th September 2014. Subsequently, he resigned from the Board on 03rd February 2017.

Ms. Aruna Krishnamurthy Rao was appointed as Independent Director in the members’ meeting held on 9th October 2014.

Mr. Arun Shekhar Aran was appointed as an Independent Director in the members’ meeting held on 21.07.2016

Mr. S. Swaminathan and Mr. V. V. Naresh were appointed as Chief Financial Officer and Company Secretary & Compliance Officer respectively with effect from 15th October 2014.

- f. The Company has disclosed and complied with all the mandatory requirements under Regulation 27 of the Listing Regulations. The details of these compliances have been given in the relevant sections of this report.

12. Means of communication

We have established procedures to disseminate pertinent information to our shareholders, employees and society at large.

(a) Investor Information

Investors are being provided with timely information on all Company related matters;

Media release: All our media releases are posted on the Company’s website: www.intellectdesign.com.

Quarterly results: Our quarterly results are published in widely circulated national newspapers such as Business Line, and Tamil edition of “The Hindu”.

Annual Report: Annual Report containing audited standalone accounts, consolidated financial statements together with Directors’ Report, Auditors’ Report and other important information are circulated to members and others entitled thereto either in physical copy or through email.

Website: The Company’s website contains a separate dedicated section “Investors” where information sought by shareholders and the presentations made to the investors are available. The Annual Report, Media release and financial reports of the company are available on the website in a user-friendly and downloadable form at www.intellectdesign.com.

(b) The Management Discussion & Analysis report (MD & A)

The MD&A gives an overview of the Industry, Company’s business, its financials etc., and the same is provided elsewhere in this report, which forms a part of the Directors’ Report.

| | | |
|---|--|---|
| General Shareholder information | | |
| Date of incorporation | April 18, 2011 | |
| Company Registration Number | L72900TN2011PLC080183 | |
| Registered Office | No.244, Anna Salai, Chennai – 600 006. | |
| Date of Annual General Meeting | 21.08.2017 | |
| Time of Annual General Meeting | 10:00 A.M. | |
| Venue of Annual General Meeting | MINI HALL, MUSIC ACADEMY NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014 | |
| Financial Reporting: 01/04/2017 to 31/03/2018 | | |
| First quarter ending June 30, 2017 | Between 16 th July 2017 and 14 th August 2017 | |
| Second quarter ending September 30, 2017 | Between 16 th October 2017 and 14 th November 2017 | |
| Third quarter ending December 31, 2017 | Between 16 th January 2018 and 14 th February 2018 | |
| For the year ending March 31, 2018 | Between 16 th April 2018 and 30 th May 2018 | |
| Book Closure | 18 th July, 2017 to 27th July , 2017 | |
| Dividend for 2016-17 | No dividend has been declared for the year 2016–17 | |
| Listing of shares with Stock Exchanges / Intellect shares traded in | | |
| NSE Scrip Code | INTELLECT | |
| BSE Scrip Code | 538835 | |
| ISIN Code | INE306R01017 | |
| <ul style="list-style-type: none">• The Company hereby confirms that the Listing fee for the year 2017-18, payable to each of the Stock Exchanges pursuant to Regulation 14 of the Listing Regulations in which the Company's shares are Listed has been paid.• The Company's shares are traded in the National Stock Exchange of India Limited & Bombay Stock Exchange Limited, Mumbai and since December 18, 2014. | | |
| Registrar and Share Transfer Agent | Karvy Computershare Private Ltd. Unit: Intellect Design Arena Limited Plot No. 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel: 040 – 6716 1529, Fax: 040 – 23420814 /23420857 E-mail: mailmanager@karvy.com , URL: www.karvycomputershare.com | |
| Publication of Quarterly Results | | |
| Details of Quarterly financial results published during financial year 2016-17 | | |
| Language | News Paper | Date |
| English Tamil | Business Line The Hindu | 04 th May , 2016 |
| | | 10 th August , 2016 |
| | | 04 th November , 2016 |
| | | 04 th February , 2017 |
| Website address of the Company in which reports / financial results/ news releases/ presentations made to institutional investors or to the analysts have been posted | | www.intellectdesign.com |
| Web-link where Policy for determining ‘material’ subsidiaries and related party transactions is disclosed | | http://www.intellectdesign.com/investor/corporate-governance.asp |
| Website address of stock exchange(s) in which reports / financial results are posted | | |
| National Stock Exchange of India Ltd | | www.nseindia.com |
| Bombay Stock Exchange Ltd | | www.bseindia.com |
| Whether the official news Releases are displayed by the Company | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

Table No. 3.18

13. Shareholders' complaints and requests

During the financial year 2016-17, 90 requests / Complaints had been received and 90 numbers of requests / Complaints resolved by the Company as detailed hereunder:

STATUS OF REQUEST/ COMPLAINTS DURING THE PERIOD 01/04/2016 TO 31/03/2017

| S.No. | Subject | Received | Replied/ resolved |
|-------|--|-----------|----------------------|
| | A. REQUESTS | | |
| 1 | CHANGE/CORRECTION OF ADDRESS | 4 | 4 |
| 2 | RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION | 0 | 0 |
| 3 | SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION | 3 | 3 |
| 4 | CHANGE/CORRECTION OF BANK MANDATE | 0 | 0 |
| 5 | CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW | 1 | 1 |
| 6 | RECEIPT OF IB FOR ISSUE OF DUPLICATE DW | 0 | 0 |
| 7 | QUARY REGARDING PAYMENT OF DIVIDEND WARRANT | 0 | 0 |
| 8 | RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK | 0 | 0 |
| 9 | REQUEST FOR ECS FACILITY (ELECTRONIC CLEARANCE SERVICES) | 0 | 0 |
| 10 | LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS | 0 | 0 |
| 11 | POSTAL RETURN DOCUMENTS | 2 | 2 |
| 12 | LETTER FROM SEBI/STOCK EXCHANGE/CBI/ACKNOWLEDGE MENT | 0 | 0 |
| 13 | REGISTRATION OF POWER OF ATTORNEY | 0 | 0 |
| 14 | LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE | 3 | 3 |
| 15 | RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES | 2 | 2 |
| 16 | REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES | 0 | 0 |
| 17 | DELETION OF JOINT NAME DUE TO DEATH | 2 | 2 |
| 18 | REQUEST FOR TRANSFER OF SECURITIES | 9 | 9 |
| 19 | REQUEST FOR TRANSMISSION OF SECURITIES | 1 | 1 |
| 20 | REQUEST FOR DEMAT NSDL & CDSL /REMAT | 42 | 42 |
| 21 | DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS | 0 | 0 |
| 22 | CHANGE / CORRECTION OF NAME ON SECURITIES | 2 | 2 |
| 23 | CLARIFICATION REGARDING SHARES | 3 | 3 |
| 24 | REQUEST FOR EXCHANGE OF CERTIFICATES | 0 | 0 |
| 25 | QUERY REGARDING UNDELIVERED DOCUMENTS | 1 | 1 |
| 26 | OTHERS(ACKNOWLEDGEMENT/NSDL OPERATION/ELECTRONIC DP REQ/ PAN NO, REQ FOR COMMUNIC , EMAILS / Lodgement of conversion form | 6 | 6 |
| | TOTAL (A) | 81 | 81 |
| | B. COMPLAINTS | | |
| 1 | NON-RECEIPT OF ANNUAL REPORT | 6 | 6 |
| 2 | NON-RECEIPT OF DIVIDEND WARRANT | 0 | 0 |
| 3 | NON-RECEIPT OF SECURITIES | 2 | 2 |
| 4 | NON RECEIPT OF DUP/TRANSMISSION/DELITION OF SCS | 0 | 0 |
| 5 | NON-RECEIPT OF REFUND ORDER | 0 | 0 |
| 6 | SEBI/BSE/NSE Complaints | 1 | 1 |
| | TOTAL(B) | 9 | 9 |
| | TOTAL (A) + (B) | 90 | 90 |

Table No. 3.19

14. Stock market data about the shares of the Company for the period April 2016 to March 2017 at National Stock Exchange Limited (NSE) and Bombay Stock Exchange of India Limited (BSE).

Share market data and the graphical representation of closing market prices movement of the Company's shares quoted in the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd., (BSE) Mumbai and from April 2016 to March 2017.

Intellect Design Arena Limited share price (High / Low) during the financial year 2016-17:

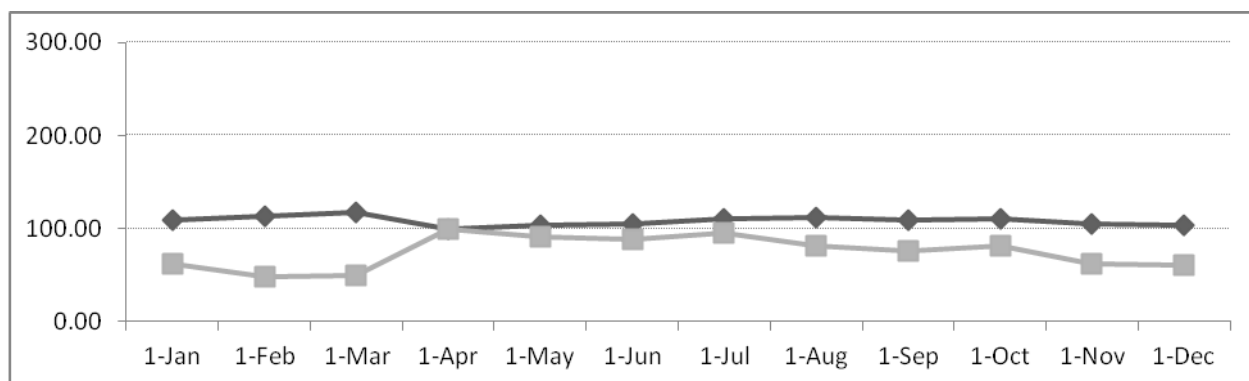
| Stock Exchange | Yearly high price | Date | Yearly low price | Date |
|----------------|-------------------|------------|------------------|------------|
| NSE | 252.00 | 03/05/2016 | 107.80 | 15/02/2017 |
| BSE | 252.10 | 03/05/2016 | 107.75 | 15/02/2017 |

Table No. 3.20

NIFTY vs INTELLECT @ NSE

| MONTH | Apr 16 | May 16 | June 16 | July 16 | Aug 16 | Sep 16 | Oct 16 | Nov 16 | Dec 16 | Jan 17 | Feb 17 | March 17 |
|-----------|--------|--------|---------|---------|--------|---------|--------|--------|--------|--------|--------|----------|
| NIFTY | 7849.8 | 8160.1 | 8287.75 | 8638.5 | 8786.2 | 8611.15 | 8625.7 | 8224.5 | 8185.8 | 8561.3 | 8879.6 | 9173.75 |
| INTELLECT | 230.3 | 211.55 | 203.7 | 219.65 | 188.05 | 173.55 | 188.85 | 143.3 | 139.7 | 141.7 | 111.4 | 115 |

Table No. 3.21

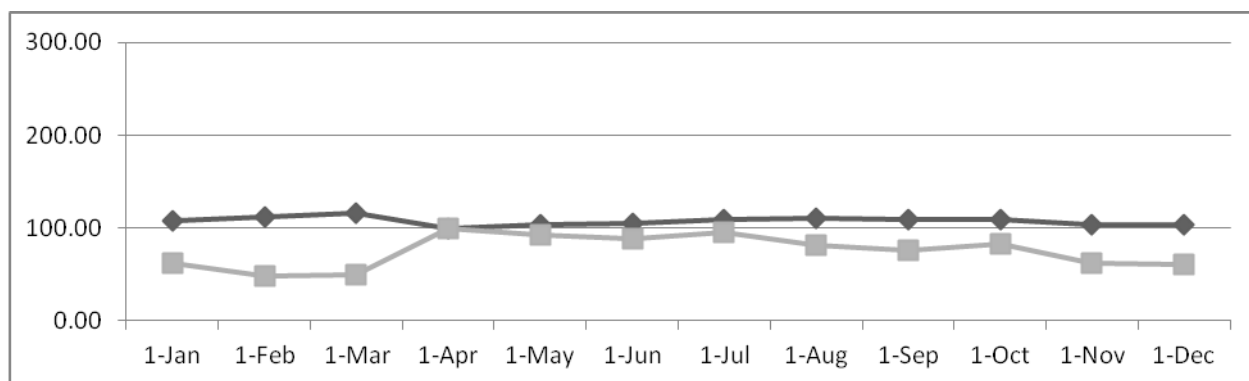


Base 100 = April 1, 2016

SENSEX Vs INTELLECT @ BSE

| MONTH | Apr 16 | May 16 | June 16 | July 16 | Aug 16 | Sep 16 | Oct 16 | Nov 16 | Dec 16 | Jan 17 | Feb 17 | Mar 17 |
|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| INTELLECT | 230.15 | 211.8 | 203.80 | 219.55 | 188.25 | 173.85 | 189.25 | 143.65 | 139.45 | 141.5 | 111.6 | 115 |
| SENSEX | 25606.62 | 26667.96 | 26999.72 | 28051.86 | 28452.17 | 27865.96 | 27930.21 | 26652.81 | 26626.46 | 27655.96 | 28743.32 | 29620.5 |

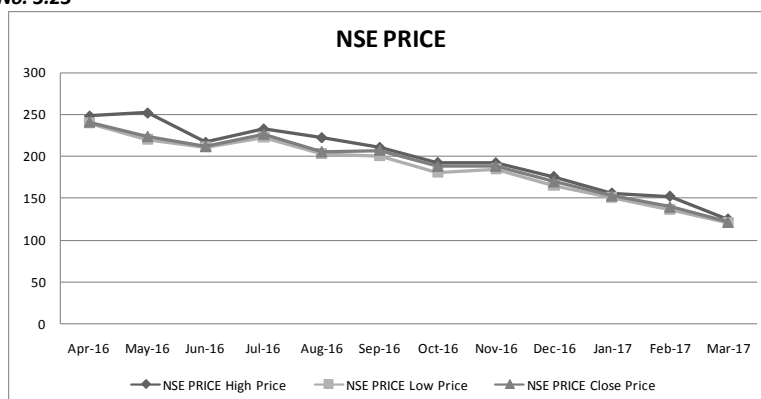
Table No. 3.22



Base 100 = April 1, 2015

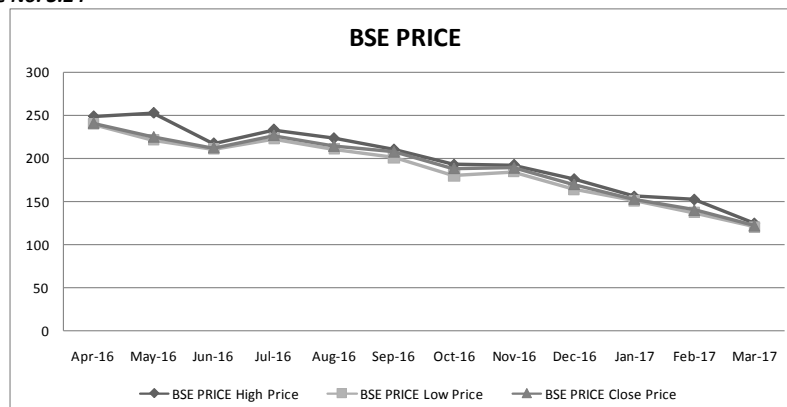
| Month 2016-17 | NSE PRICE | | | |
|----------------|------------|-----------|-------------|--------------------|
| | High Price | Low Price | Close Price | Volume |
| April 2016 | 248.30 | 239.45 | 241.05 | 5,50,319 |
| May 2016 | 252.00 | 220.15 | 223.75 | 57,07,185 |
| June 2016 | 216.80 | 210.45 | 211.95 | 4,18,221 |
| July 2016 | 232.80 | 222.30 | 226.55 | 13,98,836 |
| August 2016 | 222.40 | 203.45 | 205.6 | 16,23,865 |
| September 2016 | 210.70 | 200.05 | 207.55 | 12,66,015 |
| October 2016 | 192.60 | 180.50 | 188.4 | 11,20,223 |
| November 2016 | 192.30 | 184.45 | 188.45 | 3,81,257 |
| December 2016 | 175.75 | 165.00 | 169.80 | 18,34,704 |
| January 2017 | 155.85 | 150.35 | 153.1 | 8,43,191 |
| February 2017 | 152.20 | 136.5 | 139.75 | 18,34,629 |
| March 2017 | 124.80 | 120.80 | 121.65 | 16,91,312 |
| TOTAL | | | | 1,86,69,757 |

Table No. 3.23



| Month 2016-17 | BSE PRICE | | | |
|----------------|------------|-----------|-------------|------------------|
| | High Price | Low Price | Close Price | Volume |
| April 2016 | 248.15 | 239.70 | 240.65 | 1,27,424 |
| May 2016 | 252.10 | 221.80 | 224.55 | 15,11,106 |
| June 2016 | 217.10 | 210.85 | 212.2 | 1,12,415 |
| July 2016 | 233.00 | 222.60 | 226.5 | 3,36,960 |
| August 2016 | 223.00 | 210.90 | 213.95 | 3,29,131 |
| September 2016 | 210.00 | 200.95 | 207.25 | 4,35,230 |
| October 2016 | 192.50 | 180.00 | 188.20 | 2,76,732 |
| November 2016 | 192.40 | 184.50 | 188.65 | 1,71,314 |
| December 2016 | 175.90 | 163.90 | 169.70 | 6,65,797 |
| January 2017 | 155.90 | 150.50 | 152.70 | 1,89,652 |
| February 2017 | 152.40 | 137.00 | 139.75 | 4,55,996 |
| March 2017 | 124.95 | 120.55 | 121.75 | 4,38,614 |
| TOTAL | | | | 50,50,371 |

Table No. 3.24



15. Shareholding pattern of the Company as on March 31, 2017

Statement showing shareholding pattern of the Promoter and Promoter Group

| Category | Category & Name of the Shareholder | PAN | No of Shareholders | No of fully paid up equity shares held | No of Partly paid-up equity shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (IV+V+VI) | Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form |
|----------|---|------------|--------------------|--|---|---|-----------------------------------|---|--|---------|-------------|-------------------------|---|--|----------------------------|-----------------------------|--|-----------------------------|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| (1) | Indian | | | | | | | | | | | | | | | | | | |
| (a) | Individuals/Hindu undivided Family | | 2 | 55,98,365 | 0 | 0 | 55,98,365 | 5.50 | 55,98,365 | 0 | 55,98,365 | 5.50 | 0 | 5.50 | 0 | 0.00 | 0 | 0.00 | 55,98,365 |
| | ARUN JAIN (HUF) | AAGHA7341L | 1 | 7,89,000 | 0 | 0 | 7,89,000 | 0.78 | 7,89,000 | 0 | 7,89,000 | 0.78 | 0 | 0.78 | 0 | 0.00 | 0 | 0.00 | 7,89,000 |
| | ARUN JAIN | AAHPJ6020E | 1 | 48,09,365 | 0 | 0 | 48,09,365 | 4.73 | 48,09,365 | 0 | 48,09,365 | 4.73 | 0 | 4.73 | 0 | 0.00 | 0 | 0.00 | 48,09,365 |
| (b) | Central Government/State Government(s) | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (c) | Financial Institutions/Banks | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (d) | Any Other | | 1 | 2,42,91,508 | 0 | 0 | 2,42,91,508 | 23.88 | 2,42,91,508 | 0 | 2,42,91,508 | 23.88 | 0 | 23.88 | 0 | 0.00 | 0 | 0.00 | 2,42,91,508 |
| | POLARIS BANYAN HOLDING PRIVATE LIMITED | AAJCA4622N | 1 | 2,42,91,508 | 0 | 0 | 2,42,91,508 | 23.88 | 2,42,91,508 | 0 | 2,42,91,508 | 23.88 | 0 | 23.88 | 0 | 0.00 | 0 | 0.00 | 2,42,91,508 |
| | Sub-Total (A)(1) | | 3 | 2,98,89,873 | 0 | 0 | 2,98,89,873 | 29.38 | 2,98,89,873 | 0 | 2,98,89,873 | 29.38 | 0 | 29.38 | 0 | 0.00 | 0 | 0.00 | 2,98,89,873 |
| (2) | Foreign | | | | | | | | | | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/Foreign Individuals | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (b) | Government | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (c) | Institutions | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (d) | Foreign Portfolio Investor | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (e) | Any Other | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | Sub-Total (A)(2) | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | | 3 | 2,98,89,873 | 0 | 0 | 2,98,89,873 | 29.38 | 2,98,89,873 | 0 | 2,98,89,873 | 29.38 | 0 | 29.38 | 0 | 0.00 | 0 | 0.00 | 2,98,89,873 |

Table No. 3.25

List of persons holding more than 1% of the total number of shares

| Sl. No | Name | Shares | % Equity |
|--------|---|--------------------|--------------|
| 1. | POLARIS BANYAN HOLDING PRIVATE LIMITED | 2,42,91,508 | 23.88 |
| 2. | ARUN JAIN | 48,09,365 | 4.73 |
| 3. | GHI LTP LTD | 25,71,605 | 2.53 |
| 4. | RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGULAR SAVINGS FUND - EQUITY OPTION | 25,00,000 | 2.46 |
| 5. | RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND | 24,58,230 | 2.42 |
| 6. | YOGESH ANDLAY | 20,77,447 | 2.04 |
| 7. | ATYANT CAPITAL INDIA FUND I | 19,92,215 | 1.96 |
| 8. | PARAM CAPITAL RESEARCH PVT. LTD. | 15,00,000 | 1.47 |
| 9. | MANJU JAIN | 12,80,460 | 1.26 |
| 10. | VANDERBILT UNIVERSITY A/C VANDERBILT UNIVERSITY-ATYANT CAPITAL MANAGEMENT LIMITED | 12,52,842 | 1.23 |
| | Total | 4,47,33,675 | 43.97 |

Table No. 3.26

Shareholding of Directors / office bearers as on March 31, 2017

| Sl. No. | Name of the Director / Officer bearer | No. of shares | % of Share Capital |
|---------|---|---------------|--------------------|
| 1. | Arun Jain, Chairman & Managing Director | 48,09,365 | 4.73 |
| 2. | Anil Kumar Verma, Executive Director | 47,000 | 0.05 |
| 3. | Aruna Krishnamurthy Rao, Director | 6,860 | 0.01 |
| 4. | V.Balaraman, Director | - | - |
| 5. | Arun Shekhar Aran | 4,74,560 | 0.50 |
| 6. | V.V.Naresh, Company Secretary | 750 | 0.00 |
| 7. | S.Swaminathan, Chief Financial Officer | 59,500 | 0.06 |

Table No. 3.27

Distribution Schedule of Shareholding as on March 31, 2017

| Sl. No | Category | Total | | Physical | | Electronic | |
|--------|----------------|----------------------|---------------------|----------------------|-----------------|----------------------|---------------------|
| | | No. of Share Holders | Shares | No. of Share Holders | Shares | No. of Share Holders | Shares |
| 1 | upto 1- 5000 | 70384 | 2,17,73,167 | 1010 | 1,85,438 | 69374 | 2,15,87,729 |
| 2 | 5001 - 10000 | 621 | 46,43,663 | | | 621 | 46,43,663 |
| 3 | 10001 - 20000 | 301 | 42,90,502 | | | 301 | 42,90,502 |
| 4 | 20001 - 30000 | 100 | 25,00,297 | 1 | 20,100 | 99 | 24,80,197 |
| 5 | 30001 - 40000 | 60 | 21,11,928 | | | 60 | 21,11,928 |
| 6 | 40001 - 50000 | 39 | 18,18,122 | | | 39 | 18,18,122 |
| 7 | 50001 - 100000 | 58 | 40,04,744 | | | 58 | 40,04,744 |
| 8 | 100001 & Above | 55 | 6,05,91,449 | | | 55 | 6,05,91,449 |
| | Total: | 71618 | 10,17,33,872 | 1011 | 2,05,538 | 70607 | 10,15,28,334 |

Table No. 3.28

Comparative distribution schedule as on March 31, 2017

| Shares | Physical | | Demat | | Total | |
|---------------------|----------|------|--------------|-------|--------------|--------|
| | Nos. | % | Nos. | % | Nos. | % |
| 31.03.2017 | 2,05,538 | 0.20 | 10,15,28,334 | 99.80 | 10,17,33,872 | 100.00 |
| Shareholders | | | | | | |
| 31.03.2017 | 1,011 | 1.41 | 70,607 | 98.59 | 71,618 | 100.00 |

Table No. 3.29

16. Other Information to Shareholders**Share Transfer System**

The applications for transfers, transmission and transposition are received by the Company at its Registered Office address at Chennai or at M/s. Karvy Computershare Private Ltd., Hyderabad, Registrar and Share Transfer Agents (RTA) of the Company. As the Company's shares are currently traded in demat form, the transfers are processed and approved by NSDL/CDSL in the electronic form through its Depository Participants. The RTA on a regular basis processes the physical transfers and the share certificates are sent to the respective transferees.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity - Not applicable

Share Transaction Regulatory System in place for controlling insider trading policy on Insider Trading

A Policy on Insider Trading has been implemented pursuant to the guidelines issued by SEBI from time to time. This Policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all designated associates in whatever capacity they may be, including Directors.

Details of shares under Unclaimed suspense account as per Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the Demerger from Polaris Consulting & Services Limited ("Polaris"), all the shares held under Unclaimed Suspense Account in Polaris got transferred to Intellect.

As and when any shareholder approaches the Company or RTA to claim the shares held under Unclaimed Suspense Account, the Company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed Suspense Account to the Demat account of the Shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder. The voting rights shall remain frozen till the rightful owner of such shares claims the shares :-

| Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year | | Number of shareholders who approached listed entity for the transfer of shares from suspense account during the year | Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year | |
|--|--------|--|--|--------|
| Shareholders | Shares | | Shareholders | Shares |
| 539 | 90,300 | 0 | 539 | 90,300 |

Table No. 3.30**Locations**

Headquartered in Chennai; the other branch offices addresses / locations are furnished elsewhere in the Annual Report. Intellect also has 7 (Seven) subsidiaries in India namely

- (I) Intellect Commerce Limited (Formerly known as Polaris Enterprise Solutions Limited),
- (II) SEEC Technologies Asia Private Limited,
- (III) Laser Soft Infosystems Limited,
- (IV) Indigo Tx Software Private Limited,
- (V) SFL Properties Private Limited
- (VI) Intellect Payments Limited
- (VII) Intellect India Limited

Addresses for correspondence

The Company Secretary & Compliance Officer
 INTELLECT DESIGN ARENA LIMITED
 Regd. Office:
 244, Anna Salai, Chennai - 600 006
 Phone: 044-3987 4000
 Corporate Headquarters :-
 Plot No. 3/G-3, SIPCOT
 IT Park, Siruseri, Chennai - 600 130.
 Phone: 044-3341 8000
 E-mail: shareholder.query@intellectdesign.com
 company.secretary@intellectdesign.com
 naresh.vv@intellectdesign.com

Place: Chennai

For Intellect Design Arena Limited

Date: 06th July, 2017

Arun Jain
 Chairman & Managing Director

CEO & CFO UNDER REGULATION 17(8) OF LISTING REGULATIONS, 2015

To: The Board of Directors of Intellect Design Arena Limited, Chennai

We, Arun Jain, Chairman & Managing Director and S. Swaminathan, Chief Financial Officer of Intellect Design Arena Limited., ("Company") hereby certify that:-

- (a) We have reviewed financial statements and the Cash Flow Statement of the company for the financial year ended March 31, 2017 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai

Date: May 03rd, 2017

Arun Jain
Chairman & Managing Director

S. Swaminathan
Chief Financial Officer

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of Intellect Design Arena Limited

1. The Corporate Governance Report prepared by Intellect Design Arena Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2017 and verified that atleast one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held April 1, 2016 to March 31, 2017:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Annual General meeting;
 - (d) Nomination, remuneration and compensation committee;
 - (e) Stakeholders Relationship Committee;
 - v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
 - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.
8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 2 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R.Batliboi & Associates LLP

Firm registration No. 101049W/E300004

Chartered Accountants

per **Bharath N.S.**

Partner

Membership No. 210934

Place: Chennai

Date: July 6, 2017

To
The Members
Intellect Design Arena Limited
Chennai

Sub: Declaration by the CEO under Regulation 26(3) of Listing Regulations

I, Arun Jain, Chairman & Managing Director of Intellect Design Arena Limited to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2017.

Place: Chennai
Date: July 06th, 2017

Arun Jain
Chairman & Managing Director

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INTELLECT DESIGN ARENA LIMITED
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Intellect Design Arena Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Intellect Design Arena Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint Ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2017, their consolidated loss including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures— Refer Note 42 to the consolidated Ind AS financial statements;
 - ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2017.
 - iv. As per books of accounts of the Holding Company, subsidiaries, its associates and jointly controlled entities/joint ventures and joint operations incorporated in India, and as represented by the management of these entities, the Holding Company, the subsidiaries, its associates and jointly controlled entities did not have cash balance as on November 8, 2016 and December 30, 2016 and have no cash dealings during this period.

Other Matter

- a. We did not audit the financial statements and other financial information, in respect of 19 subsidiaries, whose Ind AS financial statements include total assets of Rs 40,105.86 Lakhs and net assets of Rs 4,866.30 Lakhs as at March 31, 2017, and total revenues of Rs 35,142.79 Lakhs and net cash outflows of Rs 348.14 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 656.22 Lakhs for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 03, 2017

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
Intellect Design Arena Limited**

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

In conjunction with our audit of the consolidated financial statements of Intellect Design Arena Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Intellect Design Arena Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 7 subsidiary companies, 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate incorporated in India.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: May 03, 2017

Consolidated Balance Sheet

In Rs. Lakhs

| Particulars | Note | As at March 31, | | As at April 01, |
|--|--------|--------------------|--------------------|------------------|
| | | 2017 | 2016 | 2015 |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 4 | 196,05.06 | 178,05.40 | 134,60.13 |
| Capital work-in-progress | 5 | 4,15.54 | 33,54.53 | 44,80.24 |
| Goodwill | 6 | 77,28.14 | 77,84.80 | 76,33.70 |
| Other intangible assets | 6 | 4,43.21 | 2,52.27 | 1,76.55 |
| Intangible assets under development | 6 | 134,13.36 | 31,98.31 | 9,28.83 |
| Investment in joint ventures and associates | 47, 48 | 38,26.65 | 31,70.44 | 13,73.75 |
| Financial assets | | | | |
| - Investments | 7a | 5,63.92 | 15,50.68 | 14,96.78 |
| - Derivative instruments | 7b | - | 2,89.30 | 10.87 |
| - Loans and deposits | 7c | 10,19.63 | 10,87.62 | 10,71.85 |
| - Non current bank balances | 7d | 9,73.92 | 20,18.40 | 17,08.61 |
| Income tax assets (net) | 9 | 63,09.47 | 48,30.27 | 35,82.90 |
| Deferred tax assets (net) | 10 | 11,26.69 | 12,38.47 | 7,10.79 |
| Other non-current assets | 8 | 50.21 | 66.12 | 2,63.90 |
| CURRENT ASSETS | | | | |
| Financial asset | | | | |
| - Investments | 11f | 21,63.54 | 30,07.20 | 152,91.30 |
| - Derivative instruments | 11a | 9,58.10 | 3,06.39 | 4,71.81 |
| - Loans and deposits | 11b | 4,20.66 | 7,18.73 | 5,15.99 |
| - Trade receivables | 11c | 204,84.13 | 151,07.92 | 160,20.53 |
| - Cash and Cash equivalents | 11d | 84,14.14 | 52,63.83 | 106,10.61 |
| - Bank balances other than cash and cash equivalents | 12 | 31,93.38 | 1,27.71 | - |
| - Other financial assets | 11e | 215,60.76 | 212,13.52 | 110,79.09 |
| Other current assets | 13 | 57,53.50 | 88,61.48 | 22,84.15 |
| TOTAL | | 1,184,24.01 | 1,012,53.39 | 931,72.38 |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 14 | 50,86.69 | 50,38.93 | 50,09.92 |
| Other Equity | 15 | 547,47.69 | 560,92.84 | 564,39.85 |
| Equity Attributable to equity shareholders of the parent | | 598,34.38 | 611,31.77 | 614,49.77 |
| Non-Controlling Interest | | - | - | 1.68 |
| Total Equity | | 598,34.38 | 611,31.77 | 614,51.45 |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Borrowings | 16 | 56,32.54 | - | - |
| Deferred Tax Liabilities (Net) | 17 | 6.30 | 8.00 | 10,82.92 |
| Long - term provisions- Provision for employee benefit | 18 | - | 3,23.78 | 1,18.60 |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities | 19 | | | |
| - Short term Borrowings | | 176,03.70 | 22,90.60 | 7,71.18 |
| - Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | | | |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 144,05.20 | 110,54.57 | 87,22.24 |
| - Other financial liabilities | | 58,82.94 | 85,62.36 | 53,89.94 |
| Other current liabilities | 20 | 121,18.75 | 159,27.31 | 140,29.41 |
| Short-term provisions- Provision for employee benefit | 21 | 29,40.20 | 19,55.00 | 16,06.64 |
| TOTAL | | 1,184,24.01 | 1,012,53.39 | 931,72.38 |

Table No. 4.1

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Consolidated Statement of Profit and Loss

In Rs. Lakhs

| Particulars | Note | For the year ended March 31, | |
|--|--------|------------------------------|-------------------|
| | | 2017 | 2016 |
| Revenue from operations | | 913,57.50 | 810,65.55 |
| Finance Income | 22 | 4,64.23 | 9,16.67 |
| Other Income | 23 | 37,27.65 | 16,58.65 |
| Total Income | | 955,49.38 | 836,40.87 |
| Expenses | | | |
| Employee Benefit Expenses | 24 | 717,84.30 | 642,54.26 |
| Depreciation and amortization expense | 26 | 24,13.99 | 20,64.98 |
| Finance Cost | 27 | 11,30.24 | 1,19.22 |
| Other Expenses | 25 | 228,32.02 | 205,36.48 |
| Total Expenses | | 981,60.55 | 869,74.94 |
| Profit/(Loss) before share of profit/(loss) of an associate and a joint venture and tax | | (26,11.17) | (33,34.07) |
| Share of profit/(loss) of an associate and a joint venture | 47, 48 | 6,56.22 | 82.76 |
| Profit/(loss) before tax | | (19,54.95) | (32,51.31) |
| Tax Expenses | | | |
| - Current tax | | 10,18.75 | 2,51.68 |
| - Adjustment of tax relating to earlier periods | | (6,57.02) | - |
| - Deferred tax | | (78.10) | (11,58.00) |
| Profit/(Loss) for the year | | (22,38.58) | (23,44.99) |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/ (losses) on defined benefit plans | | (1,94.16) | (75.47) |
| Income tax effect | | - | - |
| Items that will be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (13,99.70) | 13,12.23 |
| Income tax effect | | - | - |
| Net movement on cash flow hedges | | 12,23.97 | 1,13.00 |
| Income tax effect | | - | - |
| Other comprehensive income for the year, net of tax | | (3,69.89) | 13,49.76 |
| Total comprehensive income for the year, net of tax | | (26,08.47) | (9,95.23) |
| Profit / (Loss) for the year | | (22,38.58) | (23,44.99) |
| Attributable to: | | | |
| Equity shareholders of the parent | | (22,38.58) | (23,44.99) |
| Non - Controlling Interest | | - | - |
| Total Comprehensive Income for the year | | (26,08.47) | (9,95.23) |
| Attributable to: | | | |
| Equity shareholders of the parent | | (26,08.47) | (9,95.23) |
| Non - Controlling Interest | | - | - |
| Earnings per share | 29 | | |
| Basic | | (2.21) | (2.33) |
| Diluted | | (2.21) | (2.33) |

Table No. 4.2

Number of shares used in computing earnings per share

| | | |
|---------|-------------|-------------|
| Basic | 101,073,604 | 100,676,076 |
| Diluted | 101,073,604 | 105,439,363 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Consolidated Statement of Changes in Equity

a. Equity Share Capital:

(All amounts are in lakhs unless otherwise stated)

Equity shares of Rs 5 each issued, subscribed and fully paid

As at 1 April 2015

Issue of share capital

At 31 March 2016

Issue of share capital

At 31 March 2017

| No. of shares | in lakhs |
|--------------------|-----------------|
| 100,198,474 | 50,09.92 |
| 580,150 | 29.01 |
| 100,778,624 | 50,38.93 |
| 955,248 | 47.76 |
| 101,733,872 | 50,86.69 |

b. Other equity

For the year ended 31 March 2017

| Particulars | Reserves & Surplus | | | Items of OCI | | | Total Equity | Non Controlling Interest |
|--|--------------------|------------------------------|------------------|-------------------|-------------------------|--------------------------------------|------------------|--------------------------|
| | Securities premium | Share based payment reserves | General reserve | Retained earnings | Cash flow hedge reserve | Foreign Currency Translation Reserve | | |
| As at 1st April 2016 | 19,520.16 | 1,847.22 | 17,059.87 | 12,135.98 | 595.69 | 4,933.92 | 56,092.84 | - |
| Exercise of share options | 845.27 | - | - | - | - | - | 845.27 | - |
| Share-based payments | - | 418.05 | - | - | - | - | 418.05 | - |
| Profit for the year | - | - | - | (2,238.58) | - | - | (2,238.58) | - |
| Movement in Foreign Currency Translation Reserve through OCI | - | - | - | - | - | (1,399.70) | (1,399.70) | - |
| Remeasurement of the net defined benefit liability/asset, nt of tax effect | - | - | - | (194.16) | - | - | (194.16) | - |
| Movement in cash flow hedge | - | - | - | - | 1,223.97 | - | 1,223.97 | - |
| As at 31st March 2017 | 20,365.43 | 2,265.27 | 17,059.87 | 9,703.24 | 1,819.66 | 3,534.22 | 54,747.69 | - |

Table No. 4.3

For the year ended 31 March 2016

| Particulars | Reserves & Surplus | | | Items of OCI | | | Total Equity | Non Controlling Interest |
|--|--------------------|------------------------------|------------------|-------------------|-------------------------|--------------------------------------|------------------|--------------------------|
| | Securities premium | Share Based Payment Reserves | General Reserve | Retained earnings | Cash flow hedge reserve | Foreign Currency Translation Reserve | | |
| As at 1st April 2015 | 19,306.70 | 1,399.11 | 17,059.87 | 14,569.79 | 482.69 | 3,621.69 | 56,439.85 | 1.68 |
| Exercise of share options | 213.46 | - | - | - | - | - | 213.46 | - |
| Share-based payments | - | 448.11 | - | - | - | - | 448.11 | - |
| Profit for the year | - | - | - | (2,344.99) | - | - | (2,344.99) | - |
| Movement in FCTR through OCI | - | - | - | - | - | 1,312.23 | 1,312.23 | - |
| Reassessment of Intellect Polaris Design LLC as a Jointly Controlled Entity, taken to Reserves | - | - | - | (13.35) | - | - | (13.35) | - |
| Remeasurement of the net defined benefit liability/asset, net of tax effect | - | - | - | (75.47) | - | - | (75.47) | - |
| Adjustment to minority interest on 100% acquisition of subsidiary | - | - | - | - | - | - | - | (1.68) |
| Movement in cash flow hedge | - | - | - | - | 113.00 | - | 113.00 | - |
| As at 31st March 2016 | 19,520.16 | 1,847.22 | 17,059.87 | 12,135.98 | 595.69 | 4,933.92 | 56,092.84 | - |

Table No. 4.4

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

3

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Consolidated Statement Cash Flows

In Rs. Lakhs

| Particulars | For the year ended March 31, | |
|---|------------------------------|--------------------|
| | 2017 | 2016 |
| A. CASH FLOW USED IN OPERATING ACTIVITIES | | |
| Loss for year before tax and share of profit of Associate and Joint Venture | (19,54.95) | (32,51.31) |
| Exceptional items | - | - |
| Adjustments to reconcile loss for the year to net cash flows | | |
| Depreciation and amortisation | 24,13.99 | 20,64.98 |
| Employee Stock option cost | 4,18.05 | 4,48.11 |
| Dividend income | (1,23.91) | (3,97.48) |
| Provision for doubtful debts and advances | 6,11.77 | 10,80.02 |
| Unrealised foreign exchange loss (net) | (6,05.34) | (2,09.56) |
| Exchange differences on translation of foreign currency cash and cash equivalents | 1,83.59 | 8,99.57 |
| Profit on sale of non-current investments (net) | (77.94) | (1.85) |
| Profit on sale of Property, Plant and Equipment | (22,17.74) | (4,42.38) |
| Profit/Loss on sale of Investments | - | (6.23) |
| Bad debts / advances written off | 6,21.39 | 1,39.59 |
| Interest expense | 11,30.24 | 1,19.22 |
| Interest income | (3,40.32) | (5,19.19) |
| Operating Loss before working capital changes | 58.83 | (76.51) |
| Movement in working capital | | |
| Increase in trade receivable | (49,59.20) | (4,47.60) |
| Increase in loans and advances and other assets | 23,60.23 | (152,97.31) |
| Decrease in liabilities and provisions | (24,75.91) | 77,48.83 |
| Cash flow used in operations | (50,16.05) | (80,72.59) |
| Income taxes paid (net of refunds) | (14,79.20) | (19,88.64) |
| Net cash used in operating activities (A) | (64,95.25) | (100,61.23) |
| B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment including intangible assets, and capital advances | (119,93.46) | (88,85.82) |
| Proceeds from sale of Property, Plant and Equipment | 26,63.28 | 5,65.63 |
| Investment in Associates | - | (4,70.15) |
| Net decrease in non-trade investments | - | 123,29.83 |
| Net decrease in bank deposit | (20,21.20) | (13,46.91) |
| Interest received | 3,40.32 | 5,19.19 |
| Dividend received | 1,23.91 | 3,97.48 |
| Net cash from / (used in) investing activities (B) | (108,87.15) | 31,09.25 |
| C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES | | |
| Proceeds from share capital issued on exercise of stock options | 47.76 | 29.01 |
| Proceeds from share premium on exercise of stock options | 8,45.27 | 2,13.46 |
| Proceeds / (Repayment) of loans (net) | 148,34.26 | 15,19.43 |
| Interest paid | (11,30.24) | (1,19.21) |
| Amounts paid to erstwhile shareholders | - | - |
| Net cash generated from / (used in) financing activities (C) | 145,97.05 | 16,42.69 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (27,85.35) | (53,09.29) |
| Effect of exchange differences on Cash & Cash Equivalents held in foreign currency | 6,05.04 | (47.05) |
| Cash and Cash Equivalents at the beginning of the year | 44,83.09 | 98,39.43 |
| Cash and cash equivalents at the end of the year | 23,02.78 | 44,83.09 |
| Cash and cash equivalents As per Note 12 d (Disclosure) | 23,02.78 | 44,83.09 |

Table No. 4.5

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Notes to the Consolidated Financial Statements

(All amounts are in Rupees in lakhs unless otherwise stated)

1. Corporate Information

The consolidated financial statements comprise financial statements of Intellect Design Arena Limited ('Intellect' or 'the Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2017. The Company is a public limited company domiciled in India and was incorporated under the provisions of the Companies Act, 1956 in 2011. The shares of the Company have been listed on the National Stock Exchange and Bombay Stock Exchange with effect from December 18, 2014. The registered office of the Company is located at 244, Anna Salai, Chennai-006.

The Group has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 3, 2017.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These financial statements for the year ended 31st March 2017 are the first the Group has prepared in accordance with Ind AS. Refer to Note 48 for information on how the Group adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

3. Significant Accounting Policies

a) Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these consolidated financial statements have been disclosed in Note 30. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

b) Basis of consolidation

Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. For supporting such situations and also those situations the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, are eliminated in full). Accounting as per Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

c) Business combinations and goodwill

The Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for investments in associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present

obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable in all cases. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these

circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

e) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset has been classified as current when it satisfies any of the following criteria;

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability has been classified as current when it satisfies any of the following criteria;

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date; or
- The Group does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

f) Foreign currency translation

Cumulative currency translation differences for all foreign operations are reset to zero at the date of transition, viz., April 1, 2015.

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency exchange rates at the reporting date. Non-monetary assets and liabilities that are carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges, to the extent the hedges are effective, which are recognised in other comprehensive income (OCI).

Foreign operations:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its

highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the percentage of completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services include income under arrangements that involve significant customisation/implantation services are recognized as follows:

- License fees and fees for significant customization/implementation services are recognized using percentage of completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses in arrangements that do not include significant customization/implementation services are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

Dividend income

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

Profit on sale of mutual funds

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

i) Taxes on income*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that 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 utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of

Minimum alternate tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is recognised as "MAT Credit Entitlement" as deferred tax asset, and is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period

j) Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any cost attributable in bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced in derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful life. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

| Asset Category | Estimated useful life (in years) |
|--|---|
| Buildings | 30 years |
| Plant and machinery | 15 years |
| Computer equipment | 3 years |
| Servers and computer accessories | 6 years |
| Electrical fitting, furniture and fixtures | 10 years |
| Office equipment | 5 years |
| Leasehold improvements | Over the lease period or 10 years, whichever is lower |
| Leasehold land | Over the tenure of the lease (99 years) |

Categories of assets for which depreciation has been provided based on the estimated useful life of the Group based on management evaluation, etc. are:

| Asset Category | Estimated useful life (in years) |
|----------------|----------------------------------|
| Vehicles | 4 - 8 years |

Table No. 4.6

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

k) 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 intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The estimated useful life of Group's intangible assets is in the range of 3 to 5 Years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs:

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the

asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m) Leases

Group as a lessee

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance Lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill is tested annually for impairment by management.

o) Provisions and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting

is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

p) Retirement and other employee benefits

Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions.

Gratuity

The Group provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab Group Gratuity Trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.

Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

Superannuation

The Group contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Group recognizes contribution payable to the fund as expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions.

Compensated Absences

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

q. Share-based payments

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only

if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

The Group is allowed to avail Ind AS 101 exemption relating to Share based Payment of equity instruments that remain unvested as of transition date. The Group has elected to avail the Ind AS 101 exemption relating to share based payments and apply requirements of Ind AS 102 to all such options which vest after April 1, 2015. Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.

The excess Stock compensation expense measured using fair value over the cost recognised under IGAAP using intrinsic value has been adjusted in Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

r. Financial Instruments:

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

Financial assets

Initial recognition and measurement

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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign

exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any financial asset under this category

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent

period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Financial liabilities

Initial recognition and measurement

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 derivative financial instruments.

Subsequent measurement

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

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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 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.

De-recognition of financial liabilities

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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

s. Loans and Borrowings

This is the category most relevant to the group. 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 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. For more information Refer 19.

t. Derivative Instruments and Hedge Accounting:

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

The Group uses forward contracts and currency swaps (Derivative Contracts) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Group designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – “Financial Instruments” as ‘cash flow hedges’

The use of Derivative Contracts is governed by the Group’s policies on the use of such financial derivatives consistent with the Group’s risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

u. Cash and cash equivalents:

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of

outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

v. Earnings per share:

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

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

w. Transactions Costs Relating to Equity Transactions

The Group defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense.

x. Segment Reporting

The Executive Management Committee monitors the operating results of its business as a single primary segment “Software Product Licence and related services” for the purpose of making decisions about resource allocation and performance assessment.

The business of the Group falls under a single primary segment i.e. 'Software Product License & related services' for the purpose of Ind AS 108.

y. 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 consolidated 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 consolidated financial statements is being evaluated.

4. Plant property and equipment

In Rs. Lakhs

| Particulars | Land | Buildings | Plant and machinery | Electrical Equipments | Furniture and Fittings | Office equipments | Vehicles | Land (ASSETS UNDER LEASE)* | Leasehold improvement | Total |
|------------------------------|-----------------|------------------|---------------------|-----------------------|------------------------|-------------------|-----------------|----------------------------|-----------------------|------------------|
| Gross block | | | | | | | | | | |
| April 01, 2015 | 29,00.93 | 76,63.42 | 70,24.10 | 11,84.84 | 24,85.74 | 13,04.37 | 14,42.36 | 2,80.47 | 4,29.92 | 247,16.15 |
| Additions | 14.01 | 28,13.19 | 13,63.89 | 2,84.93 | 10,22.85 | 3,63.35 | 3,02.18 | - | - | 61,64.40 |
| Translation Difference | 1,08.04 | 44.49 | 45.64 | (0.01) | 7.87 | 10.61 | 1.83 | - | 26.23 | 2,44.70 |
| Deletions | - | 55.89 | 10.77 | 29.88 | 80.51 | 10.81 | 2,84.40 | - | 14.31 | 4,86.57 |
| April 01, 2016 | 30,22.98 | 104,65.21 | 84,22.86 | 14,39.88 | 34,35.95 | 16,67.52 | 14,61.97 | 2,80.47 | 4,41.84 | 306,38.68 |
| Additions | - | 22,45.29 | 10,18.19 | 1,83.35 | 4,81.14 | 3,31.50 | 64.01 | - | 2,23.38 | 45,46.86 |
| Translation Difference | (49.11) | (1,05.44) | (3.85) | (0.03) | 47.13 | (7.14) | (1.83) | - | (12.26) | (1,32.53) |
| Deletions | - | 2,96.55 | 5,41.47 | 34.53 | 1,17.53 | 57.62 | 4,13.24 | - | 6.85 | 14,67.79 |
| Mar 31, 2017 | 29,73.87 | 123,08.51 | 88,95.73 | 15,88.67 | 38,46.69 | 19,34.26 | 11,10.91 | 2,80.47 | 6,46.11 | 335,85.22 |
| Depreciation | | | | | | | | | | |
| April 01, 2015 | - | 18,45.13 | 55,19.36 | 5,29.18 | 12,67.42 | 8,58.55 | 7,89.71 | 27.85 | 4,18.82 | 112,56.02 |
| For the year (Refer Note 26) | - | 3,46.81 | 6,03.37 | 1,20.17 | 2,65.24 | 2,12.34 | 3,00.65 | 3.27 | 6.54 | 18,58.39 |
| Translation Difference | - | 9.72 | 30.87 | (0.00) | 6.99 | 8.43 | 1.09 | - | 25.09 | 82.19 |
| Deletions | - | 14.01 | 10.66 | 22.52 | 63.20 | 8.21 | 2,30.82 | - | 13.90 | 3,63.32 |
| April 01, 2016 | - | 21,87.65 | 61,42.94 | 6,26.83 | 14,76.45 | 10,71.11 | 8,60.63 | 31.12 | 4,36.55 | 128,33.28 |
| For the year (Refer Note 26) | - | 3,82.08 | 8,93.58 | 1,31.78 | 3,15.50 | 2,47.60 | 2,48.09 | 1.91 | 29.02 | 22,49.56 |
| Translation Difference | - | (7.08) | (51.36) | 0.19 | (4.72) | (3.61) | (0.89) | - | (12.96) | (80.43) |
| Deletions | - | 82.43 | 4,79.65 | 16.36 | 58.07 | 53.62 | 3,25.27 | - | 6.85 | 10,22.25 |
| Mar 31, 2017 | - | 24,80.22 | 65,05.51 | 7,42.44 | 17,29.16 | 12,61.48 | 7,82.56 | 33.03 | 4,45.76 | 139,80.16 |
| Net book value | | | | | | | | | | |
| March 31, 2017 | 29,73.87 | 98,28.29 | 23,90.22 | 8,46.23 | 21,17.53 | 6,72.78 | 3,28.35 | 2,47.44 | 2,00.35 | 196,05.06 |
| March 31, 2016 | 30,22.98 | 82,77.56 | 22,79.92 | 8,13.05 | 19,59.50 | 5,96.41 | 6,01.34 | 2,49.35 | 5.29 | 178,05.40 |
| March 31, 2015 | 29,00.93 | 58,18.29 | 15,04.74 | 6,55.66 | 12,18.32 | 4,45.82 | 6,52.65 | 2,52.62 | 11.10 | 134,60.13 |

Table No. 4.7

* represents 13.35 acres of land at Chennai taken on 99 years lease from SIPCOT under terms of MOU dated 3rd January, 2005 (modified on 10th March, 2015) with Government of Tamil Nadu. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Land and buildings with a carrying amount of Rs 2,678.16 lakhs (31 March 2016: Rs 2,792.82 lakhs, March 31, 2015: Rs 2,907.90 lakhs) are subject to a first charge to secure the Company's bank loans.

5. Capital Work-in-Progress

In Rs. Lakhs

| Particulars | Buildings | Plant & Machinery | Electrical fittings | Office Equipments | Furniture and fixtures | Vehicles | Total |
|---|-----------------|-------------------|---------------------|-------------------|------------------------|--------------|-----------------|
| Opening balance of CWIP as at April 01, 2015 | 29,92.26 | 1,99.54 | 3,74.77 | 2,73.07 | 6,40.60 | 0.00 | 44,80.24 |
| Additions to CWIP | 2,53.62 | 52.97 | 15.80 | 22.69 | 1.23 | 21.23 | 3,67.54 |
| Less | | | | | | | |
| Capitalisation of assets | (4,60.81) | (1,75.43) | (2,16.45) | (1,45.57) | (4,94.99) | - | (14,93.25) |
| Opening balance of CWIP as at April 01, 2016 | 27,85.07 | 77.08 | 1,74.12 | 1,50.19 | 1,46.84 | 21.23 | 33,54.53 |
| Add: | | | | | | | |
| Additions to CWIP | 4.49 | 16.18 | - | 6.99 | 26.13 | 0.11 | 53.90 |
| Less | | | | | | | |
| Capitalisation of assets | (25,12.45) | (74.64) | (87.73) | (1,49.89) | (1,46.84) | (21.34) | (29,92.89) |
| Closing balance of CWIP as at March 2017 | 2,77.11 | 18.62 | 86.39 | 7.29 | 26.13 | 0.00 | 415.54 |

Table No. 4.8

6. Goodwill and Other Intangible Asset

| Particulars | Computer software | Intellectual property rights | Total Intangible Assets | In Rs. Lakhs | |
|------------------------------|-------------------|------------------------------|-------------------------|-----------------|------------------------------------|
| | | | | Goodwill | Intangible asset under development |
| April 01, 2015 | 16,85.49 | 82,32.92 | 99,18.41 | 76,33.70 | 9,28.83 |
| Additions | 2,82.41 | - | 2,82.41 | - | 22,69.48 |
| Translation | 7.04 | 4,98.12 | 5,05.16 | 1,51.10 | - |
| Difference | | | | | |
| Deletions | - | - | - | - | - |
| Transfers | - | - | - | - | - |
| April 01, 2016 | 19,74.94 | 87,31.04 | 107,05.98 | 77,84.80 | 31,98.31 |
| Additions | 3,80.25 | - | 3,80.25 | - | 104,42.27 |
| Translation | (6.11) | 4,33.18 | 4,27.07 | (56.66) | - |
| Difference | | | | | |
| Deletions | - | - | - | - | - |
| Transfers | - | - | - | - | (2,27.22) |
| Mar 31, 2017 | 23,49.08 | 91,64.22 | 115,13.30 | 77,28.14 | 134,13.36 |
| Amortisation: | | | | | |
| April 01, 2015 | 15,08.94 | 82,32.92 | 97,41.86 | - | - |
| For the year (Refer Note 26) | 2,06.59 | - | 2,06.59 | - | - |
| Translation | 7.14 | 4,98.12 | 5,05.26 | - | - |
| Difference | | | | | |
| Deletions | - | - | - | - | - |
| April 01, 2016 | 17,22.67 | 87,31.04 | 104,53.71 | - | - |
| For the year (Refer Note 26) | 1,64.43 | - | 1,64.43 | - | - |
| Translation | 18.77 | 4,33.18 | 4,51.95 | - | - |
| Difference | | | | | |
| Deletions | - | - | - | - | - |
| Mar 31, 2017 | 19,05.87 | 91,64.22 | 110,70.09 | - | - |
| Net Book Value | | | | | |
| March 31, 2017 | 4,43.21 | 0.00 | 4,43.21 | 77,28.14 | 134,13.36 |
| March 31, 2016 | 2,52.27 | 0.00 | 2,52.27 | 77,84.80 | 31,98.31 |
| March 31, 2015 | 1,76.55 | 0.00 | 1,76.55 | 76,33.70 | 9,28.83 |

Table No. 4.9

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or group of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the individual subsidiary level.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, March 31, 2016 and March 31, 2015 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

| Particulars | As at March 31, | | April 01, |
|-----------------------|-----------------|-------|-----------|
| | 2017 | 2016 | 2015 |
| Long term growth rate | 8-10 | 8-10 | 8-10 |
| Operating margins | 10-15 | 10-15 | 10-15 |
| Discount rate | 10.4 | 10.2 | 10 |

Table No. 4.10

7. FINANCIAL ASSET

| Particulars | In Rs. Lakhs | | |
|--|----------------------|-----------------|-----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| NON-CURRENT ASSETS | | | |
| (a) Investments in Financial Instrument | | | |
| Investment in financial instrument, carried at fair value through Profit & Loss | | | |
| <i>Quoted equity shares</i> | | | |
| (a) Investment in equity shares of Andhra Bank | 0.21 | 0.21 | 0.21 |
| 237 shares (March 31, 2016 - 237 shares, April 01, 2015 - 237 shares) face value of Rs. 10 each | | | |
| <i>(b) Investment in equity shares of Catholic Syrian Bank</i> | 0.24 | 0.24 | 0.24 |
| 100 shares (March 31, 2016 - 100 shares, April 01, 2015 - 100 shares) face value of Rs 10 each | | | |
| <i>Quoted debt securities</i> | | | |
| (a) State Bank of India Bond | - | 10,47.12 | 10,47.12 |
| NIL units (March 31, 2016 - 10,000 units, April 01, 2015: 10,000 units) face value of INR 10,000 each | | | |
| Investment in financial instrument, carried at amortized cost | | | |
| <i>Unquoted debt securities</i> | | | |
| (a) Investment in Preference share of Adrenalin eSystems Private Limited (Refer Note 33) | 4,31.24 | 3,85.04 | 3,43.79 |
| 1,5200,000 7% redeemable preference shares convertible into 1:1 ratio Equity shares of Face value of Rs. 5) (March 31, 2016 - 15,200,000 shares, April 01, 2015 - 15,200,000 shares) | | | |
| (b) Investment in Preference share of NMS Works Solution Private Limited (Note 33) | 1,32.23 | 1,18.07 | 1,05.42 |
| 378,614 12% redeemable preference shares convertible into 1:1 ratio Equity shares of Face value of Rs. 5 each) (March 31, 2016 - 378,614 shares, April 01, 2015 - 378,614 shares) | | | |
| | 5,63.92 | 15,50.68 | 14,96.78 |
| Aggregate book value of Quoted Investments | 0.45 | 10,47.57 | 10,47.57 |
| Aggregate market value of Quoted Investments | 0.45 | 10,47.57 | 10,47.57 |
| Aggregate value of Unquoted Investments | 5,63.47 | 5,03.11 | 4,49.21 |
| Aggregate amount of impairment in value of Investment | - | - | - |
| (b) Derivative instruments, carried at fair value through OCI | | | |
| Cash flow hedges | | | |
| Forward cover receivable, Net (Refer Note 11(a)) | - | 2,89.30 | 10.87 |
| | - | 2,89.30 | 10.87 |
| (c) Loans and deposits, carried at amortized cost | | | |
| Unsecured considered good | | | |
| - Security Deposits (Refer Note 11(b)) | 7,59.12 | 8,32.34 | 8,24.49 |
| - Loans to employees | 2,60.51 | 2,55.28 | 2,47.36 |
| | 10,19.63 | 10,87.62 | 10,71.85 |
| (d) Non current bank balances, carried at amortized cost | | | |
| Deposits with Banks with more than 12 months maturity | 9,73.92 | 20,18.40 | 17,08.61 |
| | 9,73.92 | 20,18.40 | 17,08.61 |

Table No. 4.11

The balance on deposit accounts bears an interest rate of 7.49%, which has been pledged as a security by the group for availing non-fund based facilities.

8. OTHER NON-CURRENT ASSETS

| Particulars | In Rs. Lakhs | | |
|----------------------------------|-------------------------|--------------|-------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Unsecured, considered good | | | |
| Capital Advances | 21.42 | 58.16 | 255.07 |
| Loans to Employees Welfare Trust | 1.09 | - | - |
| Prepayments | 27.70 | 7.96 | 8.83 |
| | 50.21 | 66.12 | 263.90 |

Table No. 4.12

9. ADVANCE INCOME TAX

| Particulars | In Rs. Lakhs | | |
|---|-------------------------|-----------------|-------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Advance income tax (Net of provision for tax) | 63,09.47 | 48,30.27 | 35,82.90 |
| | 63,09.47 | 48,30.27 | 35,82.90 |

Table No. 4.13

10. DEFERRED TAX ASSETS (NET)

| Particulars | In Rs. Lakhs | | |
|---|-------------------------|-----------------|-------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Deferred Tax Liability | | | |
| Property, Plant and Equipment | (16,22.95) | (9,80.06) | (9,39.48) |
| Revaluation of cash flow hedge | (4,23.59) | (39.10) | (1,67.05) |
| Revaluation of FVTPL investments to fair value | (2.45) | (12.97) | - |
| Deferred Tax Asset | | | |
| Impact of disallowance under Section 36(1)(viii) of the Income Tax Act | 4,57.00 | 3,70.15 | 2,08.10 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 4,19.68 | 3,98.14 | 304.57 |
| Carry forward business loss and unabsorbed depreciation | 18,24.19 | 9,19.97 | 11,63.32 |
| MAT credit entitlement | 4,74.81 | 5,82.34 | 1,41.33 |
| | 11,26.69 | 12,38.47 | 7,10.79 |

Table No. 4.14

11. FINANCIAL ASSET

| Particulars | In Rs. Lakhs | | |
|---|-------------------------|----------------|-------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| CURRENT ASSETS | | | |
| (a) Derivative instruments carried at fair value through OCI | | | |
| Cash flow hedges | | | |
| Forward cover receivable, Net | 9,58.10 | 3,06.39 | 4,71.81 |
| | 9,58.10 | 3,06.39 | 4,71.81 |
| Financial liabilities at fair value through OCI | | | |
| Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars (USD). | | | |
| (b) Loans and deposits carried at amortized cost | | | |
| Unsecured, considered good | | | |
| - Security Deposits* | 52.71 | 39.81 | 1.75 |
| - Loans to employees | 3,67.95 | 6,78.92 | 5,14.24 |
| | 4,20.66 | 7,18.73 | 5,15.99 |

*Security deposits are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties, carrying an interest rate of 8.95%.

| | | | |
|--|------------------|------------------|------------------|
| (c) Trade receivables | | | |
| Receivable from Associates (Refer Note 33) | - | - | - |
| Receivable from other parties | 204,84.13 | 151,07.92 | 160,20.53 |
| | 204,84.13 | 151,07.92 | 160,20.53 |

Break-up for Security Details:

| | | | |
|--|-----------------|-----------------|-----------------|
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | | |
| - Unsecured considered good | 28,73.20 | 11,34.44 | 22,15.69 |
| - Doubtful | 28,84.45 | 27,08.35 | 16,27.10 |
| Less: Allowance for bad and doubtful debts | (28,84.45) | (27,08.35) | (16,27.10) |
| | 28,73.20 | 11,34.44 | 22,15.69 |

| | | | |
|-----------------------------|------------------|------------------|------------------|
| Other debts | | | |
| - Secured, considered good | | | |
| - Unsecured considered good | 176,10.93 | 139,73.48 | 138,04.84 |
| | 204,84.13 | 151,07.92 | 160,20.53 |

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing.

(d) Cash and cash equivalent carried at amortized cost

| | | | |
|---|-----------------|-----------------|------------------|
| - Balance with banks | | | |
| - On Current accounts | 80,73.57 | 43,97.72 | 64,10.65 |
| - Deposits with original maturity of less than three months | 3,40.57 | 8,66.11 | 41,99.96 |
| | 84,14.14 | 52,63.83 | 106,10.61 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| | | | |
|---|-----------------|-----------------|------------------|
| Balances with banks: | | | |
| - On current accounts | 80,73.57 | 43,97.72 | 64,10.65 |
| - Deposits with original maturity of less than three months | 3,40.57 | 8,66.11 | 41,99.96 |
| | 84,14.14 | 52,63.83 | 106,10.61 |
| Less - Bank overdraft (Refer Note 19 (a)) | (61,11.36) | (7,80.74) | (7,71.18) |
| | 23,02.78 | 44,83.09 | 98,39.43 |

(e) Other financial assets carried at amortized cost

| | | | |
|---------------------------------|------------------|------------------|------------------|
| Revenues accrued and not billed | 214,46.64 | 209,95.69 | 109,71.29 |
| Interest accrued on FD | 1,14.12 | 2,17.83 | 1,07.80 |
| | 215,60.76 | 212,13.52 | 110,79.09 |

Table No. 4.15

11. FINANCIAL ASSET**(f) Current investments**

In Rs. Lakhs

| Particulars | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|----------------|-----------------|----------------|-----------------|---------------|------------------|
| | Units | Amount | Units | Amount | Units | Amount |
| Trade Investments (Carried at fair value through profit or loss) | | | | | | |
| <u>Investment in Mutual Funds - (Unquoted)</u> | | | | | | |
| ICICI Pru Banking & PSU Debt -DD | 12,263,616 | 1,234.95 | 11,436,278 | 1,151.39 | 10,813,738 | 1,088.72 |
| ICICI Pru Ultra Short Term Reg-DD | 2,961,061 | 301.35 | - | - | - | - |
| ICICI Pru Liquid Plan Direct -DD | 1,862.70 | 1.86 | - | - | - | - |
| ICICI Pru FMP Series 72 366D Plan M Reg-G | - | - | 3,023,104 | 363.72 | 3,023,104 | 335.49 |
| ICICI Pru Liquid Plan Direct -G | - | - | 268,797 | 603.07 | - | - |
| ICICI Pru Flexible Income Direct -DD | - | - | 283,726 | 300.00 | - | - |
| Reliance Short-term-DM Reinvestment | 5,630,498 | 625.38 | 5,340,059 | 589.02 | 5,112,136 | 557.71 |
| ICICI Pru FMP Series 73 391D Plan G Direct-G | - | - | - | - | 5,000,000 | 550.35 |
| Religare Invesco FMP Series 23 Plan E (382D) Direct-G | - | - | - | - | 2,000,000 | 213.60 |
| Birla SL Dynamic Bond Ret-DM | - | - | - | - | 5,009,339 | 546.94 |
| Birla SL Short Term-DM | - | - | - | - | 8,047,962 | 951.74 |
| HDFC Short Term Opportunities-DF | - | - | - | - | 9,284,385 | 937.72 |
| IDFC SSI ST Plan B-DM | - | - | - | - | 6,243,633 | 639.54 |
| IDFC SSI ST Reg-DM | - | - | - | - | 4,490,312 | 457.77 |
| Kotak Bond Short-term Reg-DM | - | - | - | - | 3,403,504 | 345.83 |
| Kotak Flexi Debt Plan A-DD | - | - | - | - | 16,673,558 | 1,675.28 |
| DWS Ultra Short Term-DD | - | - | - | - | 9,443,578 | 946.05 |
| Franklin India Ultra Short Bond Super Inst-DD | - | - | - | - | 34,558,690 | 3,483.27 |
| HDFC Floating Rate Income LT-DW | - | - | - | - | 10,003,685 | 1,023.38 |
| IDFC Ultra Short Term-DD | - | - | - | - | 1,465,830 | 146.86 |
| Reliance Money Manager Direct -DD | - | - | - | - | 32,800 | 328.90 |
| Religare Invesco Ultra Short Term-DD | - | - | - | - | 60,299 | 604.03 |
| UTI Floating Rate ST Reg-DD | - | - | - | - | 42,604 | 458.12 |
| | | 2,163.54 | | 3,007.20 | | 15,291.30 |

| | | | |
|---|----------|----------|-----------|
| Aggregate book value of Unquoted Investments | 2,163.54 | 3,007.20 | 15,291.30 |
| Aggregate market value of Unquoted Investments | 2,163.54 | 3,007.20 | 15,291.30 |
| Aggregate amount of impairment in value of Investment | - | - | 6.23 |

Table No. 4.16

12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

In Rs. Lakhs

| Particulars | As at March 31, | | April 01, |
|--|-----------------|----------------|-----------|
| | 2017 | 2016 | 2015 |
| Deposits having a maturity period more than 3 months and less than 12 months | 31,93.38 | 1,27.71 | - |
| | 31,93.38 | 1,27.71 | - |

Table No. 4.17

The balance on deposit accounts bears an interest rate of 7.49%, which has been pledged as a security by the group for availing non-fund based facilities.

13. OTHER CURRENT ASSETS

In Rs. Lakhs

| Particulars | As at March 31, | | April 01, |
|--|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| Advances to related parties (Refer Note 33) | 8,49.09 | 65,88.89 | 7,64.91 |
| Prepayments and other recoveries (Refer Note XX) | 38,34.34 | 15,44.88 | 10,97.53 |
| Salary advance | 2,76.02 | 1,94.11 | 55.51 |
| Input tax credit receivable | 7,94.05 | 5,33.60 | 3,66.20 |
| | 57,53.50 | 88,61.48 | 22,84.15 |

Table No. 4.18

14. SHARE CAPITAL

In Rs. Lakhs

| Particulars | As at March 31, | | April 01, |
|--|-----------------------|----------|-----------------------|
| | 2017 | 2016 | 2015 |
| Authorised | | | |
| (a) 150,000,000 equity shares of Rs 5 each. (March 31, 2016: 110,000,000, April 01, 2015 : 110,000,000) equity shares of Rs 5 each | 75,00.00 | 55,00.00 | 55,00.00 |
| | 75,00.00 | 55,00.00 | 55,00.00 |
| (b) Issued, Subscribed and Paid up 10,17,33,872 equity shares of Rs 5 each (March 31, 2016: 100,778,624, April 01, 2015: 100,198,474) equity shares of Rs 5 each fully paid up | 50,86.69 | 50,38.93 | 50,09.92 |
| | 50,86.69 | 50,38.93 | 50,09.92 |
| Shares held by shareholders holding more than 5 percent shares in the Group. | | | |
| | March 31, 2017 | | March 31, 2016 |
| Polaris Banyan Holding Private Limited | 242,91,508 | 23.88% | 230,29,974 |
| Reliance Capital trustee Co. Ltd | 49,58,230 | 4.88% | 75,53,352 |
| | | | 22.85% |
| | | | 7.49% |

Table No. 4.19

Terms/rights attached to equity shares

The Group has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share. Equity shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Group in proportion to the number of and amounts paid on the shares held.

Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the Group, please refer note 31.

15. OTHER EQUITY

| Particulars | In Rs. Lakhs | | |
|---|----------------------|------------------|------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Securities Premium | 203,65.43 | 195,20.16 | 193,06.70 |
| General Reserve | 170,59.87 | 170,59.87 | 170,59.87 |
| Share Based Payments | 22,65.27 | 18,47.22 | 13,99.11 |
| Retained Earnings | 97,03.24 | 121,35.98 | 145,69.79 |
| Fair value through other comprehensive income Reserve | 53,53.88 | 55,29.61 | 41,04.38 |
| | 547,47.69 | 560,92.84 | 564,39.85 |

Table No. 4.20

16. FINANCIAL LIABILITIES

| Particulars | In Rs. Lakhs | | |
|--------------------------------|----------------------|----------|----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| NON-CURRENT LIABILITIES | | | |
| Secured | | | |
| Term Loan | 56,32.54 | - | - |
| | 56,32.54 | - | - |

Table No. 4.21

Term loan from banks (USD) has a moratorium of 12 months from the date of disbursement and repayable in 16 quarterly installments commencing from January 2018. The loan carries an effective interest of 5.73% per annum and secured by a charge on the Land and buildings of the Group.

17. DEFERRED TAX LIABILITIES (NET)

| Particulars | In Rs. Lakhs | | |
|--------------------|----------------------|-------------|-----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Deferred Tax Asset | - | - | - |
| Fixed assets | 6.30 | 8.00 | 10,82.92 |
| | 6.30 | 8.00 | 10,82.92 |

Table No. 4.22

18. NON CURRENT PROVISIONS

| Particulars | In Rs. Lakhs | | |
|--|----------------------|----------------|----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| (a) Provision for employee benefits | | | |
| - Provision for gratuity (Refer note 30) | - | 2,34.08 | 1,18.60 |
| - Provision for leave benefits | - | 89.70 | - |
| | - | 3,23.78 | 1,18.60 |

Table No. 4.23

19. FINANCIAL LIABILITIES

| Particulars | In Rs. Lakhs | | |
|--|----------------------|-----------------|----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| CURRENT LIABILITIES | | | |
| (a) Short term borrowings | | | |
| Secured, unless otherwise specified | | | |
| Loans repayable on demand | | | |
| - from Banks | 61,11.36 | 22,90.60 | 7,71.18 |
| - from other parties (Unsecured) (Refer Note 33) | 55,40.00 | - | - |
| Buyers credit availed | 59,52.34 | - | - |
| | 176,03.70 | 22,90.60 | 7,71.18 |

| Loan as on March 31, 2017 | Effective Interest Rate | Loan Currency | Repayable | Security |
|--|-------------------------|------------------|-----------------------------------|-------------------|
| Loans repayable on demand from Bank | | | | |
| Overdraft from bank | 8.4%-10.05% | INR | 30 days credit period | Building and land |
| Loans repayable on demand from other parties | | | | |
| Term Loan from other parties | 9.50% | INR | Repayable on Demand | Unsecured |
| Buyers credit availed | | | | |
| Export bills discounting (with recourse) | 9.75% | INR | 90 days to 180 days credit period | Building |
| Pre-shipment credit in foreign currency | 2.00% | USD | 60 days to 120 days credit period | Land |
| Particulars | As at March 31, 2017 | | 2016 | April 01, 2015 |
| (b) Trade payable | | | | |
| Trade payable | 144,05.20 | 110,54.57 | 87,22.24 | |
| | 144,05.20 | 110,54.57 | 87,22.24 | |
| (c) Other financial liabilities carried at amortized cost | | | | |
| Employee benefit payable | 57,77.76 | 76,17.64 | 52,91.47 | |
| Interest accrued but not due on borrowings | - | 5,25.10 | - | |
| Capital creditors | 1,03.40 | 4,17.84 | 96.69 | |
| Due to contractual obligation | 1.78 | 1.78 | 1.78 | |
| | 58,82.94 | 85,62.36 | 53,89.94 | |

Table No. 4.24

20. OTHER CURRENT LIABILITIES

| Particulars | In Rs. Lakhs | | |
|-------------------------------------|----------------------|------------------|------------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Customer and other advance received | 4.87 | 187.56 | 2,01.72 |
| Payable to related parties | - | 66,73.32 | 75,52.62 |
| Billings in excess of revenues | 95,51.38 | 71,80.01 | 49,76.64 |
| Statutory dues | 25,62.50 | 18,86.42 | 12,98.43 |
| | 121,18.75 | 159,27.31 | 140,29.41 |

Table No. 4.25

21. CURRENT PROVISIONS

| Particulars | In Rs. Lakhs | | |
|--|----------------------|-----------------|-----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| (a) Provision for employee benefits | | | |
| - Provision for gratuity (Refer note 31) | 8,49.34 | 4,99.42 | 4,61.14 |
| - Provision for leave benefits | 9,93.41 | 8,48.77 | 7,25.63 |
| - Provision for other employee benefit obligations | 3,79.66 | 4,07.20 | 1,71.68 |
| (b) Others Provisions | | | |
| - Provision for taxation (net of Advance Income tax) | 7,17.79 | 1,99.61 | 2,48.19 |
| | 29,40.20 | 19,55.00 | 16,06.64 |

Table No. 4.26

22. FINANCE INCOME

| Particulars | In Rs. Lakhs | |
|--|---------------------------|----------------|
| | Year ended March 31, 2017 | 2016 |
| (a) Interest Income | | |
| Interest from financial assets carried at amortised cost | 3,40.32 | 5,19.19 |
| (b) Dividend Income | | |
| Dividends received on investments in mutual funds | 1,23.91 | 3,97.48 |
| | 4,64.23 | 9,16.67 |

Table No. 4.27

23. OTHER INCOME (Recurring and related to business unless otherwise stated)

| Particulars | In Rs. Lakhs | |
|---|----------------------|-----------------|
| | Year ended March 31, | |
| | 2017 | 2016 |
| (a) Net gain from sale of investments | | - |
| Profit on sale of investments, carried at fair value through profit or loss | 77.94 | 1.85 |
| Provision for diminution in value of investments | | 6.23 |
| (b) Other non-operating Income | | - |
| Fair value gain on financial instruments at fair value through profit or loss | 7.08 | 37.65 |
| Net gain on disposal of property, plant and equipment (Non recurring and not related) | 22,17.74 | 4,42.38 |
| Net Gain on foreign currency transaction and translation | 9,72.69 | 5,87.46 |
| Miscellaneous Income, Net | 4,52.20 | 5,83.08 |
| | 37,27.65 | 16,58.65 |

Table No. 4.28

24. EMPLOYEE BENEFITS EXPENSES

| Particulars | In Rs. Lakhs | |
|--|----------------------|------------------|
| | Year ended March 31, | |
| | 2017 | 2016 |
| Salaries and incentive | 673,25.25 | 601,50.41 |
| Contribution to provident and other funds | 22,40.75 | 20,34.46 |
| Gratuity contribution scheme (Refer Note 31) | 4,05.94 | 1,70.12 |
| Expense on Employee Stock Option Scheme (ESOP) | 4,18.05 | 4,48.11 |
| Staff welfare expenses | 13,94.31 | 14,51.16 |
| | 717,84.30 | 642,54.26 |

Table No. 4.29

25. OTHER EXPENSES

| Particulars | In Rs. Lakhs | |
|--|----------------------|------------------|
| | Year ended March 31, | |
| | 2017 | 2016 |
| Payment to the auditors | | |
| - Statutory audit | 48.03 | 37.00 |
| - for reimbursement of expenses | 2.20 | 0.72 |
| Cost of software packages, consumable and maintenance | 16,92.04 | 17,73.78 |
| Travelling expenses | 63,66.71 | 52,28.31 |
| Local conveyance | 1,90.88 | 1,81.62 |
| Communication expenses | 12,65.74 | 7,99.50 |
| Professional and Legal charges | 28,22.85 | 23,07.00 |
| Recruitment Expenses | 5,23.63 | 8,19.93 |
| Power and fuel | 5,83.55 | 7,39.60 |
| Rent | 16,49.50 | 16,94.76 |
| Repairs - Plant and machinery | 2,11.30 | 5,00.68 |
| Repairs - Building | - | 0.56 |
| Repairs - Others | 4,38.28 | 5,78.31 |
| Business promotion | 24,80.43 | 18,76.58 |
| Office maintenance | 8,21.99 | 7,38.67 |
| Provision for doubtful debts | 6,11.77 | 10,80.03 |
| Bad debts / advances written off | 6,21.39 | 1,39.59 |
| Insurance | 1,62.18 | 1,14.49 |
| Printing and stationery | 2,20.02 | 2,24.75 |
| Rates and taxes excluding Taxes on Income | 4,67.03 | 4,40.67 |
| Donations | 1.50 | 0.65 |
| Exp towards Chennai Flood Relief | - | 46.01 |
| Directors' sitting fees | 27.70 | 24.90 |
| Bank charges & commission | 1,38.94 | 96.84 |
| Miscellaneous expenses | 7,05.26 | 6,93.81 |
| Net Loss on foreign currency transaction and translation | 7,79.10 | 3,97.72 |
| | 228,32.02 | 205,36.48 |

Table No. 4.30

26. DEPRECIATION AND AMORTISATION

| Particulars | In Rs. Lakhs | |
|-----------------------------------|----------------------|-----------------|
| | Year ended March 31, | |
| | 2017 | 2016 |
| Depreciation of Tangible Assets | 22,49.56 | 18,58.39 |
| Amortisation of Intangible Assets | 1,64.43 | 2,06.59 |
| | 24,13.99 | 20,64.98 |

Table No. 4.31

27. FINANCE COSTS

| Particulars | In Rs. Lakhs | |
|-----------------------|----------------------|----------------|
| | Year ended March 31, | |
| | 2017 | 2016 |
| (a) Interest Expenses | 11,30.24 | 1,19.22 |
| | 11,30.24 | 1,19.22 |

Table No. 4.32

28. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

| Particulars | In Rs. Lakhs | | | |
|--|-------------------|----------------------------------|---|------------|
| | Retained Earnings | Net movement on cash flow hedges | Foreign exchange translation difference | Total |
| | | | | |
| During the year ended 31 March 2017 | | | | |
| Re-measurement gains (losses) on defined benefit plans | (1,94.16) | | | (1,94.16) |
| Currency forward contracts | | 12,23.97 | | 12,23.97 |
| Foreign exchange translation differences | | | (1,399.70) | (13,99.70) |
| During the year ended 31 March 2016 | | | | |
| Re-measurement gains (losses) on defined benefit plans | (75.47) | | | (75.47) |
| Currency forward contracts | | 1,13.00 | | 1,13.00 |
| Foreign exchange translation differences | | | 13,12.23 | 13,12.23 |

Table No. 4.33

29. Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

| Particulars | In Rs. Lakhs | |
|-----------------------------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| | | |
| Profit after tax | (22,38.58) | (23,44.99) |
| Weighted average number of shares | | |
| - Basic | 1010,73,604 | 1006,76,076 |
| - Diluted | 1010,73,604 | 1006,76,076 |
| Earning per share of Rs.5 each | | |
| - Basic | (2.21) | (2.33) |
| - Diluted | (2.21) | (2.33) |

Table No. 4.34

The Basic and Diluted EPS are the same since the potential equity shares on Employee Stock Option are anti-dilutive.

30. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Share-based payments

The Group initially measures the cost of Equity-settled transactions with employees using a black schole model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Further details about gratuity obligations and sensitivity analysis are given in Note 31.

Fair value measurement of financial instruments

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

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to

be applied and the expected period of benefits. At 31 March 2017, the carrying amount of capitalised intangible asset under development was INR 227.22 lakhs (31 March 2016: INR Nil). Refer note 39 for details on the Intangible Assets Under Development.

31. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Intellect Design Group gratuity trust" has been constituted by Intellect Design Arena Limited to administer the gratuity fund.

In Rs. Lakhs

| Particulars | As at March 31, | |
|--|------------------|-----------------|
| | 2017 | 2016 |
| Obligations at the beginning of the year | 17,14.58 | 14,81.47 |
| Current service cost | 3,56.84 | 1,29.62 |
| Interest cost | 1,27.08 | 1,08.92 |
| Benefits paid | (1,18.91) | (1,21.65) |
| Actuarial (gains) / losses | 1,40.26 | 1,16.22 |
| Obligations at the end of the year | 22,19.85 | 17,14.58 |
| Change in plan assets | | |
| Plan assets at period beginning, at fair value | 9,81.08 | 9,01.73 |
| Expected Return on plan assets | 77.99 | 68.43 |
| Contributions | 4,84.28 | 91.82 |
| Actuarial gains / (losses) | (57.78) | 40.75 |
| Benefits paid | (1,15.06) | (1,21.65) |
| Plan assets at period end, at fair value | 13,70.51 | 9,81.08 |
| Actual Return on Plan Assets | 20.21 | 1,09.17 |
| Reconciliation of present value of the obligation and the fair value of plan assets | | |
| Fair value of plan assets at the end of the year | 13,70.51 | 9,81.08 |
| Present value of defined benefit obligations at the end of the year | 22,19.85 | 17,14.58 |
| Asset / (Liability) recognised in the balance sheet | (8,49.34) | (733.50) |
| a) Non-Current portion | - | (234.08) |
| b) Current portion | (8,49.34) | (499.42) |
| Amount recognised in the statement of Profit and Loss under employee benefit expense: | | |
| Service Cost | 3,56.84 | 129.62 |
| Net interest on the net defined liability/asset | 49.10 | 40.50 |
| | 4,05.94 | 170.12 |
| Amount recognised in the statement of Other Comprehensive Income | | |
| (Gain)/Loss from change in demographic assumptions | (22.56) | (16.45) |
| (Gain)/Loss from change in financial assumptions | 1,56.43 | 30.29 |
| Actuarial (Gain)/Loss due to Experience | 2.51 | 102.38 |
| (Return) / Loss on Plan Assets (greater) / less than discount rate | 57.78 | (40.75) |
| | 1,94.16 | 75.47 |
| Defined Benefit Obligation | 22,19.85 | 17,14.58 |
| Fair Value of Plan Assets | 13,70.51 | 9,81.08 |
| Surplus / (deficit) | (8,49.34) | (7,33.50) |
| Experience adjustments on plan liabilities | 1,40.26 | 1,16.22 |
| Experience adjustments on plan assets | (57.78) | 40.75 |
| Actuarial Assumptions | | |
| Discount rate | 6.68% | 7.71% |
| Expected return on plan assets | 6.68% | 7.71% |
| Salary growth rate | 6.75% | 5.75% |
| Attrition rate | 20.81% | 16.34% |

Table No. 4.35

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

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation
Estimated amount of contribution to the fund during the Year Ended March 31, 2018, as estimated by management is Rs. 414.34 lakhs (Previous year Rs. 298.62 lakhs)

Amounts recognised in current year and previous years

| Gratuity | In Rs. Lakhs | |
|--|-----------------|-----------|
| | As at March 31, | |
| | 2017 | 2016 |
| Defined benefit obligation | 22,19.85 | 17,14.58 |
| Plan asset | 13,70.51 | 9,81.08 |
| Surplus/(Deficit) | (8,49.34) | (7,33.50) |
| Experience Adjustment on Plan Liabilities | 1,40.26 | 1,16.22 |
| (Gain) / Loss | | |
| Experience Adjustment on Plan Assets Gain / (Loss) | (57.78) | 40.75 |

Table No. 4.36

| Gratuity | March 31, 2015 |
|---|----------------|
| Defined benefit obligation | 14,81.47 |
| Plan asset | 9,01.73 |
| Surplus/(Deficit) | (579.74) |
| Experience Adjustment on Plan Liabilities (Gain) / Loss | 3,63.62 |
| Experience Adjustment on Plan Assets Gain / (Loss) | (3.78) |

Estimated amount of contribution to the fund during the Year Ended March 31, 2018, as estimated by management is INR. 414.34 lakhs (Previous year INR. 298.62 lakhs)

Notes

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market

(b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

(c) The Composition of Plan assets which is funded with Life Insurance Corporation of India is as below:

| Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Assets under insurance schemes | 100% | 100% |

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March 2016 - 5 years)

A quantitative sensitive analysis of the assumption as at March 31, 2017

| Assumptions | Discount Rate | | Salary Escalation Rate | |
|----------------------------|---------------|----------|------------------------|----------|
| Sensitivity level | 1% | 1% | 1% | 1% |
| Activity | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation | 2,158.73 | 2,354.64 | 2,331.16 | 2,176.46 |

Table No. 4.37

| Assumptions | Attrition rate | | Mortality rate |
|----------------------------|----------------|----------|----------------|
| Sensitivity level | 1% | 1% | 10% |
| Activity | Increase | Decrease | Increase |
| Defined benefit obligation | 2,246.84 | 2,257.64 | 2,253.00 |

Table No. 4.38

A quantitative sensitive analysis of the assumption as at March 31, 2016

| Assumptions | Discount Rate | | Salary Escalation Rate | |
|----------------------------|---------------|----------|------------------------|----------|
| Sensitivity level | 1% | 1% | 1% | 1% |
| Activity | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation | 1,470.50 | 1,637.32 | 1,619.60 | 1,484.04 |

Table No. 4.39

| Assumptions | Attrition rate | | Mortality rate |
|----------------------------|----------------|----------|----------------|
| Sensitivity level | 1% | 1% | 10% |
| Activity | Increase | Decrease | Increase |
| Defined benefit obligation | 1,553.42 | 1,545.88 | 1,550.81 |

Table No. 4.40

32. Share based payments

The Scheme of Arrangement (Demerger) entered into by the Group with Polaris Consulting & Services Limited (Demerged Company) with effect from April 1, 2014 provided for the following in respect of Employee Stock Option Schemes;

(i) The Group has adopted three stock option plans (ASOP 2003, ASOP 2004 and ASOP 2011) from Polaris Consulting & Services Limited, as provided in the Scheme of Arrangement.

(ii) Every employee holding an option in the Demerged Company under the stock option plans of the Demerged Company, shall be issued one option in the stock option plans formed by the Resulting Group upon the Scheme coming into effect.

(iii) The exercise price of the options in the Resulting Group shall be adjusted to 28% of the exercise price of the options granted under the Schemes of the Demerged Company.

Apart from the schemes provided under the Demerger arrangement the Group has the following Employee stock option schemes

(i) The Group has formulated two stock option plans (Intellect Stock Option Plan 2015, Intellect Stock Option Plan 2016) of its own.

These plans provide for the granting of stock options to employees including directors of the Group (not being promoter directors and not holding more than 10% of the equity shares of the Group). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Group by providing employees the opportunity to acquire equity shares. The option plans are summarized below:

Associate Stock Option Plan 2003

The Plan is effective from October 9, 2014 and the Group has received in principle approval from the National Stock Exchange on February 16, 2015 and from the Bombay Stock Exchange on March 3, 2015. The 2003 Plan provides for issuance of 26,03,850 options, convertible to equivalent number of equity shares of INR 5 each, to the employees including directors of the Group. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Group are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2003 plan at March 31, 2017 is presented below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 2,38,100 | 53.95 |
| Granted During the period | - | |
| Exercised during the year | (69,098) | 43.89 |
| Forfeited during the year | (35,600) | 42.31 |
| Expired during the year | (600) | 35.98 |
| Outstanding at the end of the year | 1,32,802 | 49.39 |
| Exercisable at the end of the year | 1,32,802 | 48.60 |

Table No. 4.41

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 19.07-63.67 |
| Weighted average remaining contractual life (in years) | 2.06 |
| Weighted average fair value of options granted | |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 4.42

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 6,77,200 | 44.85 |
| Granted During the period | 1,500 | - |
| Exercised during the year | (2,56,500) | 58.62 |
| Forfeited during the year | (10,000) | - |
| Expired during the year | (1,74,100) | 41.43 |
| Outstanding at the end of the year | 2,38,100 | 53.95 |
| Exercisable at the end of the year | 2,22,100 | 47.40 |

Table No. 4.43

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 41.43 - 58.62 |
| Weighted average remaining contractual life (in years) | 2.94 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 4.44

The weighted average share price at the date of exercise of the options for the year ended March 31, 2017 and for the year ended March 31, 2016 was Rs. 43.89/- and Rs 58.62/- respectively.

Associate Stock Option Plan 2004

The Plan is effective from October 9, 2014 and the Group has received in principle approval from the National Stock Exchange and the Bombay Stock Exchange on February 16, 2015. The 2004 Plan provides for issuance of 8,24,645 options, convertible to equivalent number of equity shares of INR 5 each, to the employees, including directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Group are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2004 plan at March 31, 2017 is presented below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 86,800 | 50.44 |
| Granted during the year | - | - |
| Exercised during the year | (7,600) | 51.64 |
| Forfeited during the year | (15,000) | 52.07 |
| Expired during the year | - | - |
| Outstanding at the end of the year | 64,200 | 49.32 |
| Exercisable at the end of the year | 64,200 | 49.32 |

Table No. 4.45

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 48.38 - 54.47 |
| Weighted average remaining contractual life (in years) | 2.22 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 4.46

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 2,03,700 | 50.13 |
| Granted during the year | - | - |
| Exercised during the year | (50,100) | 48.68 |
| Forfeited during the year | (6,800) | - |
| Expired during the year | (60,000) | 52.07 |
| Outstanding at the end of the year | 86,800 | 51.60 |
| Exercisable at the end of the year | 83,000 | 50.44 |

Table No. 4.47

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 48.63 - 52.07 |
| Weighted average remaining contractual life (in years) | 3.15 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 4.48

Associate Stock Option Plan 2011

The Plan is effective from October 9, 2014 and the Group has received in principle approval from the National Stock Exchange on February 16, 2015 and the Bombay Stock Exchange on February 19, 2015. The 2011 Plan provides for issuance of 48,88,450 options, convertible to equivalent number of equity shares of INR 5 each, to the employees. The plan shall be administered under 4 different schemes based on the following terms:

| Particulars | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|-------------------------------------|---|---|--|-------------------------|
| Eligible employees | Senior and Key executives excluding non-executive directors | Members of Business leadership team or equivalent thereof excluding non-executive directors | Associates in the grade of Executive Vice president and above, excluding non-executive directors | Non-Executive directors |
| Maximum number of options grantable | 3,648,450 Less: Number of Option granted under Swarnam 21 | 17,36,000 | 1,240,000 Less: Number of Option granted under Swarnam 41 | 2,00,000 |

Table No. 4.49

| Grant price | | | | |
|---------------------------------------|---|---|---|--------------|
| Market price upto Rs. 49 | Market price | Market price | Market price | Market price |
| Market price between Rs. 49 - Rs. 140 | 15% discount on market price. (Subject to being Not lower than Rs 49) | 30% discount on market price. (Subject to being Not lower than Rs 49) | 50% discount on market price. (Subject to being Not lower than Rs 49) | Market price |
| Market price greater than Rs.140 | 10% discount on market price | 20% discount on market price | 50% discount on market price | Market price |

Table No. 4.50

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are

listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

| Vesting Schedule | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|----------------------|------------|------------|------------|------------|
| Service conditions | | | | |
| At the end of year 1 | 10% | 0% | 0% | 20% |
| At the end of year 2 | 15% | 0% | 0% | 20% |
| At the end of year 3 | 20% | 33% | 33% | 20% |
| At the end of year 4 | 25% | 33% | 33% | 20% |
| At the end of year 5 | 30% | 34% | 34% | 20% |

Table No. 4.51

Performance conditions

| | | | | |
|-----------------------------|---|--|----|----|
| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating | | | |
| Companies target EPS growth | Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth. | | NA | NA |

Table No. 4.52

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

A summary of the status of the options granted under 2011 plan at March 31, 2017 is presented below.

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 36,39,650 | 43.41 |
| Granted during the year | - | |
| Exercised during the year | (7,59,750) | 37.91 |
| Forfeited during the year | (17,800) | 46.02 |
| Expired during the year | (2,64,450) | 47.23 |
| Outstanding at the end of the year | 25,97,650 | 51.47 |
| Exercisable at the end of the year | 6,46,620 | 40.55 |

Table No. 4.53

| Particulars | March 31, 2017 |
|---|----------------|
| Range of exercise price (Rs.) | 31.70 - 73.35 |
| Weighted average remaining contractual life (in years) | 6.21 |
| Weighted average fair value of options granted | |
| Weighted average market price of shares on the date of exercise (Rs.) | |

Table No. 4.54

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 43,33,900 | 42.38 |
| Granted during the year | 3,000 | - |
| Exercised during the year | (3,23,650) | 38.11 |
| Forfeited during the year | (3,50,950) | 48.58 |
| Expired during the year | (22,650) | 35.64 |
| Outstanding at the end of the year | 36,39,650 | 43.41 |
| Exercisable at the end of the year | 3,98,800 | 38.59 |

Table No. 4.55

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 35.64-48.58 |
| Weighted average remaining contractual life (in years) | 6.91 |
| Weighted average fair value of options granted | - |

Table No. 4.56

Intellect Stock option Plan 2015

The Shareholders of the Group in the Extraordinary General Meeting held on January 29, 2015 approved the Intellect Stock Option Plan 2015. The 2015 plan provides for issuance of 60,00,000 options convertible into equivalent number of equity shares of INR 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. The plan shall be administered under 5 different schemes based on the following terms:

| Particulars | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|-------------------------------------|---|---|--|-------------------------|
| Eligible employees | Senior and Key executives excluding non-executive directors | Members of Business leadership team or equivalent thereof excluding non-executive directors | Associates in the grade of Executive Vice president and above, excluding non-executive directors | Non-Executive directors |
| Maximum number of options grantable | 3,720,000 Less: Number of Option granted under Swarnam 21 | 17,36,000 | 1,240,000 Less: Number of Option granted under Swarnam 41 | 2,00,000 |

Table No. 4.57

Grant price

| | Swarnam 101 | Swarnam 201 | Swarnam 301 | Swarnam 401 |
|---------------------------------------|--|--|--|--|
| Market price upto Rs. 49 | Market price | Market price | Market price | Market price |
| Market price between Rs. 49 - Rs. 140 | 15% discount on market price. (Subject to being Not lower than Rs 49) | 30% discount on market price. (Subject to being Not lower than Rs 49) | 50% discount on market price. (Subject to being Not lower than Rs 49) | 25% discount on market price. (Subject to being Not lower than Rs 49) |
| Market price greater than Rs.140 | 10% discount on market price | 20% discount on market price | 50% discount on market price | 25% discount on market price (Subject to being not lower than Rs. 49) |

Table No. 4.58

Grant price

| | Swarnam 501 |
|---------------------------------------|--|
| Market price upto Rs. 49 | Market price |
| Market price between Rs. 49 - Rs. 140 | Upto 50% discount on market price. (Subject to being Not lower than Rs 49) |
| Market price greater than Rs.140 | Upto 50% discount on market price. (Subject to being not lower than Rs. 49) |

Table No. 4.59

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Group are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is

highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model. The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

| Particulars | Swarnam 101 | Swarnam 201 | Swarnam 301 | Swarnam 401 |
|----------------------|-------------|-------------|-------------|-------------|
| Service conditions | | | | |
| At the end of year 1 | 10% | 0% | 0% | 0% |
| At the end of year 2 | 15% | 0% | 0% | 0% |
| At the end of year 3 | 20% | 33% | 33% | 33% |
| At the end of year 4 | 25% | 33% | 33% | 33% |
| At the end of year 5 | 30% | 34% | 34% | 34% |

Table No. 4.60

| Particulars | Swarnam 501 |
|----------------------|-------------|
| Service conditions | |
| At the end of year 1 | 0% |
| At the end of year 2 | 0% |
| At the end of year 3 | 33% |
| At the end of year 4 | 33% |
| At the end of year 5 | 34% |

Table No. 4.61

| Performance Conditions | | | |
|-----------------------------|--|----|----|
| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating. | | |
| Companies target EPS growth | Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth. | NA | NA |

Table No. 4.62

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

A summary of the status of the options granted under 2015 plan at March 31, 2017 is presented below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 48,62,400 | 1,42.45 |
| Granted during the year | 11,03,500 | 1,76.41 |
| Exercised during the year | (1,26,400) | 9,7.57 |
| Forfeited during the year | (51,850) | 1,21.03 |
| Expired during the year | (7,73,850) | 1,10.56 |
| Outstanding at the end of the year | 50,13,800 | 1,34.06 |
| Exercisable at the end of the year | 5,67,215 | - |

Table No. 4.63

| Particulars | March 31, 2017 |
|---|----------------|
| Range of exercise price | 95.33 - 102 |
| Weighted average remaining contractual life (in years) | 7.50 |
| Weighted average fair value of options granted | |
| Weighted average market price of shares on the date of exercise | |

Table No. 4.64

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 17,50,000 | 1,34.08 |
| Granted during the year | 33,18,400 | 1,94.89 |
| Exercised during the year | - | 97.75 |
| Forfeited during the year | (2,03,500) | 38.43 |
| Expired during the year | (2,500) | 97.75 |
| Outstanding at the end of the year | 48,62,400 | 1,42.45 |
| Exercisable at the end of the year | 18,200 | - |

Table No. 4.65

| Particulars | March 31, 2016 |
|--|----------------|
| Weighted average remaining contractual life (in years) | 8.03 |

Table No. 4.66

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

| Particulars | March 31, 2017 | | | |
|-------------------------|----------------|------------|------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
| Grant date | 27-Apr-15 | 28-Jun-15 | 31-Jul-15 | 28-Oct-15 |
| Risk-free interest rate | 7.81% | 7.88% | 7.84% | 7.61% |
| Expected life (Years) | 6 | 6 | 6 | 6 |
| Expected volatility | 20.00% | 20.00% | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% | 0.00% | 0.00% |

Table No. 4.67

| Particulars | March 31, 2017 | |
|-------------------------|----------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 11 |
| Grant date | 09-Feb-16 | 03-May-16 |
| Risk-free interest rate | 7.74% | 7.31% |
| Expected life (Years) | 6 | 6 |
| Expected volatility | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% |

Table No. 4.68

| Particulars | March 31, 2016 | | | |
|-------------------------|----------------|------------|------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
| Grant date | 27-Apr-15 | 28-Jun-15 | 31-Jul-15 | 28-Oct-15 |
| Risk-free interest rate | 7.81% | 7.88% | 7.84% | 7.61% |
| Expected life (Years) | 6 | 6 | 6 | 6 |
| Expected volatility | 20.00% | 20.00% | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% | 0.00% | 0.00% |

Table No. 4.69

| Particulars | March 31, 2016 |
|-------------------------|----------------|
| Scheme | ISOP 2015 |
| Grant ID | Swarnam 101 |
| Grant date | 09-Feb-16 |
| Risk-free interest rate | 7.74% |
| Expected life (Years) | 6 |
| Expected volatility | 20.00% |
| Expected dividend yield | 0.00% |

Table No. 4.70

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Intellect Stock option Plan 2016

The Shareholders of the Group in the Extraordinary General Meeting held on May 03, 2016 approved the Intellect Stock Option Plan 2015. The 2015 plan provides for issuance of 40,00,000 options convertible into equivalent number of equity shares of INR 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. A summary of the status of the options granted under 2016 plan at March 31, 2017 is presented as below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | - | |
| Granted During the period | 27,12,500 | 92.90 |
| Exercised during the year | - | |
| Forfeited during the year | - | |
| Expired during the year | 85,000 | 87.54 |
| Outstanding at the end of the year | 26,27,500 | 93.18 |
| Exercisable at the end of the year | - | |

Table No. 4.710

| Particulars | March 31, 2017 |
|---|----------------|
| Range of exercise price (Rs.) | 97.75 - 103.50 |
| Weighted average remaining contractual life (in years) | 3.72 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise (Rs.) | - |

Table No. 4.72**Service conditions**

| Particulars | Swarnam 501 | Swarnam 101 |
|----------------------|-------------|-------------|
| Service conditions | | |
| At the end of year 1 | 33% | 10.00% |
| At the end of year 2 | 33% | 15.00% |
| At the end of year 3 | 34% | 20.00% |
| At the end of year 4 | | 25.00% |
| At the end of year 5 | | 30.00% |

Table No. 4.73**Performance Conditions**

| | | | |
|-----------------------------|--|----|----|
| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating. | | |
| Companies target EPS growth | Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth | NA | NA |

Table No. 4.74**Black Scholes assumptions****ISOP 2016- Swarnam 101**

| Grant Date | 24-Mar-17 | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 | Vest 5 |
| | 24-Mar-18 | 24-Mar-19 | 24-Mar-20 | 24-Mar-21 | 24-Mar-22 |
| Variables | | | | | |
| Stock Price (Rs.) | 115.70 | 115.70 | 115.70 | 115.70 | 115.70 |
| Volatility | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| Riskfree Rate | 6.58% | 6.75% | 6.88% | 6.98% | 7.07% |
| Exercise Price (Rs.) | 103.50 | 103.50 | 103.50 | 103.50 | 103.50 |
| Time To Maturity (Years) | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 |
| Dividend yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Option Fair Value Vest wise (Rs.) | 37.04 | 42.71 | 48.00 | 52.91 | 57.48 |
| Vesting % | 10.00% | 15.00% | 20.00% | 25.00% | 30.00% |
| Option Fair Value (Rs.) | 50.18 | | | | |

Table No. 4.75**ISOP 2016 - SWARNAM 501**

| Grant Date | 24-Mar-17 | | |
|--|---------------|---------------|---------------|
| | Vest 1 | Vest 2 | Vest 3 |
| | 24-Mar-20 | 24-Mar-21 | 24-Mar-22 |
| Variables | | | |
| Stock Price (Rs.) | 115.70 | 115.70 | 115.70 |
| Volatility | 20.00% | 20.00% | 20.00% |
| Riskfree Rate | 6.88% | 6.98% | 7.07% |
| Exercise Price (Rs.) | 97.75 | 97.75 | 97.75 |
| Time To Maturity (Years) | 5.50 | 6.50 | 7.50 |
| Dividend yield | 0.00% | 0.00% | 0.00% |
| Option Fair Value Vest wise (Rs.) | 51.19 | 55.90 | 60.28 |
| Vesting % | 33.00% | 33.00% | 34.00% |
| Option Fair Value (Rs.) | 55.83 | | |

Table No. 4.76**33. Related party transactions****List of related parties****(a) Associates**

1. NMS Works Software Private Limited, India ('NMS')
2. Adrenalin eSystems Limited, India ('Adrenalin eSystems')

(b) Joint Venture

Intellect Polaris Design LLC, USA ('IPDLLC USA')

(c) Enterprises that directly or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others"

Polaris Banyan Holding Private Ltd, India ('Polaris Banyan')

(d) Enterprises that directly or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others" - Upto March 02, 2016

1. Polaris Consulting & Services Pte Ltd, Singapore ('PCSL Singapore')
2. Polaris Consulting & Services Inc, Canada ('PCSL Canada')
3. Polaris Consulting & Services Limited, United Kingdom ('PCSL UK')
4. Polaris Consulting & Services GmbH, Germany ('PCSL Germany')
5. Polaris Consulting & Services Pty Ltd, Australia ('PCSL Australia')
6. Polaris Consulting and Services Japan K.K, Japan ('PCSL Japan')
7. Polaris Consulting & Services Limited, India ('PCSL India')
8. Polaris Consulting & Services Ireland Ltd, Ireland, ('PCSL Ireland')
11. Polaris Consulting & Services B.V, Netherlands ('PCSL Netherlands')
12. Polaris Software (Shanghai) company Limited, China ('PSL China')
13. Polaris Consulting & Services KFT, Hungary ('PCSL Hungary')
14. Optimus Global Services Limited, India ('Optimus')
15. Polaris Consulting & Services Limited, FZ LLC ('PCSL Dubai')
16. Polaris Consulting & Services SA ('PCSL Switzerland')
17. Polaris Software Consulting & Services sdn.bhd., Malaysia ('PCSL Malaysia')

(e) Key managerial personnel

1. Mr. Arun Jain, Chairman and Managing Director
2. Mr. Anil Kumar Verma, Director
3. Mr. S Swaminathan, Chief Financial Officer
4. Mr. Naresh VV, Company Secretary
5. Mr. Arun Shekhar Aran, Audit Committee Chairman
6. Mr. Balaraman, Independent Director

In Rs. Lakhs

| Particulars | Others | | |
|---|------------------------------|------------------------------|-------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | April 01, 2015 |
| TRANSACTIONS DURING THE YEAR | | | |
| Advances given | | | |
| PCSL Germany | - | - | - |
| Software development service income | | | |
| PCSL India | - | 25,43.86 | - |
| PCSL China | - | 1,02.26 | - |
| PCSL Singapore | - | 2,70.00 | - |
| PCSL Canada | - | 1,76.50 | - |
| PCSL Netherlands | - | 4,30.71 | - |
| PCSL UK | - | 1,83.88 | - |
| PCSL Dubai | - | 6.34 | - |
| PCSL Switzerland | - | 2,06.40 | - |
| | - | 39,19.95 | - |
| Software development expenses | | | |
| PCSL Singapore | - | 9.95 | - |
| PCSL UK | - | 1.47 | - |
| | - | 11.42 | - |
| Interest on loans from related parties | | | |
| Polaris Banyan Holding Limited | 2,05.48 | - | - |
| | 2,05.48 | - | - |
| Reimbursement of expenses to the Group | | | |
| PCSL India | - | 8,58.66 | - |
| PCSL Australia | - | 1,68.87 | - |
| PCSL China | - | 1.87 | - |
| PCSL Japan | - | 7,61.94 | - |
| PCSL Malaysia | - | 7,31.53 | - |
| PCSL Singapore | - | 1,11.71 | - |
| PCSL Canada | - | 26,11.95 | - |
| | - | 52,46.53 | - |
| Reimbursement of expenses by the Group | | | |
| PCSL India | - | 15,77.02 | - |
| PCSL Australia | - | 48.14 | - |
| Polaris Japan | - | 9,03.40 | - |
| PCSL Malaysia | - | 1,73.74 | - |
| PCSL Singapore | - | 2,31.52 | - |
| PCSL Canada | - | 18,06.30 | - |
| Polaris Netherlands | - | 3.11 | - |
| PCSL UK | - | 47,81.88 | - |
| PCSL Dubai | - | 37,02.90 | - |
| PCSL Switzerland | - | 40.67 | - |
| | - | 132,68.68 | - |
| Rental Income | | | |
| PCSL India | - | 3,57.84 | - |
| | - | 3,57.84 | - |
| Rental Expense | | | |
| PCSL India | - | 1,88.64 | - |
| | - | 1,88.64 | - |
| BALANCE DUE FROM RELATED PARTIES | | | |
| Receivables & Loans and Advances | | | |
| PCSL India | - | 25.90 | - |
| PCSL Australia | - | 43.63 | 62.02 |
| PCSL Germany | - | 3,09.43 | 1.34 |
| PCSL Malaysia | - | 1.58 | - |
| PCSL Netherlands | - | 53.19 | - |
| PCSL Singapore | - | 1,55.24 | - |
| PCSL China | - | 29.65 | 119.84 |
| PCSL UK | - | 28.35 | - |
| PCSL Dubai | - | 6.36 | - |
| PCSL Japan | - | - | 0.52 |
| PCSL Hungary | - | - | 1,42.87 |
| PCSL Ireland | - | - | 1.32 |
| | - | 6,53.33 | 3,27.91 |

In Rs. Lakhs

| Particulars | Others | | |
|---|------------------------------|------------------------------|-------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | April 01, 2015 |
| Loan from Related Parties | | | |
| Polaris Banyan | 55,40.00 | - | - |
| | 55,40.00 | - | - |
| Payables & Current Liabilities | | | |
| PCSL Canada | - | 2,08.51 | 8,80.43 |
| PCSL India | - | 16,76.77 | 21,35.78 |
| PCSL UK | - | 1,11.97 | 13,31.52 |
| PCSL Australia | - | 24.86 | - |
| PCSL US | - | 0.86 | - |
| PCSL Japan | - | 39.88 | - |
| PCSL Singapore | - | - | 36,17.22 |
| PCSL Malaysia | - | - | 50.22 |
| | - | 20,62.85 | 80,15.17 |
| Associates & Joint venture | | | |
| Particulars | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-15 |
| | | | |
| Interest income from Investment in debt instrument of associates | | | |
| Adrenalin eSystems | 46.20 | 41.25 | 36.83 |
| NMS | 14.17 | 12.65 | 11.29 |
| | 60.37 | 53.90 | 48.12 |
| Reimbursement of expenses to the Group | | | |
| Adrenalin eSystems | - | - | - |
| Reimbursement of expenses by the Group | | | |
| Adrenalin eSystems | - | 2,10.22 | - |
| | - | 2,10.22 | - |
| BALANCE DUE FROM RELATED PARTIES | | | |
| Receivables & Loans and Advances | | | |
| Adrenalin eSystems | 12,80.34 | 63,20.60 | 7,79.56 |
| NMS | 1,32.23 | 1,18.07 | 1,05.42 |
| IPDLLC USA | - | - | 1.23 |
| | 14,12.57 | 64,38.67 | 8,86.21 |
| Investments | | | |
| Adrenalin eSystems | 18,77.31 | 10,52.19 | 7,60.00 |
| NMS | 6,24.14 | 10,01.43 | 8,16.25 |
| IPDLLC USA | 15,33.58 | - | 1,48.30 |
| Intellect Thailand | - | - | 28.46 |
| | 4,035.03 | 20,53.62 | 17,53.01 |

| Particulars | Key Management Personnel | | |
|--|------------------------------|------------------------------|-----------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-15 |
| Remuneration to Key Managerial Personnel* | | | |
| Remuneration & Other Benefits | 3,71.78 | 3,31.40 | 158.00 |
| Remuneration to Independent Directors | 20.80 | 17.20 | 5.78 |

Table No. 4.77

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, April 01, 2015: Nil). This assessment is undertaken each

financial year through examining the financial position of the related party and the market in which the related party operates.

Remuneration to Key Managerial Personnel

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

34. Capital commitments and contingent liabilities

(i) The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) as at March 31, 2017 is INR. 12.42 lakhs (March 31, 2016: Rs.567.45 lakhs, April 01, 2015 - Rs 647.77 lakhs).

(ii) **Claims against the Group, not acknowledged as debt includes:**

| Particulars | In Rs. Lakhs | | |
|---|----------------|-----------|---------|
| | As at Mach 31, | April 01, | |
| | 2017 | 2016 | 2015 |
| Demand from Indian income tax authorities | 6,21.07 | 7,24.91 | 8,90.09 |
| Sales Tax demand from Commercial Tax Officer, Chennai. (a deposit of Rs 7.90 lakhs is paid against the same) | 31.62 | 31.62 | 79.02 |
| Service tax demand from Commissioner of Central excise, Chennai | 28.42 | 28.42 | 28.42 |

Table No. 4.78

The Group is contesting the demands raised by the respective tax authorities, and the management, based on internal assessment and per its tax advisors, believe that its position will likely be upheld in the appellate process and ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

35. GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess purchase consideration paid over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indications for impairment. The management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2017.

Goodwill on consolidation as at March 31, 2017 stood at Rs. 7,728.14 lakhs (March 31, 2016 Rs.7,784.80 lakhs, March 31, 2015 Rs.7,633.70 lakhs). Significant acquisitions over the years which resulted in goodwill were Laser Soft Infosystems Ltd, SFL Properties private Limited, Indigo TX Software Private Ltd and Intellect, USA and the details of the same are given below:

a. The group acquired 51% equity share stake in Indigo TX Software Private Limited('Indigo TX'), a SAAS Software developer for Rs. 800.75 lakhs on May 10, 2010. The balance 49% equity stake in Indigo TX Software Private Limited was acquired on November 22, 2011 for a consideration of Rs. 902.22 lakhs. Consequently, Indigo TX became a 100% subsidiary of the Group. The excess purchase consideration paid over the net asset taken over to the extent of Rs.1,186.66 lakhs is recognized as goodwill.

b. Lasersoft Infosystems Limited ('Lasersoft'), a leading banking software services company specializing in serving the unique needs of India & emerging markets, is a wholly owned subsidiary of the Group with effect from November 16, 2009. The total consideration for the acquisition was Rs. 5,201.05 lakhs. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 3,069.83 lakhs is recognised as goodwill.

c. The group acquired the entire interest of SFL Properties private Limited ('SFL Properties'), an Indian company engaged in the business of Real estate promotion and construction, on December 1, 2010. The total consideration for acquisition was Rs. 981.12 lakhs. The excess of purchase consideration paid over the net assets of SFL properties to the extent of Rs 865.56 lakhs is recognized as goodwill.

d. The group acquired the entire interest in Intellect, USA., a US based Insurance technology provider with effect from October 01, 2008. The excess of purchase consideration paid over the net assets of Intellect, USA. to the extent of Rs. 2,606.09 lakhs (March 31, 2016 Rs. 2,662.75 lakhs) (March 31, 2015 Rs. 2511.65 lakhs) is recognised as goodwill.

36. Investments - Fair value

| Particulars | Carrying value | | | Fair value | | |
|--|----------------|-----------|-----------|------------|-----------|-----------|
| | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
| | | | | | | |
| Financial assets | | | | | | |
| Investments in Mutual Funds | 2,156.46 | 2,939.77 | 15,142.41 | 2,163.54 | 3,007.01 | 15,291.30 |
| Derivative Financial Instruments - Forward Contracts | 958.10 | 595.69 | 482.69 | 958.10 | 595.69 | 482.68 |

Table No. 4.79

37. Fair value hierarchy

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017, March 31, 2015 and April 01, 2015:

| Particulars | Date of valuation | Fair value measurement using | | |
|--|-------------------|------------------------------|-----------|---------|
| | | Level 1 | Level 2 | Level 3 |
| | | | | |
| Assets measured at fair value: | | | | |
| Mutual funds (unquoted) | March 31, 2017 | - | 2,163.54 | - |
| | March 31, 2016 | - | 3,007.01 | - |
| | April 01, 2015 | - | 15,291.30 | - |
| Derivative financial instruments - Forward Contracts | March 31, 2017 | - | 958.10 | - |
| | March 31, 2016 | - | 595.69 | - |
| | April 01, 2015 | - | 482.69 | - |

Table No. 4.80

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

38. Hedging of foreign currency exposures

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Group does not use forward contracts for speculative purposes. The following are the outstanding Forward Exchange Contracts entered into by the Group as at year / period ends including forward cover taken for forecasted revenue receivable transactions:

| Particulars (USD and INR) (Rs.in lakhs) | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|----------------|----------------|----------------|
| Number of contracts | 6.00 | 40.00 | 40.00 |
| US \$ Equivalent | 140.00 | 560.00 | 400.00 |
| INR Equivalent | 10,166.50 | 40,054.70 | 27,314.00 |

Table No. 4.81

39. Research and Development Expenditure

The Group continues its significant investments in R&D efforts towards research, technology, engineering and new product development. The Group follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 Intangible asset and has accordingly recognised such cost as Internally generated Intangible asset under Intangible Under development and Intangible asset (Note 7). During the current year ended March 31, 2017

the Group has incurred a revenue expenditure of Rs. 4,777 Lakhs (FY March 31, 2016 Rs. 8,525.86).

We hereby furnishing the details of expenses under the respective Head of accounts which are recognised as Capital Work in Progress.

| In Rs. Lakhs | | |
|---------------------------|------------------|-----------------|
| Particulars | March 31, 2017 | March 31, 2016 |
| Salaries, wages and bonus | 78,07.19 | 15,73.61 |
| Cost of license | 5,80.41 | 11.68 |
| Other Direct overheads | 17,58.19 | 7,03.46 |
| Total | 101,45.79 | 22,88.75 |

Table No. 4.82

40. Lease payments

The Group has certain offices and other premises under operating leases, which expires at various dates in future years. The minimum lease rental payments to be made in respect of these non cancellable lease are as follows

| In Rs. Lakhs | | |
|--|-----------------|-----------------|
| Particulars | March 31, 2017 | March 31, 2016 |
| Lease payments for the year | 15,80.24 | 15,23.54 |
| Minimum lease payments | | |
| Not later than one year | 8,79.86 | 9,42.28 |
| Later than one year but not later than 5 years | 8,56.03 | 2,90.10 |
| Later than 5 years | 4,10.04 | - |
| | 21,45.93 | 12,32.38 |

Table No. 4.83

41. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of short tenured borrowings, trade and other payables and financial guarantee contracts. Most of these liabilities relate to financing Group's working capital cycle. The Group has trade and other receivables, loans and advances that arise directly from its operations. The Group also enters into hedging transactions to cover foreign exchange exposure risk.

The Group is accordingly exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors, Risk Committee and the Audit Committee. This process provides assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Risk Committee and the Audit Committee review and agree policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPL investments and derivative financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period

of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax profit is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

| Currency | Activity | Effect on pre tax income | | Effect on pre tax income | |
|----------|----------|--------------------------|--------------|--------------------------|--------------|
| | | Amount in | March 31, | Amount in | March 31, |
| | | FC | 2017 | FC | 2016 |
| | | In lakhs | Rs. In lakhs | In lakhs | Rs. In lakhs |
| AED | 5% | 21.32 | 18.82 | 11.12 | 10.03 |
| | -5% | | (18.82) | | (10.03) |
| AUD | 5% | 2.34 | 5.81 | 2.80 | 7.14 |
| | -5% | | (5.81) | | (7.14) |
| CAD | 5% | 9.68 | 23.52 | 3.28 | 8.41 |
| | -5% | | (23.52) | | (8.41) |
| CHF | 5% | 5.25 | 17.02 | 2.26 | 7.79 |
| | -5% | | (17.02) | | (7.79) |
| CLP | 5% | 3,823.70 | 19.12 | 3,849.42 | 19.12 |
| | -5% | | (19.12) | | (19.12) |
| CNY | 5% | 3.24 | 1.53 | 3.13 | 1.61 |
| | -5% | | (1.53) | | (1.61) |
| EUR | 5% | 34.64 | 120.01 | 20.83 | 78.54 |
| | -5% | | (120.01) | | (78.54) |
| GBP | 5% | 2.68 | 10.86 | 20.68 | 98.70 |
| | -5% | | (10.86) | | (98.70) |
| MYR | 5% | 2.06 | 1.51 | 1.78 | 1.51 |
| | -5% | | (1.51) | | (1.51) |
| PHP | 5% | 198.80 | 12.82 | 159.04 | 11.47 |
| | -5% | | (12.82) | | (11.47) |
| SGD | 5% | 11.01 | 25.54 | 7.22 | 17.79 |
| | -5% | | (25.54) | | (17.79) |
| THB | 5% | 21.13 | 1.99 | 16.75 | 1.57 |
| | -5% | | (1.99) | | (1.57) |
| USD | 5% | 0.75 | 2.42 | 200.30 | 663.58 |
| | -5% | | (2.42) | | (663.58) |
| VND | 5% | 8,25,785.13 | 119.74 | 1,82,515.27 | 27.58 |
| | -5% | | (119.74) | | (27.58) |
| JPY | 5% | - | - | 8.00 | 0.24 |
| | -5% | | - | | (0.24) |

Table No. 4.84

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A. Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11c. The Group does not hold collateral as

security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers (which are in the nature of reputed banking and financial institutions) are located in several jurisdictions and industries and operate in largely independent markets.

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2017 and 2016 is the carrying amount as illustrated in Notes 7, 11 and 12.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.

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

| In Rs. Lakhs | | | |
|--------------------------------|----------------------|------------------|------------------|
| Particulars | As at March 31, 2017 | | |
| | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 176,03.70 | 56,32.54 | 232,36.24 |
| Trade Payables | 144,05.20 | - | 144,05.20 |
| Provision for employee benefit | 29,40.20 | - | 29,40.20 |
| Other liabilities | 121,18.75 | - | 121,18.75 |
| Other financial liabilities | 58,82.94 | - | 58,82.94 |
| Total | 529,50.79 | 56,32.54 | 585,83.33 |

Table No. 4.85

| In Rs. Lakhs | | | |
|--------------------------------|----------------------|------------------|------------------|
| Particulars | As at March 31, 2016 | | |
| | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 22,90.60 | - | 22,90.60 |
| Trade Payables | 110,54.57 | - | 110,54.57 |
| Provision for employee benefit | 19,55.00 | 3,23.78 | 22,78.78 |
| Other liabilities | 159,27.31 | - | 159,27.31 |
| Other financial liabilities | 85,62.36 | - | 85,62.36 |
| Total | 397,89.84 | 3,23.78 | 401,13.62 |

Table No. 4.86

| In Rs. Lakhs | | | |
|--------------------------------|---------------------|------------------|------------------|
| Particulars | As at April 1, 2015 | | |
| | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 771.18 | - | 771.18 |
| Trade Payables | 8,722.24 | - | 8,722.24 |
| Provision for employee benefit | 1,606.64 | 118.60 | 1,725.23 |
| Other liabilities | 14,029.41 | - | 14,029.41 |
| Other financial liabilities | 5,389.94 | - | 5,389.94 |
| Total | 30,519.41 | 118.60 | 30,638.01 |

Table No. 4.87

42. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value. The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short-term borrowings.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

| In Rs. Lakhs | | | |
|---|------------------|-------------------|-------------------|
| | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
| Borrowings other than convertible preference shares | 232,36.24 | 22,90.60 | 7,71.18 |
| Other payables | - | - | - |
| Less: cash and cash equivalents | (116,07.52) | (53,91.53) | (106,10.61) |
| Net debt | 116,28.72 | (31,00.93) | (98,39.43) |
| Equity | 50,86.69 | 50,38.93 | 50,09.92 |
| Total capital | | | |
| Capital and net debt | 167,15.41 | 19,38.00 | (48,29.51) |
| Gearing ratio | 70% | -160% | 204% |

Table No. 4.88

43. Details of Specified Bank Notes (SBN)

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as below:

| Particulars | SBNs | Other denominations on notes | Total |
|---|------|------------------------------|-------|
| Closing cash in hand as on 08th November 2016 | - | - | - |
| Add: Permitted receipts | - | - | - |
| Less: Permitted Payments | - | - | - |
| Less: Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30th December 2016 | - | - | - |

Table No. 4.89

The Group has an imprest system with regard to cash and does not have any SBNs to be disclosed under this note.

44. Rights Issue

The Board of Directors of the Group approved filing of a Draft Letter of Offer in connection with a proposed offering of equity shares of the Group of face value of Rs 5/- for an aggregate amount of Rs 20,000 Lakhs. The DLOF was filed with Securities Exchange Board of India (SEBI) / Stock exchanges on January 27, 2017 and has been approved by SEBI on April 13, 2017 and the LOF will be filed during the year 2017-18. The group has incurred an expenditure of Rs.102 Lakhs towards the Rights Issue transaction which has been classified as "other current assets" in the financial statements (Refer note 14 of Annexure VI). Such costs would be accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction.

45. Additional Disclosure requirement under Section 129 of the Companies Act, 2013

| Name of the entity | Net Assets | | Share in Profit or Loss | |
|---|--------------------------------------|-----------------------|--|-----------------------|
| | As a% of the Consolidated net assets | Amount (Rs. in Lakhs) | As a% of the Consolidated profit or loss | Amount (Rs. in Lakhs) |
| Parent | | | | |
| Intellect Design Arena Limited | 75% | 521,51.61 | 194% | (56,14.90) |
| Subsidiaries | | | | |
| Indian | | | | |
| Intellect Commerce Limited | 1% | 3,95.07 | -2% | 60.55 |
| Laser Soft Infosystems Limited | 4% | 26,46.75 | -4% | 1,27.87 |
| SFL Properties Private Limited | 1% | 6,45.91 | 0% | (4.85) |
| Indigo TX Software Private Ltd | 0% | 1,35.27 | 4% | (1,22.50) |
| Intellect Payments limited | 0% | 2,55.00 | 0% | (0.00) |
| Intellect India Limited | 0% | 5.16 | 0% | 0.16 |
| Foreign | | | | |
| Intellect Design Arena Limited., United Kingdom | 12% | 83,37.60 | -173% | 49,95.85 |
| Intellect Design Arena SA, Switzerland | 5% | 36,36.88 | -10% | 2,91.66 |
| Intellect Design Arena Pte Ltd., Singapore | 5% | 35,22.56 | 22% | (6,31.15) |
| Intellect Software Lab Chile Limitada , Chile | 0% | (1,75.30) | 11% | (3,21.64) |
| Intellect Design Arena Inc., USA | -6% | (39,67.61) | 25% | (7,17.94) |
| Intellect Design Arena PT, Indonesia | 0% | (2,03.82) | 4% | (1,17.43) |
| Intellect Design Arena Co. Ltd, Vietnam | 0% | (3,25.66) | 7% | (2,06.79) |
| Intellect Design Arena Philippines Inc, Philippines | 0% | (2,28.83) | 1% | (34.82) |
| Intellect Design Arena FZ - LLC, Dubai | 7% | 48,74.58 | 12% | (3,48.00) |
| Sonali Polaris FT Ltd, Bangladesh | -1% | (7,14.33) | -35% | 10,27.45 |
| FT Grid Pte Ltd, Singapore | 0% | (1.31) | 0% | - |
| Intellect Design Arena Pty Ltd, Australia | 0% | (2,30.60) | 5% | (1,41.29) |
| Intellect Design Arena Inc. Canada | -2% | (12,81.26) | 32% | (9,28.72) |
| Intellect Design Arena Limited, Thailand | -1% | (4,16.25) | 9% | (2,52.94) |
| Intellect Design Arena, SDN BHD, Malaysia | 0% | 66.63 | -2% | 44.63 |
| Sub Total | | 691,28.05 | | (28,94.80) |
| Less: Adjustment arising out of Consolidation | | (92,93.67) | | - |
| Add: Share of Profit/(Loss) on Associate Companies | | - | | 656.22 |
| Total | | 598,34.38 | | (22,38.58) |

Table No. 4.90

46. Group Information

The principal activities of all the entities comprising the Group is 'software product development and implementation'. The consolidated financial statements of the Group includes subsidiaries listed in the table below:

| Name of the Group | Country of Incorporation | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|--------------------------|----------------|----------------|----------------|
| Intellect Design Arena Pte Ltd | Singapore | 100% | 100% | 100% |
| Intellect Design Arena Limited | United Kingdom | 100% | 100% | 100% |
| Intellect Design Arena SA | Switzerland | 100% | 100% | 100% |
| Intellect Design Arena PT** | Indonesia | 100% | 100% | 100% |
| FT Grid Pte Ltd** | Singapore | 100% | 100% | 100% |
| Intellect Design Arena Ltd.* | Chile | 100% | 100% | 90% |
| Intellect Design Arena Inc.** | United States | 100% | 100% | 100% |
| Intellect Commerce Limited | India | 100% | 100% | 100% |
| Lasersoft Infosystems Limited | India | 100% | 100% | 100% |
| Intellect Design Arena Co. Ltd | Vietnam | 100% | 100% | 100% |
| SFL Properties Private Limited | India | 100% | 100% | 100% |
| Indigo TX Software Private Limited | India | 100% | 100% | 100% |
| Intellect Design Arena FZ LLC | Dubai | 100% | 100% | 100% |
| Intellect Design Arena Philippines** | Philippines | 100% | 100% | 100% |
| Sonali Polaris FT Ltd | Bangladesh | 51% | 51% | 51% |
| SEEC Asia Technologies Private Limited*** | India | 100% | 100% | 100% |
| Intellect Design Arena Inc.** | Canada | 100% | 100% | Nil |
| Intellect Design Arena SDN BHD** | Malaysia | 100% | 100% | Nil |
| Intellect Payments Limited | India | 100% | 100% | Nil |
| Intellect India Limited | India | 100% | 100% | Nil |
| Intellect Design Arena Pte Ltd** | Australia | 100% | 100% | Nil |
| Intellect Design Arena Limited** | Thailand | 100% | 100% | 49% |

Table No. 4.91

* Subsidiaries of Intellect Design Arena Limited, UK

** Subsidiaries of Intellect Design Arena Pte Ltd, Singapore

*** Subsidiaries of Intellect Design Arena Inc., USA

The list of associates with percentage holding of Intellect is given below:

| Associates | % of share held as of March 31, 2017 | Original cost of investment | Share of accumulated profit/(loss) as at March 31, 2017 | Carrying amount of Investments as at March 31, 2017 |
|------------------------------------|--------------------------------------|-----------------------------|---|---|
| NMS Works Software Private Limited | 36.54 | 6,24.14 | 6,32.84 | 12,56.98 |
| Adrenalin eSystems Limited | 39.93 | 18,77.32 | (7,61.76) | 11,15.56 |

Table No. 4.92

The list of joint venture with percentage holding of Intellect is given below:

| Associates | % of share held as of March 31, 2017 | Original cost of investment | Share of accumulated profit/(loss) as at March 31, 2017 | Carrying amount of Investments as at March 31, 2017 |
|-----------------------------------|--------------------------------------|-----------------------------|---|---|
| Intellect Polaris Design LLC, USA | 50.00 | 15,33.58 | (79.46) | 14,54.11 |

Table No. 4.93

47. Investment in an associate

The Group has a 39.93% and 36.54% interest in Adrenalin eSystems Limited and NMSWorks Software Private Limited, which is involved in the sale of software products and implementation. Adrenalin eSystems Limited and NMSWorks Software Private Limited are entities that are not listed on any public exchange. The Group's interest in Adrenalin eSystems Limited and NMSWorks Software Private Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the associates:

A. Adrenalin eSystems Limited

Summarised balance sheet as at March 31, 2017:

| Particulars | In Rs. Lakhs | | |
|-------------------------------------|----------------------|-----------------|-----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Current Assets | 47,96.42 | 28,07.99 | 26,14.18 |
| Non - Current Assets | 53.46 | 89.22 | 71.58 |
| Current Liabilities | (15,13.80) | (5,76.79) | (7,23.03) |
| Non - Current Liabilities | (5,42.29) | (4,73.25) | (8,00.27) |
| Equity | 27,93.79 | 18,47.17 | 11,62.46 |
| Proportion of the Group's ownership | 39.93% | 40.25% | 40.25% |
| Carrying amount of investment | 11,15.56 | 7,43.49 | 4,67.89 |

Table No. 4.94

Summarised statement of Statement of Profit and Loss:

| Particulars | In Rs. Lakhs | |
|---|---------------------------|------------------|
| | Year ended March 31, 2017 | 2016 |
| Revenue | 54,29.22 | 29,74.41 |
| Other Income | 2,10.81 | 26.39 |
| Employee Benefit Expense | (27,65.45) | (26,55.04) |
| Finance Cost | (2.99) | (5.46) |
| Depreciation & Amortisation Expense | (3,63.54) | (38.32) |
| Other Expenses | (13,75.55) | (8,70.85) |
| Profit before Tax | 11,32.50 | (5,68.87) |
| Income tax expense | (20,0.68) | - |
| Profit for the year | 9,31.82 | (5,68.87) |
| Total Comprehensive Income for the year | 9,31.82 | (5,68.87) |
| Group's share of profit for the current year | 3,72.08 | (2,28.97) |
| Group's share of profit for the earlier year | - | 142.34 |

Table No. 4.95

B. NMSWorks Software Private Limited

Summarised balance sheet as at March 31, 2017:

| Particulars | In Rs. Lakhs | | |
|-------------------------------------|----------------------|-----------------|-----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Current Assets | 52,66.96 | 30,47.72 | 26,13.96 |
| Non - Current Assets | 2,46.36 | 1,53.20 | 1,83.13 |
| Current Liabilities | (19,54.83) | (6,10.33) | (7,43.50) |
| Non - Current Liabilities | (1,18.48) | (1,01.08) | (58.23) |
| Equity | 34,40.01 | 24,89.51 | 19,95.36 |
| Proportion of the Group's ownership | 36.54% | 36.54% | 36.54% |
| Carrying amount of investment | 12,56.98 | 9,09.67 | 7,29.10 |

Table No. 4.96

Summarised statement of Statement of Profit and Loss:

| Particulars | In Rs. Lakhs | |
|--|---------------------------|----------------|
| | Year ended March 31, 2017 | 2016 |
| Revenue | 48,41.49 | 30,15.60 |
| Other Income | 67.47 | 57.22 |
| Purchase- Server, other accessories/software/service | (9,42.81) | (2,66.02) |
| Employee Benefit Expense | (19,52.56) | (17,39.47) |
| Finance Cost | (2.76) | (0.05) |
| Depreciation & Amortisation Expense | (57.46) | (54.35) |
| Other Expenses | (5,16.26) | (2,57.54) |
| Profit before Tax | 14,37.11 | 7,55.39 |
| Income tax expense | (4,86.63) | (2,61.23) |
| Profit for the year | 9,50.48 | 4,94.16 |
| Total Comprehensive Income for the year | 9,50.48 | 4,94.16 |
| Group's share of profit for the year | 3,47.31 | 1,80.57 |

Table No. 4.97

C. Intellect Design Arena Limited, Thailand

Summarised balance sheet as at March 31, 2017:

| Particulars | In Rs. Lakhs | | |
|-------------------------------------|----------------------|------|----------------|
| | As at March 31, 2017 | 2016 | April 01, 2015 |
| Current Assets | - | - | 58.07 |
| Non - Current Assets | - | - | - |
| Current Liabilities | - | - | - |
| Non - Current Liabilities | - | - | - |
| Equity | - | - | 58.07 |
| Proportion of the Group's ownership | - | - | 49% |
| Carrying amount of investment | - | - | 28.46 |

Table No. 4.98

Summarised statement of Statement of Profit and Loss:

| Particulars | In Rs. Lakhs | |
|--|---------------------------|----------|
| | Year ended March 31, 2017 | 2016 |
| Revenue | - | - |
| Other Income | - | - |
| Purchase- Server, other accessories/software/service | - | - |
| Employee Benefit Expense | - | - |
| Finance Cost | - | - |
| Depreciation & Amortisation Expense | - | - |
| Other Expenses | - | - |
| Profit before Tax | - | - |
| Income tax expense | - | - |
| Profit for the year | - | - |
| Total Comprehensive Income for the year | - | - |
| Group's share of profit for the year | - | - |

Table No. 4.99

The group had no contingent liabilities or capital commitments relating to its interest in Adrenalin eSystems Limited, NMSWorks Software Private Limited and Intellect Design Arena Limited, Thailand as at 31 March 2017 and 2016 and 1 April 2015.

48. Investment in a Joint Venture

The Group has a 50% interest in Intellect Polaris Design LLC, a joint venture involved in the leasing and maintenance of office complex. The Group's interest in Intellect Polaris Design LLC is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet as at March 31, 2017:

| | In Rs. Lakhs | | |
|-------------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Current Assets | 28,38.31 | 2,69.14 | 3,07.05 |
| Non - Current Assets | 1,12.39 | 28,28.29 | 27,13.66 |
| Current Liabilities | (42.48) | (62.87) | (54.65) |
| Non - Current Liabilities | - | - | - |
| Equity | 29,08.22 | 30,34.56 | 29,66.06 |
| Proportion of the Group's ownership | 50.00% | 50.00% | 5.00% |
| Carrying amount of investment | 14,54.11 | 15,17.28 | 1,48.30 |

Table No. 4.100

Summarised statement of Statement of Profit and Loss:

| | In Rs. Lakhs | |
|--|------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Revenue | 2,86.97 | 50.62 |
| Other Income | - | - |
| Employee Benefit Expense | - | - |
| Finance Cost | - | - |
| Depreciation & Amortisation Expense | 1,03.61 | 24.25 |
| Other Expenses | 3,09.69 | 48.73 |
| Profit before Tax | (1,26.33) | (22.36) |
| Income tax expense | - | - |
| Profit for the year | (1,26.33) | (22.36) |
| Total Comprehensive Income for the year | | |
| Group's share of profit for the year | (63.17) | (11.18) |

Table No. 4.101

49. FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Exemptions applied:

i) Business Combination:

"Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or de-recognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at April 1, 2015.

ii) Joint ventures – transition from proportionate consolidation to the equity method

The group holds 50% interest in Intellect Polaris Design LLC (IPD LLC) and exercises joint control over the entity. Under IGAAP group has proportionately consolidated its interest in the IPD LLC in the Consolidated Financial Statement. On transition to Ind AS the group has assessed and determined that IPD LLC is its joint venture under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition.

iii) Share-based payment transactions:

The Group is allowed to apply Ind AS 102 share-based payment to equity instruments that remain unvested as of the transition date. The Group has elected to avail this exemption and apply the requirements of Ind AS 102 all such grants. Accordingly, these options have been measured at fair value as against intrinsic value, previously under Indian GAAP. Ind AS 102 has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

iv) Estimates

The estimates at March 31, 2016 and at 31 March 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVTPL – equity instruments in Non group companies and Impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015 (i.e. the date of transition to Ind-AS) and as of 31 March 2016.

v) 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.

vi) Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of bonds, debentures, government securities, commercial papers, certificate of deposits has been based on the facts and circumstances that exist at the date of transition to Ind AS.

50.a. Reconciliation of Equity as on 1 April 2015 (Date of transition to Ind-AS)

| | | | | In Rs. Lakhs |
|---|------------------------|------------------|------------------|------------------|
| Particulars | Note | IGAAP | Adjustments | Ind AS |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 134,60.13 | | 134,60.13 |
| Capital work-in-progress | | 44,80.24 | | 44,80.24 |
| Goodwill | | 76,33.70 | | 76,33.70 |
| Intangible assets | | 1,76.55 | | 1,76.55 |
| Intangible assets under development | | 9,28.83 | | 9,28.83 |
| Investment in joint ventures and associates | (iv) | 17,53.00 | (3,79.25) | 13,73.75 |
| Financial assets | | | | |
| - Investments | (iv) | 10,47.58 | 4,49.20 | 14,96.78 |
| - Derivative instruments | | 10.87 | | 10.87 |
| - Loans and deposits | | 10,71.85 | | 10,71.85 |
| - Non current bank balances | | 17,08.61 | | 17,08.61 |
| Income tax assets (net) | | 35,82.90 | | 35,82.90 |
| Deferred tax assets (net) | | 7,10.79 | | 7,10.79 |
| Other non-current assets | | 2,63.90 | | 2,63.90 |
| CURRENT ASSETS | | | | |
| Financial asset | | | | |
| - Investments | (ii) | 151,41.74 | 1,49.56 | 152,91.30 |
| - Derivative instruments | | 4,71.81 | | 4,71.81 |
| - Loans and deposits | (i) | 5,19.24 | (3.25) | 5,15.99 |
| - Trade receivables | (iii) | 167,07.52 | (6,86.99) | 160,20.53 |
| - Cash and Cash equivalents | | 106,10.61 | | 106,10.61 |
| - Bank balances other than cash and cash equivalents | | - | | - |
| - Other financial assets | | 110,79.09 | | 110,79.09 |
| Other current assets | | 22,84.15 | | 22,84.15 |
| TOTAL | | 936,43.11 | (4,70.73) | 931,72.38 |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | | 50,09.92 | | 5,0,09.92 |
| Other Equity | (i), (ii), (iii), (iv) | 569,10.58 | (4,70.73) | 564,39.85 |
| Equity Attributable to equity shareholders of the parent | | 619,20.50 | (4,70.73) | 614,49.77 |
| Non-Controlling Interest | | 1.68 | - | 1.68 |
| Total Equity | | 619,22.18 | (4,70.73) | 614,51.45 |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Borrowings | | | | |
| Deferred Tax Liabilities (Net) | | 10,82.92 | | 10,82.92 |
| Long - term provisions | | 1,18.60 | | 1,18.60 |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Short term Borrowings | | 7,71.18 | | 7,71.18 |
| - Trade payables | | 87,22.24 | | 87,22.24 |
| - Other financial liabilities | | 53,89.94 | | 53,89.94 |
| Other current liabilities | | 140,29.41 | | 140,29.41 |
| Short-term provisions | | 16,06.64 | | 16,06.64 |
| TOTAL | | 936,43.11 | (470.73) | 931,72.38 |

Table No. 4.102**(i) Interest Free Security deposits**

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposit paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. On a related note, interest will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid

(ii) Investment in Mutual Funds

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is lesser. Under Ind AS, such investments are measured at fair value through profit or loss

(iii) Trade receivable

Under Indian GAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses.

Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the group impaired its trade receivable by INR 686.99 lakhs on April 1, 2015, which has been eliminated against retained earnings. The impact of INR 248 lakhs for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

(iv) Redeemable Preference Shares

Investments in redeemable preference shares of associates were carried at cost under Indian GAAP. Investments in preference shares of associates, which are classified as investment in debt instrument of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. On a related note, interest will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid

50. b. Reconciliation of Equity as at March 31, 2016

| | | | | In Rs. Lakhs |
|---|-----------|--------------------|------------------|--------------------|
| Particulars | Notes | IGAAP | Adjustments | Ind AS |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | (i) | 192,24.58 | (14,19.18) | 178,05.40 |
| Capital work-in-progress | | 33,54.53 | | 33,54.53 |
| Goodwill | | 77,84.80 | | 77,84.80 |
| Intangible assets | | 2,52.27 | | 2,52.27 |
| Intangible assets under development | | 31,98.31 | | 31,98.31 |
| Investment in joint ventures and associates | (i), (v) | 20,48.52 | 11,21.92 | 31,70.44 |
| Financial assets | | | | |
| - Investments | (v) | 10,47.58 | 5,03.10 | 15,50.68 |
| - Derivative instruments | | 2,89.30 | | 2,89.30 |
| - Loans and deposits | | 10,87.62 | | 10,87.62 |
| - Non current bank balances | | 20,18.40 | | 20,18.40 |
| Income tax assets (net) | | 48,30.27 | - | 48,30.27 |
| Deferred tax assets (net) | | 12,38.47 | | 12,38.47 |
| Other non-current assets | | 66.12 | - | 66.12 |
| CURRENT ASSETS | | | | |
| Financial asset | | | | |
| - Investments | (iii) | 29,39.77 | 67.43 | 30,07.20 |
| - Derivative instruments | | 3,06.39 | - | 3,06.39 |
| - Loans and deposits | (i), (ii) | 7,21.32 | (2.59) | 7,18.73 |
| - Trade receivables | (iv) | 160,43.17 | (9,35.25) | 151,07.92 |
| - Cash and Cash equivalents | (i) | 53,89.20 | (1,25.37) | 52,63.83 |
| - Bank balances other than cash and cash equivalents | | 1,27.71 | - | 1,27.71 |
| - Other financial assets | | 212,13.52 | - | 212,13.52 |
| Other current assets | (i), (ii) | 88,65.66 | (4.18) | 88,61.48 |
| TOTAL | | 1,020,47.51 | (7,94.12) | 1,012,53.39 |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | | 50,38.93 | | 50,38.93 |
| Other Equity | | 568,65.71 | (7,72.88) | 560,92.84 |
| Equity Attributable to equity shareholders of the parent | | 619,04.64 | (7,72.88) | 611,31.77 |
| Non-Controlling Interest | | | | - |
| Total Equity | | 619,04.64 | (7,72.88) | 611,31.77 |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Borrowings | | | - | - |
| Deferred Tax Liabilities (Net) | | 8.00 | | 8.00 |
| Long - term provisions | | 3,23.78 | | 3,23.78 |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Short term Borrowings | | 22,90.60 | | 22,90.60 |
| - Trade payables | (i) | 110,67.52 | (12.95) | 110,54.57 |
| - Other financial liabilities | (i) | 8570.65 | (8.29) | 85,62.36 |
| Other current liabilities | | 159,27.31 | - | 159,27.31 |
| Short-term provisions | | 19,55.00 | | 19,55.00 |
| TOTAL | | 1,020,47.51 | (7,94.12) | 1,012,53.39 |

Table No. 4.103

(i) Investment in Joint Venture

The group holds 50% interest in IPD LLC and exercises joint control over the entity. Under IGAAP, the Group has proportionately consolidated its interest in the IPD LLC in the Consolidated Financial Statement. On transition to Ind AS, the Group has assessed and determined that IPD LLC is its JV under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the Group had previously proportionately consolidated including any goodwill arising on acquisition. De-recognition of proportionately consolidated IPD LLC has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

(ii) Interest Free Security deposits

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposit paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight

line basis. The interest income arising there on will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

(iii) Investment in Mutual Funds

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is lesser. Under Ind AS, such investments are measured at fair value through profit or loss

(iv) Trade receivable

Under IGAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the group impaired its trade receivable by INR 686.99 lakhs on April 1, 2015, which has been eliminated against retained earnings. The impact of INR 240 lakhs for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

(v) Redeemable Preference Share

Investments in redeemable preference shares of associates were carried at cost under IGAAP. Investments in preference shares of associates, which are classified as investment in debt instrument of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried

at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. The interest income thereby on such instruments will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

51. Reconciliation of Profit and Loss for the year ended March 31, 2016

| In Rs. Lakhs | | | | |
|---|--------------------------|-------------------|------------------|-------------------|
| Particulars | Note | IGAAP | Adjustments | Ind AS |
| Revenue from operations | | 810,65.55 | - | 810,65.55 |
| Other Income | (v), (vi), (vii), (viii) | 26,10.44 | (35.12) | 25,75.32 |
| Total Income | | 836,75.99 | (35.12) | 836,40.87 |
| Expenses | | - | - | |
| Employee Benefit Expenses | (i) (ii) | 638,81.62 | 3,72.64 | 642,54.26 |
| Depreciation and amortization expense | (v) | 20,77.11 | (12.13) | 20,64.98 |
| Finance Cost | | 1,19.22 | - | 1,19.22 |
| Other Expenses | (iv), (v), (vi) | 203,03.09 | 2,33.39 | 205,36.48 |
| Total Expenses | | 863,81.04 | 5,93.90 | 869,74.94 |
| Profit/(Loss) before share of (profit)/loss of an associate and a joint venture and tax from continuing operations | | (27,05.05) | (6,29.02) | (33,34.07) |
| Share of (profit)/loss of an associate and a joint venture | | 1,15.15 | (32.39) | 82.76 |
| Profit/(loss) before tax from continuing operations | | (25,89.90) | (661.41) | (32,51.31) |
| Tax Expenses | | | | |
| - Current tax | | 2,51.68 | - | 2,51.68 |
| - Adjustment of tax relating to earlier periods | | - | - | - |
| - Deferred tax | | (11,58.00) | - | (11,58.00) |
| Profit/(Loss) for the year | | (16,83.58) | (6,61.41) | (23,44.99) |
| Other comprehensive income | | | | |
| Net movement on cash flow hedges | | - | 1,13.00 | 1,13.00 |
| Exchange differences on translation of foreign operations | | - | 13,12.23 | 13,12.23 |
| Re-measurement gains/ (losses) on defined benefit plans | | - | (75.47) | (75.47) |
| Other comprehensive income for the year, net of tax | | - | 13,49.76 | 13,49.76 |
| Total comprehensive income for the year, net of tax | | (16,83.58) | 6,88.35 | (9,95.23) |

Table No. 4.104

(i) Defined benefit liabilities

Both under IGAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 75.46 Lakhs.

(ii) Share-based payments

Under IGAAP, the Group recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of Rs.448 lakhs has been recognised in profit or loss for the year ended 31 March 2016.

(iii) Other comprehensive income

Under IGAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled IGAAP profit or loss to profit or profit or loss as per Ind AS. Further, IGAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

(iv) Trade receivable

Under IGAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the group impaired its trade receivable by INR 686.99 lakhs on March 31, 2015, which has been eliminated against retained earnings. The impact of INR 240 lakhs for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

(v) Investment in Joint Venture

The group holds 50% interest in IPD LLC and exercises joint control over the entity. Under IGAAP, the Group has proportionately consolidated its interest in the IPD LLC in the Consolidated Financial Statement. On transition to Ind AS, the Group has assessed and determined that IPD LLC is its JV under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the Group had previously proportionately consolidated including any goodwill arising on acquisition. De-recognition of proportionately consolidated IPD LLC has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

(vi) Interest free security deposits

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposit paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. The interest income arising there on will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

(vii) Investments in Mutual Funds

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is lesser. Under Ind AS, such investments are measured at fair value through profit or loss

(viii) Redeemable Preference Share

Investments in redeemable preference shares of associates were carried at cost under IGAAP. Investments in preference shares of associates, which are classified as investment in debt instrument of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. The interest income thereby on such instruments will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

52. Prior year Comparatives

Previous year figures have been regrouped /reclassified, where ever necessary to conform to this years classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

For and on behalf of the Board of Directors of

Intellect Design Arena Limited**Arun Jain**

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

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INTELLECT DESIGN ARENA LIMITED
AUDITED STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Intellect Design Arena Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Intellect Design Arena Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Place of Signature : Chennai

Date: May 03, 2017

Annexure 1 referred to in our report of even date

Re: Intellect Design Arena Limited ('the Company)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, value added tax, employees' state insurance, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few instances of remittance of service tax dues. The provisions relating to customs duty and excise duty are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. The Company has utilized the monies raised by way of term loans for the purpose for which they are raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Place of Signature : Chennai

Date : May 03, 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INTELLECT DESIGN ARENA LIMITED

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

We have audited the internal financial controls over financial reporting of Intellect Design Arena Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Place of Signature : Chennai

Date : May 03, 2017

Balance Sheet

In Rs.Lakhs

| Particulars | Note | As at March 31, | | As at April 1, |
|--|-------|------------------|------------------|------------------|
| | | 2017 | 2016 | 2015 |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 4 | 161,12.37 | 144,55.53 | 101,83.45 |
| Capital work-in-progress | 4 | 4,72.30 | 29,10.94 | 44,80.24 |
| Intangible assets | 5 | 4,23.82 | 2,26.64 | 1,57.25 |
| Intangible assets under development | 5 | 66,74.04 | 12,27.00 | - |
| Investment in subsidiaries, joint ventures and associates | 6 | 148,39.45 | 145,89.45 | 130,87.59 |
| Financial assets | 7 | | | |
| - Investments | | 5,63.48 | 15,50.23 | 14,96.33 |
| - Derivative instruments | | - | 2,89.30 | 10.87 |
| - Loans and deposits | | 6,02.59 | 6,57.21 | 6,78.01 |
| - Non current bank balances | | 9,73.92 | 20,18.40 | 17,08.61 |
| Income tax assets (net) | 9 | 31,54.64 | 16,82.72 | 6,04.65 |
| Deferred tax assets (net) | 10 | 4,05.81 | 4,05.81 | - |
| Other non-current assets | 8 | 38.86 | 66.13 | 2,63.89 |
| CURRENT ASSETS | | | | |
| Investment in subsidiary | 11 | 15,44.53 | 15,44.53 | - |
| Financial asset | 12 | | | |
| - Investments | 10(f) | 21,63.54 | 30,07.01 | 152,91.30 |
| - Derivative instruments | 12 | 9,58.10 | 3,06.39 | 4,71.81 |
| - Loans and deposits | 12 | 2,65.81 | 3,96.05 | 2,34.84 |
| - Trade receivables | 12 | 166,56.68 | 165,40.62 | 93,11.72 |
| - Cash and Cash equivalents | 12 | 23,19.90 | 8,53.41 | 34,98.10 |
| - Bank balances other than cash and cash equivalents | 13 | 31,93.38 | 1,27.71 | - |
| - Other financial assets | 12 | 120,23.53 | 100,98.58 | 68,23.34 |
| Other current assets | 14 | 73,55.90 | 31,77.81 | 18,03.14 |
| TOTAL | | 907,42.65 | 761,31.47 | 701,05.14 |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 15 | 50,86.69 | 50,38.93 | 50,09.92 |
| Other Equity | 16 | 473,75.80 | 506,90.86 | 473,65.61 |
| | | 524,62.49 | 557,29.79 | 523,75.53 |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Borrowings | 17 | 56,32.54 | - | - |
| Deferred Tax Liabilities (Net) | 18 | - | - | 10,75.10 |
| Long - term provisions- Provision for employee benefit | 19 | - | - | 15.28 |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities | 20 | | | |
| - Short term Borrowings | | 171,85.13 | 15,09.86 | - |
| - Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 55,36.97 | 84,41.79 | 70,50.09 |
| - Other financial liabilities | | 49,79.58 | 46,04.29 | 32,70.47 |
| Other current liabilities | 21 | 37,33.28 | 46,95.31 | 54,38.62 |
| Short-term provisions- Provision for employee benefit | 22 | 12,12.66 | 11,50.43 | 8,80.05 |
| TOTAL | | 907,42.65 | 761,31.47 | 701,05.14 |

Table No. 5.1

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Statement of Profit and Loss

In Rs. Lakhs

| Particulars | Note | Year ended March 31, | |
|---|-------|----------------------|------------------|
| | | 2017 | 2016 |
| Revenue from operations | | 516,97.50 | 546,10.54 |
| Finance Income | 23 | 4,39.73 | 7,92.34 |
| Other Income | 24 | 27,06.33 | 9,54.52 |
| Total Income | | 548,43.56 | 563,57.40 |
| Expenses | | | |
| Employee Benefit Expenses | 25 | 442,19.95 | 420,19.98 |
| Depreciation and amortization expense | 4 & 5 | 22,60.71 | 19,04.52 |
| Finance Cost | 27 | 10,52.30 | 9.86 |
| Other Expenses | 26 | 129,25.51 | 108,65.97 |
| Total Expenses | | 604,58.47 | 548,00.33 |
| Profit before tax | | (56,14.91) | 15,57.07 |
| Tax Expenses | | | |
| - Deferred tax | | - | (10,75.10) |
| Profit/(Loss) for the year | | (56,14.91) | 26,32.17 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/ (losses) on defined benefit plans | | (1,87.44) | (81.48) |
| Income tax effect | | - | - |
| Items that will be reclassified subsequently to profit or loss | | | |
| Net movement on cash flow hedges | | 12,23.97 | 1,13.00 |
| Income tax effect | | - | - |
| Other comprehensive income for the year, net of tax | | 10,36.53 | 31.52 |
| Total comprehensive income for the year, net of tax | | (45,78.38) | 26,63.69 |

Table No. 5.2

Earnings per share

| | | | |
|--|----|-------------|-------------|
| Equity shares par value INR 5 each (Mar 16 Rs 5 each) | 29 | | |
| Basic | | (5.56) | 2.61 |
| Diluted | | (5.56) | 2.50 |
| Number of shares used in computing earnings per share | | | |
| Basic | | 101,073,604 | 100,676,076 |
| Diluted | | 101,073,604 | 105,439,363 |

Summary of significant accounting policies 3
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Statement of Changes in Equity

a. Equity Share Capital:

| Particulars | As at March 31, | | April 1, |
|---|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| Share capital | | | |
| Authorised | 75,00.00 | 55,00.00 | 55,00.00 |
| 150,000,000 equity shares of Rs 5 each (March 31, 2017) | | | |
| 110,000,000 equity shares of Rs 5 each (March 31, 2016) | | | |
| 110,000,000 equity shares of Rs 5 each (March 31, 2015) | | | |
| Total | 75,00.00 | 55,00.00 | 55,00.00 |
| Issued, subscribed and fully paid-up | 50,86.69 | 50,38.93 | 50,09.92 |
| 101,733,872 equity shares of Rs 5 each (March 31, 2017) | | | |
| 100,778,624 equity shares of Rs 5 each (March 31, 2016) | | | |
| 100,198,474 equity shares of Rs 5 each (March 31, 2015) | | | |
| Total | 50,86.69 | 50,38.93 | 50,09.92 |

Table No. 5.3

| Equity shares of INR 5 each issued, subscribed and fully paid | No. of shares | Amount (INR) |
|---|--------------------|-----------------|
| As at 1 April 2015 | 100,198,474 | 50,09.92 |
| Issue of share capital | 580,150 | 29.01 |
| At 31 March 2016 | 100,778,624 | 50,38.93 |
| Issue of share capital | 955,248 | 47.76 |
| At 31 March 2017 | 101,733,872 | 50,86.69 |

Table No. 5.4

b. Other equity

For the year ended 31 March 2017

| Particulars | Reserves & Surplus | | | | Items of OCI | | Total Equity |
|--|--------------------|------------------------------|------------------|-------------------|-------------------------|---|------------------|
| | Securities premium | Share based payment reserves | General reserve | Retained earnings | Cash flow hedge reserve | Other items of other comprehensive income | |
| As at 1st April 2016 | 195,11.48 | 18,47.22 | 172,50.04 | 114,86.43 | 5,95.69 | - | 506,90.86 |
| Exercise of share options | 8,45.27 | - | - | - | - | - | 8,45.27 |
| Share-based payments | - | 4,18.05 | - | - | - | - | 4,18.05 |
| Profit for the year | - | - | - | (56,14.91) | - | - | (56,14.91) |
| Re-measurement of the net defined benefit liability/asset, net of tax effect | - | - | - | (1,87.44) | - | - | (1,87.44) |
| Movement in cash flow hedge | - | - | - | - | 12,23.97 | - | 12,23.97 |
| As at 31st March 2017 | 203,56.75 | 22,65.27 | 172,50.04 | 56,84.08 | 18,19.66 | - | 473,75.80 |

Table No. 5.5

For the year ended 31 March 2016

| Particulars | Reserves & Surplus | | | | Items of OCI | | Total Equity |
|--|--------------------|------------------------------|------------------|-------------------|-------------------------|---|------------------|
| | Securities premium | Share Based Payment Reserves | General Reserve | Retained earnings | Cash flow hedge reserve | Other items of other comprehensive income | |
| As at 1st April 2015 | 192,98.03 | 13,99.11 | 172,50.04 | 89,35.74 | 4,82.69 | - | 473,65.61 |
| Exercise of share options | 2,13.45 | - | - | - | - | - | 2,13.45 |
| Share-based payments | - | 4,48.11 | - | - | - | - | 4,48.11 |
| Profit for the year | - | - | - | 26,32.17 | - | - | 26,32.17 |
| Re-measurement of the net defined benefit liability/asset, net of tax effect | - | - | - | (81.48) | - | - | (81.48) |
| Movement in cash flow hedge | - | - | - | - | 1,13.00 | - | 1,13.00 |
| Total Comprehensive Income | - | - | - | - | - | - | - |
| As at 31st March 2016 | 195,11.48 | 18,47.22 | 172,50.04 | 114,86.43 | 5,95.69 | - | 506,90.86 |

Table No. 5.6

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Chennai

May 03, 2017

Statement of Cash Flows

In Rs. Lakhs

| Particulars | Year ended March 31, | |
|--|----------------------|--------------------|
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Profit before taxation | (56,14.91) | 15,57.07 |
| ESOP Outstanding | 4,18.05 | 4,48.11 |
| Adjustments for: | - | - |
| Depreciation / amortisation | 22,60.71 | 19,04.52 |
| Unrealised exchange (gains) / losses | 4,36.48 | 1,47.82 |
| Interest income | (3,15.82) | (3,94.86) |
| Dividend income | (1,23.91) | (3,97.48) |
| Provision for doubtful debts (net) | 5,87.02 | 4,68.24 |
| Bad debts / advances written off | 6,21.39 | 1,39.59 |
| (Profit) / Loss on sale of investments | (77.94) | (1.85) |
| (Profit) / Loss on sale of fixed assets | (22,23.74) | (4,42.38) |
| Provision for diminution in value of investments | - | (6.23) |
| Adjustments to the carrying amount of investments; | (7.08) | (37.46) |
| Interest Expense | 10,52.30 | 9.86 |
| Changes in Assets and Liabilities | | |
| Decrease / (Increase) in trade receivables | (14,84.47) | (81,78.31) |
| Decrease / (Increase) in loans and advances and other assets | (65,18.44) | (63,83.25) |
| Increase / (Decrease) in liabilities and provisions | 4,18.46 | 21,68.15 |
| Taxes paid | (14,71.92) | (14,83.87) |
| Net cash flow used in operating activities | (120,43.82) | (104,82.33) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and changes in capital work in progress | (128,78.92) | (58,30.02) |
| Proceeds from sale of property, plant and equipment | 26,67.80 | 5,65.61 |
| (Acquisition) / Disposal of subsidiary | 2,50.00 | 2,40.53 |
| (Purchase) / sale proceeds of other long term investments | 10,47.12 | (17,42.40) |
| Net (Increase) / decrease in non-trade investments | 8,43.47 | 123,67.29 |
| Net (Increase) / decrease in bank deposit | - | (3,09.79) |
| Loans to Group companies (Net) | | |
| Net movement in other bank balance | | |
| Interest received | 3,15.82 | 3,94.86 |
| Dividend received | 1,23.91 | 3,97.48 |
| Net cash flow from / (used in) investing activities | (76,30.80) | 60,83.56 |
| Cash flows from financing activities | | |
| Proceeds from share capital issued on exercise of stock options | 47.76 | 29.01 |
| Proceeds from securities premium on exercise of stock options | 8,45.28 | 2,13.46 |
| (Repayment) / Proceeds from secured loans | 100,75.01 | 15,09.86 |
| (Repayment) / Proceeds from unsecured loans | 55,40.00 | - |
| Finance charges | (10,52.30) | (9.86) |
| Net cash flow from in financing activities | 154,55.75 | 17,42.47 |
| Exchange differences on translation of foreign currency cash and cash equivalents | (7.44) | 11.61 |
| Net increase / (decrease) in cash and cash equivalents during the year | (42,26.31) | (26,44.69) |
| Cash and cash equivalents at the beginning of the year | 8,53.41 | 34,98.10 |
| Cash and cash equivalents at the end of the year/period (Refer Note 12 (d)) | (33,72.90) | 8,53.41 |

Table No. 5.7

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

For and on behalf of the Board of Directors of

Intellect Design Arena Limited

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

Arun Jain

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in Rupees in lakhs unless otherwise stated)

1. Corporate Information

Intellect Design Arena Limited ('Intellect' or 'the Company'), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 in 2011. Consequent to the approval obtained for listing, the shares of the Company have been listed on the National Stock Exchange and Bombay Stock Exchange with effect from December 18, 2014. The Company has its registered office in 244, Anna Salai, Chennai-006

The Company, has a comprehensive portfolio of products across Global Consumer Banking, Central Banking, Risk & Treasury Management, Global Transaction Banking and Insurance and is engaged in the business of software development.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on 3rd May 2017.

2. Basis of Preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These financial statements for the year ended 31st March 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 49 for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

3. Summary of Significant accounting policies

3.1. Current versus non-current classification

An asset has been classified as current when it satisfies any of the following criteria;

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

A liability has been classified as current when it satisfies any of the following criteria;

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

All other assets and liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

3.2. Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, mention a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period)

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements have been disclosed in Note 31. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3.4 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

3.5 Cash Flow Statement

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

3.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as Capital advances under other non-current assets and the cost of asset not put to use before such date are disclosed under "Capital Work in Progress". Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefit associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance cost are recognised in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and the resultant gains or loss are recognised in the Statement of profit and loss. Asset to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

3.7 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 intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset
3. How the asset will generate future economic benefits
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment

losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

The Intangible assets are amortised over a useful life of 10 years or the period of Licence / Intellectual Property Rights whichever is lower.

3.8 Impairment of Assets

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

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

3.10 Foreign Currency Transactions

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. 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.

Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

3.11 Derivative Instruments and Hedge Accounting

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

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – "Financial Instruments" as 'cash flow hedges'

The use of Derivative Contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge

accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward contracts and currency swaps as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

3.12 Depreciation and Amortisation

Depreciation

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

The useful lives considered for depreciation of fixed assets are as follows:

| Assets Category | Estimated useful life (in years) |
|---|--|
| Buildings | 30 |
| Plant and machinery | 15 |
| Computer equipment | 3 |
| Servers and computer accessories | 6 |
| Electrical fittings, furniture and fixtures | 10 |
| Office equipment | 5 |
| Leasehold improvements | Over the lease period or 10 years whichever is lower |
| Leasehold land | Over the lease period (99 years) |

Table No. 5.8

Categories of assets for which depreciation has been provided based on the estimated useful life of the Company based on management evaluation, durability based on use, etc. are:

| Assets Category | Estimated useful life (in years) |
|-----------------|----------------------------------|
| Vehicles | 4-8 |

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

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

3.13 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 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 April 1, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. 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 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.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance Lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.14 Retirement and other employee benefits

a. Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

b. Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Intellect Design Group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

c. Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The company recognizes contribution payable to the fund as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

d. Compensated Absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such

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

3.15 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that 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 utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

3.16 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

3.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.18 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.19 Employee Stock Option Scheme

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

The Company is allowed to avail Ind AS 101 exemption relating to Share based Payment of equity instruments that remain unvested as of transition date. The Company has elected to avail the Ind AS 101 exemption relating to share based payments and apply requirements of Ind AS 102 to all such options which vest after April 1, 2015. Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.

The excess Stock compensation expense measured using fair value over the cost recognised under IGAAP using intrinsic value has been adjusted in Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

3.20 Business Combination

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, have been carried forward.

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire company is adjusted against the reserves of the acquiring company.

3.21 Financial Instruments

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

A. Financial assets

i. Initial recognition and measurement

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.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any financial asset under this category

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay

iv. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables and Unbilled revenue

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs

when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

B. Financial liabilities**i. Initial recognition and measurement**

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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

ii. Subsequent measurement

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

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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.

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 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.

De-recognition of financial liabilities

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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

3.22. Transactions Costs Relating to Equity Transactions

The Company defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense

3.23. Segment reporting

The Executive Management Committee monitors the operating results of its business as a single primary segment "Software Product Licence and related services" for the purpose of making decisions about resource allocation and performance assessment. The business of the Company falls under a single primary segment i.e. 'Software Product License & related services' for the purpose of Ind AS 108.

3.24 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 consolidated 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 consolidated financial statements is being evaluated.

4. Plant, property and equipment

In Rs. Lakhs

| Particulars | Land | Leasehold Land* | Buildings | Leasehold improvement | Plant & Machinery | Electrical Equipment | Furniture and Fittings | Office Equipment | Vehicles | Total |
|----------------------------------|----------------|-----------------|------------------|-----------------------|-------------------|----------------------|------------------------|------------------|-----------------|------------------|
| Gross Block | | | | | | | | | | |
| As at April 1, 2015 | 4,38.42 | 2,80.47 | 69,18.14 | 14.89 | 56,35.30 | 11,26.74 | 22,40.29 | 10,64.26 | 13,89.32 | 191,07.83 |
| Additions | 14.01 | - | 28,13.18 | - | 13,36.73 | 2,80.80 | 10,26.38 | 3,59.63 | 3,02.18 | 61,32.91 |
| Deletions | - | - | (55.89) | (14.31) | (10.77) | (29.88) | (80.51) | (10.40) | (2,84.40) | (4,86.16) |
| As at March 31, 2016 | 4,52.43 | 2,80.47 | 96,75.43 | 0.58 | 69,61.26 | 13,77.66 | 31,86.16 | 14,13.49 | 14,07.10 | 247,54.58 |
| Additions | - | - | 22,45.27 | - | 9,71.06 | 1,83.17 | 4,33.15 | 3,05.38 | 64.01 | 42,02.04 |
| Deletions | - | - | (2,96.55) | - | (4,05.27) | (34.31) | (1,11.97) | (25.32) | (4,13.24) | (12,86.66) |
| As at March 31, 2017 | 4,52.43 | 2,80.47 | 116,24.15 | 0.58 | 75,27.05 | 15,26.52 | 35,07.34 | 16,93.55 | 10,57.87 | 276,69.96 |
| Accumulated Depreciation | | | | | | | | | | |
| As at April 1, 2015 | - | 28.38 | 17,33.59 | 13.38 | 42,04.39 | 4,66.19 | 10,68.97 | 6,52.45 | 7,57.03 | 89,24.38 |
| Depreciation charge for the year | - | 2.74 | 3,38.04 | 1.07 | 5,32.16 | 1,32.15 | 2,34.86 | 2,04.66 | 2,91.91 | 17,37.59 |
| Disposals | - | - | (14.01) | (13.90) | (10.67) | (22.52) | (63.20) | (7.80) | (2,30.82) | (3,62.92) |
| As at March 31, 2016 | - | 31.12 | 20,57.62 | 0.55 | 47,25.88 | 5,75.82 | 12,40.63 | 8,49.31 | 8,18.12 | 102,99.05 |
| Depreciation charge for the year | - | 1.91 | 3,72.47 | 0.03 | 8,32.65 | 1,26.05 | 2,96.58 | 2,33.11 | 2,38.34 | 21,01.14 |
| Disposals | - | - | (82.43) | - | (3,43.46) | (16.13) | (52.52) | (22.79) | (3,25.27) | (8,42.60) |
| As at March 31, 2017 | - | 33.03 | 23,47.66 | 0.58 | 52,15.07 | 6,85.74 | 14,84.69 | 10,59.63 | 7,31.19 | 115,57.59 |
| Net Book Value | | | | | | | | | | |
| As at April 1, 2015 | 4,38.42 | 2,52.09 | 51,84.55 | 1.51 | 14,30.91 | 6,60.55 | 11,71.32 | 4,11.81 | 6,32.29 | 101,83.45 |
| As at March 31, 2016 | 4,52.43 | 2,49.35 | 76,17.81 | 0.03 | 22,35.38 | 8,01.84 | 19,45.53 | 5,64.18 | 5,88.98 | 144,55.53 |
| As at March 31, 2017 | 4,52.43 | 2,47.44 | 92,76.49 | 0.00 | 23,11.98 | 8,40.78 | 20,22.65 | 6,33.92 | 3,26.68 | 161,12.37 |

Table No. 5.9

* represents 13.35 acres of land at Chennai taken on 99 years lease from SIPCOT under terms of MOU dated 3rd January, 2005 (modified on 10th March, 2015) with Government of TamilNadu.

Land and Building

Land and buildings with a carrying amount of Rs 2,678.16 lakhs (31 March 2016: Rs 2,792.82 lakhs, March 31, 2015: Rs 2,907.90 lakhs) are subject to a first charge to secure the Company's bank loans.

Capital work-in-progress

In Rs. Lakhs

| Particulars | Buildings | Plant & Machinery (including Computer Equipment, software and accessories) | Electrical fittings | Office Equipments | Furniture and fixtures | Vehicles | Total | Product development |
|---|-----------------|--|---------------------|-------------------|------------------------|--------------|-------------------|---------------------|
| Closing balance of CWIP as at March 2015 | 29,92.16 | 1,99.64 | 3,74.77 | 2,73.07 | 6,40.59 | 0 | 44,80.24 | - |
| Add: | | | | | | | | |
| Additions to CWIP | 61.77 | 52.97 | 15.80 | 10.70 | 1.23 | 21.34 | 1,63.81 | - |
| Less | | | | | | | | |
| Capitalisation of assets | (7,00.56) | (1,75.43) | (2,16.56) | (1,45.57) | (4,94.99) | - | (17,33.11) | - |
| Opening balance of CWIP as at March 2016 | 23,53.37 | 77.18 | 1,74.01 | 1,38.20 | 1,46.84 | 21.34 | 29,10.94 | 12,27.00 |
| Add: | | | | | | | | |
| Additions to CWIP | 4.47 | 16.19 | - | 6.99 | 26.13 | 0.11 | 53.89 | 56,74.26 |
| Less | | | | | | | | |
| Capitalisation of assets | (20,24.09) | (74.64) | (87.73) | (1,37.89) | (1,46.84) | (21.34) | (24,92.53) | (2,27.22) |
| Closing balance of CWIP as at March 2017 | 3,33.75 | 18.73 | 86.28 | 7.30 | 26.13 | 0.11 | 472.30 | 66,74.04 |

Table No. 5.10

5. Intangible Assets

In Rs. Lakhs

| Particulars | Computer software | Software Products | Internally generated intangible asset | Intellectual property rights | Total | Intangible Asset under Development (Refer note 39) |
|--|-------------------|-------------------|---------------------------------------|------------------------------|-----------------|--|
| Cost | | | | | | |
| As at April 1, 2015 | 16,07.51 | 58,38.17 | - | - | 74,45.68 | - |
| Additions - acquisition | 2,36.32 | - | - | - | 2,36.32 | 12,27.00 |
| Additions - internal development | - | - | - | - | - | - |
| As at March 31, 2016 | 18,43.83 | 58,38.17 | - | - | 76,82.00 | 12,27.00 |
| Additions - acquisition | 1,29.53 | - | 2,27.22 | - | 3,56.75 | 56,74.26 |
| Additions - internal development | - | - | - | - | - | -2,27.22 |
| As at March 31, 2017 | 19,73.36 | 58,38.17 | 2,27.22 | - | 80,38.75 | 66,74.04 |
| Accumulated Amortization and Impairment | | | | | | |
| As at April 1, 2015 | 14,50.26 | 58,38.17 | - | - | 72,88.43 | - |
| Amortization for the year | 1,66.93 | - | - | - | 1,66.93 | - |
| Impairment for the year | - | - | - | - | - | - |
| April 01, 2016 | 16,17.19 | 58,38.17 | - | - | 74,55.36 | - |
| Amortization for the year | 1,53.26 | - | 6.31 | - | 1,59.57 | - |
| Impairment for the year | - | - | - | - | - | - |
| Mar 31, 2017 | 17,70.45 | 58,38.17 | 6.31 | - | 76,14.93 | - |
| Net Book Value | | | | | | |
| As at April 1, 2015 | 1,57.25 | - | - | - | 1,57.25 | - |
| As at March 31, 2016 | 2,26.64 | - | - | - | 2,26.64 | 12,27.00 |
| As at March 31, 2017 | 2,02.91 | - | 2,20.91 | - | 4,23.82 | 66,74.04 |

Table No. 5.11

6. Investment in subsidiaries, joint ventures and associates

| Particulars | In Rs. Lakhs | | |
|--|-------------------------|------------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| (a) Investments in equity instruments of subsidiaries, carried at cost | | | |
| Intellect Design Arena Pte Ltd. (Singapore) 37,99,500 (March 31, 2016: 3,799,500, March 31, 2015: 10,55,500) equity shares of SGD 1 each fully paid up | 16,98.60 | 16,98.60 | 4,04.60 |
| Intellect Design Arena Limited (United Kingdom) 8,89,000 (March 31, 2016: 889,000, March 31, 2015: 8,89,000) equity shares of GBP 1 each fully paid up | 6,17.50 | 6,17.50 | 6,17.50 |
| Intellect Commerce Limited (India) 90,00,000 (March 31, 2016: 9,00,00,000, March 31, 2015: 90,00,000) equity shares of INR 10 each fully paid up | 9,00.00 | 9,00.00 | 9,00.00 |
| Intellect Design Arena SA (Switzerland) 35,000 (March 31, 2016: 35,000, March 31, 2015: 35,000) equity shares of CHF 10 each fully paid up | 1,12.76 | 1,12.76 | 1,12.76 |
| Laser Soft Infosystems Limited (India) 7,828,838 (March 31, 2016: 7,828,838, March 31, 2015: 7,828,838) equity shares of INR 10 each fully paid up | 52,01.05 | 52,01.05 | 52,01.05 |
| Indigo Tx Software Private Limited (India) 19,85,200 (March 31, 2016: 1,985,200, March 31, 2015: 19,85,200) equity shares of INR 2 each fully paid up | 17,02.97 | 17,02.97 | 17,02.97 |
| Intellect Design Arena Co. Ltd (Vietnam) 90,00,00,000 (March 31, 2016: 90,00,00,000, March 31, 2015: 900,000,000) equity shares of VND 1 each fully paid up | 22.50 | 22.50 | 22.50 |
| SFL Properties Private Limited (India)* 15,60,000 (March 31, 2016: 15,60,000, March 31, 2015: 1,560,000) equity shares of INR 10 each fully paid up | - | - | 15,44.53 |
| Intellect Payments Limited (India) 51,00,000 (March 31, 2016: 1,00,000, March 31, 2015: NIL) equity shares of INR 5 each fully paid up | 2,55.00 | 5.00 | - |
| Intellect India Limited (India) 1,00,000 (March 31, 2016: 1,00,000, March 31, 2015: NIL) equity shares of INR 5 each fully paid up | 5.00 | 5.00 | - |
| Intellect Design Arena FZ LLC (Dubai) 1,500 (March 31, 2016: 1,500, March 31, 2015: 1,500) equity shares of AED 1,000 each fully paid up | 20,3.70 | 2,03.70 | 2,03.70 |
| Sonali Polaris FT Limited (Bangladesh) 38,25,000 (March 31, 2016: 38,25,000, March 31, 2015: 38,25,000) equity shares of BDT 10 each fully paid up | 2,38.75 | 2,38.75 | 2,38.75 |
| Total investments in equity instruments of subsidiaries, carried at cost | 109,57.83 | 107,07.83 | 109,48.36 |
| (b) Investments in equity instruments of joint venture, carried at cost | | | |
| Investment in Intellect Polaris Design, LLC (45%) 45 (March 31, 2016: 45, April 1, 2015: NIL) equity shares of USD 50,000 each fully paid up | 13,80.15 | 13,80.15 | - |
| Total investments in equity instruments of joint venture, carried at cost | 13,80.15 | 13,80.15 | - |
| (c) Investments in equity instruments of associates, carried at cost | | | |
| NMS Works Software Private Limited (India) 7,26,256 (March 31, 2016: 7,26,256, March 31, 2015: 7,26,256) equity shares INR 10 each fully paid up | 6,24.14 | 6,24.14 | 6,24.14 |
| Adrenalin eSystems Limited (India) 1,42,85,502 (March 31, 2016: 1,42,85,502, March 31, 2015: 1,30,78,080) equity shares of INR 5 each fully paid up | - | - | - |
| Total investments in equity instruments of associates, carried at cost | 18,77.33 | 18,77.33 | 15,15.09 |
| Total investment in subsidiaries, joint ventures and associates (a+b+c) | 25,01.47 | 25,01.47 | 21,39.23 |
| | 148,39.45 | 145,89.45 | 130,87.59 |

Table No. 5.12

* The Company in its board meeting dated October 21, 2015 expressed its intention to dispose off its investment in SFL Properties Private Limited within 12 months period from the date of its board meeting, thereby the investment has been classified in its balance sheet as "investment in subsidiary" under "current assets" as at March 31, 2016. The same classification continues as at March 31, 2017, owing to the continuing intention of the Company to dispose off the investment.

7. FINANCIAL ASSET

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| NON-CURRENT ASSETS | | | |
| (a) Investment in debt instrument, carried at amortized cost | | | |
| State Bank of India Bond (Quoted) | - | 10,47.12 | 10,47.12 |
| NIL units (March 31, 2016 - 10,000 units, April 1, 2015: 10,000 units) face value of INR 10,000 each | | | |
| (b) Investment in Preference Shares of Adrenalin eSystems Private Limited (Unquoted) | 4,31.24 | 3,85.04 | 3,43.79 |
| (1,52,00,000 7% redeemable preference shares of Face value of Rs. 5) (March 31, 2016, March 31, 2015 - 1,52,00,000 shares) | | | |
| (c) Investment in Preference Shares of NMS Works Solution Private Limited (Unquoted) | 1,32.24 | 1,18.07 | 1,05.42 |
| (378,614 12% redeemable preference shares convertible into 1:1 ratio Equity shares of Face value of Rs. 5 each) | | | |
| | 5,63.48 | 15,50.23 | 14,96.33 |
| Aggregate book value of Quoted Investments | - | 10,47.12 | 10,47.12 |
| Aggregate market value of Quoted Investments | - | 10,47.12 | 10,47.12 |
| Aggregate value of Unquoted Investments | 5,63.48 | 5,03.11 | 4,49.21 |
| Aggregate amount of impairment in value of Investment | - | - | - |
| (b) Derivative instruments, carried at fair value through OCI | | | |
| Cash flow hedges | | | |
| Forward cover receivable, Net | - | 2,89.30 | 10.87 |
| | - | 2,89.30 | 10.87 |

*Financial asset at fair value through OCI

Financial asset at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future sale in USD. Financial asset at fair value through OCI also include the change in fair value of commodity forward contracts contracted during March 31, 2016, 2015.

| | | | |
|--|----------------|----------------|----------------|
| (c) Loans and deposits, carried at amortized cost | | | |
| Unsecured considered good | | | |
| - Security Deposits* | 3,42.08 | 4,01.93 | 4,30.65 |
| - Loans to employees | 2,60.51 | 2,55.28 | 2,47.36 |
| | 6,02.59 | 6,57.21 | 6,78.01 |

*Security deposit are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties, carrying an interest rate of 8.95%.

| | | | |
|---|----------------|-----------------|-----------------|
| (d) Non current bank balances, carried at amortized cost | | | |
| Deposits with Banks with more than 12 months maturity | 9,73.92 | 20,18.40 | 17,08.61 |
| | 9,73.92 | 20,18.40 | 17,08.61 |

The balance on deposit accounts bears an interest rate of 7.49%, which has been pledged as a security by the company for availing non-fund based facilities.

Table No. 5.13

8. OTHER NON-CURRENT ASSETS

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|----------------------------------|-----------------|--------------|----------------|
| | 2017 | 2016 | 2015 |
| Capital Advances | 10.07 | 58.16 | 2,55.07 |
| Loans to Employees Welfare Trust | 1.09 | 0.31 | - |
| Prepayments | 27.70 | 7.66 | 8.82 |
| | 38.86 | 66.13 | 2,63.89 |

Table No. 5.14

9. ADVANCE INCOME TAX

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--|-----------------|-----------------|----------------|
| | 2017 | 2016 | 2015 |
| Advance income tax (Net of provision for tax) | 31,54.64 | 16,82.72 | 6,04.65 |
| | 31,54.64 | 16,82.72 | 6,04.65 |

Table No. 5.15

10. DEFERRED TAX ASSETS (NET)

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|---|-----------------|----------------|------------|
| | 2017 | 2016 | 2015 |
| Deferred Tax Liability | | | |
| Property plant and equipment | (22,74.83) | (16,36.19) | (15,08.94) |
| Revaluation of cash flow hedge | (4,23.59) | (39.10) | (1,67.05) |
| Revaluation of FVTPL investments to fair value | (2.45) | (12.97) | - |
| Deferred Tax Asset | | | |
| Impact of disallowance under Section 36(1)(viii) of the Income Tax Act | 4,57.00 | 3,70.15 | 2,08.10 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 4,19.68 | 3,98.14 | 3,04.57 |
| Carry forward business loss and unabsorbed depreciation | 18,24.19 | 9,19.97 | 11,63.32 |
| MAT credit entitlement | 4,05.81 | 4,05.81 | - |
| | 4,05.81 | 4,05.81 | - |

Table No. 5.16

10. FINANCIAL ASSET**(f) Current investments**

In Rs. Lakhs

| Particulars | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|----------------|-----------------|----------------|-----------------|---------------|------------------|
| | Units | Amount | Units | Amount | Units | Amount |
| Trade Investments (Carried at fair value through profit or loss) Investment in Mutual Funds - (Unquoted) | | | | | | |
| ICICI Pru Banking & PSU Debt -DD | 1,22,63,616 | 12,34.95 | 1,14,36,278 | 11,51.39 | 1,08,13,738 | 10,88.72 |
| ICICI Pru Ultra Short Term Reg-DD | 29,61,061 | 3,01.35 | | - | | - |
| ICICI Pru Liquid Plan Direct -DD | 18,62.70 | 1.86 | | - | | - |
| ICICI Pru FMP Series 72 366D Plan M Reg-G | | - | 30,23,104 | 3,63.72 | 30,23,104 | 3,35.49 |
| ICICI Pru Liquid Plan Direct -G | | - | 2,68,797 | 6,02.88 | | - |
| ICICI Pru Flexible Income Direct -DD | | - | 2,83,726 | 3,00.00 | | - |
| Reliance Short-term-DM Reinvestment | 56,30,498 | 6,25.38 | 53,40,059 | 5,89.02 | 51,12,136 | 5,57.71 |
| ICICI Pru FMP Series 73 391D Plan G Direct-G | | - | | - | 50,00,000 | 5,50.35 |
| Religare Invesco FMP Series 23 Plan E (382D) Direct-G | | | | - | 20,00,000 | 2,13.60 |
| Birla SL Dynamic Bond Ret-DM | | | | - | 50,09,339 | 5,46.94 |
| Birla SL Short Term-DM | | | | | 80,47,962 | 9,51.74 |
| HDFC Short Term Opportunities-DF | | | | | 92,84,385 | 9,37.72 |
| IDFC SSI ST Plan B-DM | | | | | 62,43,633 | 6,39.54 |
| IDFC SSI ST Reg-DM | | | | | 44,90,312 | 4,57.77 |
| Kotak Bond Short-term Reg-DM | | | | | 34,03,504 | 3,45.83 |
| Kotak Flexi Debt Plan A-DD | | | | | 166,73,558 | 16,75.28 |
| DWS Ultra Short Term-DD | | | | | 94,43,578 | 9,46.05 |
| Franklin India Ultra Short Bond Super Inst-DD | | | | | 345,58,690 | 34,83.27 |
| HDFC Floating Rate Income LT-DW | | | | | 100,03,685 | 10,23.38 |
| IDFC Ultra Short Term-DD | | | | | 14,65,830 | 1,46.86 |
| Reliance Money Manager Direct -DD | | | | | 32,800 | 3,28.90 |
| Religare Invesco Ultra Short Term-DD | | | | | 60,299 | 6,04.03 |
| UTI Floating Rate ST Reg-DD | | | | | 42,604 | 4,58.12 |
| | | 21,63.54 | | 30,07.01 | | 152,91.30 |

Table No. 5.17

| | | | |
|---|----------|----------|-----------|
| Aggregate book value of Unquoted Investments | 21,63.54 | 30,07.01 | 152,91.30 |
| Aggregate market value of Unquoted Investments | 21,63.54 | 30,07.01 | 152,91.30 |
| Aggregate amount of impairment in value of Investment | - | - | - |
| Aggregate book value of Unquoted Investments | - | - | 6.23 |

11. INVESTMENT IN SUBSIDIARY

| Particulars | In Rs. Lakhs | | |
|---|-------------------------|-----------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| CURRENT ASSETS | | | |
| Investment in Equity Instrument of SFL Properties Private Limited (1,560,000 equity shares of Face Value of Rs 10 each) (March 31, 2016 - 1,560,000 shares) | 15,44.53 | 15,44.53 | - |
| | 15,44.53 | 15,44.53 | - |

Table No. 5.18

The Company in its board meeting dated October 21, 2015 expressed its intention to dispose off its investment in SFL Properties Private Limited within 12 months period from the date of its board meeting, thereby the investment has been classified in its balance sheet as "investment in subsidiary" under "current assets" as at March 31, 2016. The same classification continues as at March 31, 2017, owing to the continuing intention of the Company to dispose off the investment.

12. FINANCIAL ASSET

| Particulars | In Rs. Lakhs | | |
|--|-------------------------|------------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| (a) Derivative instruments carried at fair value through OCI | | | |
| Cash flow hedges | | | |
| Forward cover receivable, Net | 9,58.10 | 3,06.39 | 4,71.81 |
| | 9,58.10 | 3,06.39 | 4,71.81 |
| (b) Loans and deposits carried at amortized cost | | | |
| Unsecured considered good | | | |
| - Security Deposits | 52.71 | 37.13 | 1.75 |
| - Loans to employees | 2,13.10 | 3,58.92 | 2,33.09 |
| | 2,65.81 | 3,96.05 | 2,34.84 |
| (c) Trade receivables | | | |
| Trade Receivable | 79,60.63 | 46,27.45 | 27,29.57 |
| Receivables from related parties (Refer note 34) | 86,96.05 | 119,13.17 | 65,82.15 |
| | 166,56.68 | 165,40.62 | 93,11.72 |
| Break-up for Security Details: | | | |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | | |
| - Unsecured considered good | 582.22 | 8,33.19 | 13,01.43 |
| - Doubtful | 13,20.51 | 10,69.55 | 6,01.31 |
| Less: Allowance for credit losses | (13,20.51) | (10,69.55) | (6,01.31) |
| | 5,82.22 | 8,33.19 | 13,01.43 |
| Other debts | | | |
| - Secured, considered good | | | |
| - Unsecured considered good | 160,74.46 | 157,07.43 | 80,10.29 |
| Less: Allowance for credit losses | - | - | - |
| | 160,74.46 | 157,07.43 | 80,10.29 |
| | 166,56.68 | 165,40.62 | 93,11.72 |
| (d) Cash and cash equivalent carried at amortized cost | | | |
| Balance with banks | | | |
| - On Current accounts | 21,82.43 | 8,53.41 | 34,98.10 |
| - On deposit accounts | 1,37.47 | - | - |
| | 23,19.90 | 8,53.41 | 34,98.10 |
| For the purpose of the statement of cash flows, cash and cash equivalents comprise the following: | | | |
| Balances with banks: | | | |
| - On current accounts | 21,82.43 | 8,53.41 | 34,98.10 |
| Cash at bank and short term deposits | 1,37.47 | - | - |
| | 23,19.90 | 8,53.41 | 34,98.10 |
| Less - Bank overdraft (note 20) | (56,92.80) | - | - |
| | (33,72.90) | 8,53.41 | 34,98.10 |
| (e) Other financial assets carried at amortized cost | | | |
| Revenues accrued and not billed | 119,08.88 | 98,79.76 | 67,14.54 |
| Other receivable | 1,14.65 | 2,18.82 | 1,08.80 |
| | 120,23.53 | 100,98.58 | 68,23.34 |

Table No. 5.19

13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | In Rs. Lakhs | | |
|--|-------------------------|----------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| Deposits having a maturity period more than 3 months and less than 12 months | 31,93.38 | 1,27.71 | - |
| | 31,93.38 | 1,27.71 | - |

Table No. 5.20

The balance on deposit accounts bears an interest rate of 7.49%, which has been pledged as a security by the company for availing non-fund based facilities.

14. OTHER CURRENT ASSETS

| Particulars | In Rs. Lakhs | | |
|---|-------------------------|-----------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| Advances to related parties (Refer note 34) | 51,21.69 | 19,55.76 | 10,91.29 |
| Prepayments and other recoveries* | 20,46.75 | 8,64.04 | 3,92.53 |
| Salary advance | 1,33.20 | 1,50.18 | 33.75 |
| Input tax credit receivable | 54.26 | 2,07.83 | 2,85.57 |
| | 73,55.90 | 31,77.81 | 18,03.14 |

Table No. 5.21

* The Board of Directors of the Company approved filing of a Draft Letter of Offer in connection with a proposed offering of equity shares of the Company of face value of Rs.5/- for an aggregate amount of Rs.200,00 Lakhs. The DLOF was filed with SEBI/Stock exchanges on January 27, 2017 and has been approved and the LOF will be filed during the year 2017-18. The company has incurred an expenditure of Rs.102 Lakhs towards the Rights Issue transaction which has been classified as "other current assets" in the financial statements. Such costs would be accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction.

15. SHARE CAPITAL

| Particulars | In Rs. Lakhs | | |
|--|---------------------------|---------------------------|------------------|
| | As at March 31, 2017 | 2016 | April 1, 2015 |
| Authorised | | | |
| 150,000,000 equity shares of Rs 5 each. | 75,00.00 | 55,00.00 | 55,00.00 |
| (March 31, 2016, March 31, 2015 : 110,000,000 equity shares of Rs 5 each) | | | |
| | 75,00.00 | 55,00.00 | 55,00.00 |
| (b) Issued, Subscribed and Paid up | | | |
| 101,733,872 equity shares of Rs 5 each | 50,86.69 | 50,38.93 | 50,09.92 |
| (March 31, 2016: 100,778,624 equity shares of Rs 5 each) fully paid up | | | |
| (March 31, 2015: 100,198,474 equity shares of Rs 5 each) fully paid up | | | |
| | 50,86.69 | 50,38.93 | 50,09.92 |
| Shares held by shareholders holding more than 5 percent shares in the Company. | | | |
| | March 31, 2017 | March 31, 2016 | |
| Polaris Banyan Holding Private Limited | 24,291,508 | 23,029,974 | |
| | 23.88% | 22.85% | |
| Reliance Capital trustee Co. Ltd | 4,958,230 | 7,553,352 | |
| | 4.88% | 7.49% | |

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Equity shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

| Particulars | As at March 31, | | April 1, |
|--|--------------------|--------------------|--------------------|
| | 2017 | 2016 | 2015 |
| Shares outstanding at the beginning of the year/period | 100,778,624 | 100,198,474 | 100,000 |
| Shares cancelled as per the Scheme of Arrangement (Demerger) with Polaris Consulting & Services Limited | - | - | (100,000) |
| Shares issued as per the Scheme of Arrangement (Demerger) with Polaris Consulting & Services Limited | - | - | 99,849,024 |
| Shares issued under the Employee Stock Option Scheme | 955,248 | 580,150 | 349,450 |
| Shares outstanding at the end of the year/period | 101,733,872 | 100,778,624 | 100,198,474 |
| Share capital outstanding at the beginning of the year/period | 50,38.93 | 50,09.92 | 5.00 |
| Share capital cancelled as per the Scheme of Arrangement (Demerger) with Polaris Consulting & Services Limited | - | - | (5.00) |
| Share capital issued as per the Scheme of Arrangement (Demerger) with Polaris Consulting & Services Limited | - | - | 49,92.45 |
| Share capital issued under the Employee Stock Option Scheme | 47.76 | 29.01 | 17.47 |
| Share capital outstanding at the end of the year/period | 50,86.69 | 50,38.93 | 50,09.92 |

Table No. 5.22

16. OTHER EQUITY

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|-------------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2015 |
| Securities premium | 203,56.75 | 195,11.48 | 192,98.03 |
| Share Based Payment | 22,65.27 | 18,47.22 | 13,99.11 |
| Reserves | | | |
| General Reserve | 172,50.04 | 172,50.04 | 172,50.04 |
| Retained earnings | 56,84.08 | 114,86.43 | 89,35.74 |
| Cash flow hedge reserve | 18,19.66 | 5,95.69 | 4,82.69 |
| | 473,75.80 | 506,90.86 | 473,65.61 |

Table No. 5.23

17. FINANCIAL LIABILITIES

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--------------------------------|-----------------|----------|----------|
| | 2017 | 2016 | 2015 |
| NON-CURRENT LIABILITIES | | | |
| Term Loan (Secured) | 56,32.54 | - | - |
| | 56,32.54 | - | - |

Table No. 5.24

Term loan from banks (USD) has a moratorium of 12 months from the date of disbursement and repayable in 16 quarterly installments commencing from January 2018. The loan is measured at amortised cost (net of processing charges) and carries an effective interest of 5.73% per annum and secured by a charge on the Land and buildings of the Company.

18. DEFERRED TAX LIABILITIES (NET)

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|---|-----------------|------------|-----------------|
| | 2017 | 2016 | 2015 |
| <i>Deferred Tax Liability</i> | | | |
| Property plant and equipment | 22,74.83 | 16,36.19 | 15,08.94 |
| Revaluation of cash flow hedge | 4,23.59 | 39.10 | 1,67.05 |
| Revaluation of FVTPL investments to fair value | 2.45 | 12.97 | - |
| Others | - | - | 10,75.10 |
| Re-classed and disclosed on a net basis under Note 10 | (27,00.87) | (16,88.26) | (16,75.99) |
| | - | - | 10,75.10 |

Table No. 5.25

19. NON CURRENT PROVISIONS

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--|-----------------|----------|--------------|
| | 2017 | 2016 | 2015 |
| (a) Provision for employee benefits | | | |
| - Provision for gratuity (Refer note 32) | - | - | 15.28 |
| | - | - | 15.28 |

Table No. 5.26

20. FINANCIAL LIABILITIES

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--|------------------|----------------|----------|
| | 2017 | 2016 | 2015 |
| CURRENT LIABILITIES | | | |
| (a) Short term borrowings carried at amortized cost | | | |
| Secured | | | |
| Loans repayable on demand | | | |
| - from Banks | 56,92.80 | 15,09.86 | - |
| Buyers credit availed | 59,52.33 | - | - |
| Unsecured | | | |
| - from other parties (Refer Note 34) | 55,40.00 | - | - |
| | 171,85.13 | 1509.86 | - |
| Aggregate Secured loans | 116,45.13 | 15,09.86 | - |
| Aggregate Unsecured loans | 55,40.00 | - | - |

| Loan as on March 31, 2017 | Effective Interest Rate | Repayable | Security | Currency of the loan |
|---|-------------------------|-----------------------------------|-------------------|----------------------|
| Loans repayable on demand | | | | |
| Overdraft from bank | 8.4%-10.05% | 30 days credit period | Building and land | INR |
| Loan from other parties | 9.50% | Repayable on Demand | Unsecured | INR |
| Pre-shipment credit in foreign currency & Export bills discounting | | | | |
| Export bills discounting (with recourse) | 9.75% | 90 days to 180 days credit period | Building | INR |
| Pre-shipment credit in foreign currency | 2.00% | 60 days to 120 days credit period | Land | USD |

| Particulars | As at March 31, | | April 1, |
|--|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| (b) Trade payable | | | |
| Trade payables | 55,36.97 | 49,80.09 | 27,92.05 |
| Trade payables to related parties (Refer note 34) | - | 34,61.70 | 42,58.04 |
| | 55,36.97 | 84,41.79 | 70,50.09 |
| (c) Other financial liabilities carried at amortized cost | | | |
| Employee benefit payable | 43,17.87 | 37,32.96 | 28,12.00 |
| Capital creditors | 1,03.40 | 4,17.82 | 96.69 |
| Superannuation payable | 5,56.53 | 4,51.73 | 3,60.00 |
| Due to contractual obligation | 1.78 | 1.78 | 1.78 |
| | 49,79.58 | 46,04.29 | 32,70.47 |

Table No. 5.27

21. OTHER CURRENT LIABILITIES

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|-------------------------------------|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| Customer and other advance received | 4.87 | 1,09.76 | 5.48 |
| Billings in excess of revenues | 20,92.96 | 25,31.62 | 22,39.23 |
| Advances from related parties | 9,98.22 | 12,51.79 | 25,34.99 |
| Statutory dues | 6,37.23 | 8,02.14 | 6,58.92 |
| | 37,33.28 | 46,95.31 | 54,38.62 |

Table No. 5.28

22. SHORT-TERM PROVISIONS

In Rs. Lakhs

| Particulars | As at March 31, | | April 1, |
|--|-----------------|-----------------|----------------|
| | 2017 | 2016 | 2015 |
| Provision for employee benefits | | | |
| - Provision for gratuity (Refer note 32) | 4,67.36 | 4,19.02 | 2,99.60 |
| - Provision for leave benefits | 7,45.30 | 7,31.41 | 5,80.45 |
| | 12,12.66 | 11,50.43 | 8,80.05 |

Table No. 5.29

23. FINANCE INCOME (Recurring and not related unless stated otherwise)

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|--|----------------------|----------------|
| | 2017 | 2016 |
| (a) Interest Income | | |
| Interest received on deposits with banks | 1,80.17 | 1,97.78 |
| Interest from financial assets carried at amortised cost | 1,35.65 | 1,97.08 |
| (b) Dividend Income | | |
| Dividends received on investments in mutual funds | 1,23.91 | 3,97.48 |
| | 4,39.73 | 7,92.34 |

Table No. 5.30

24. OTHER INCOME (Recurring and not related unless stated otherwise)

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|---|----------------------|------|
| | 2017 | 2016 |
| (a) Net gain from sale of investments | | |
| Profit on sale of investments, carried at fair value through profit or loss | 77.94 | 1.85 |
| Reversal of provision for diminution in value of current investments | - | 6.23 |

| Particulars | Year Ended March 31, | |
|---|----------------------|----------------|
| | 2017 | 2016 |
| (b) Other non-operating Income | | |
| Fair value gain on financial instruments at fair value through profit or loss | 7.08 | 37.46 |
| Net gain on disposal of property, plant and equipment (Non recurring and not related) | 22,23.74 | 4,42.38 |
| Net Gain on foreign currency transaction and translation | - | 1,38.64 |
| Miscellaneous Income, Net | 3,97.57 | 3,27.96 |
| | 27,06.33 | 9,54.52 |

Table No. 5.31

25. EMPLOYEE BENEFITS EXPENSES

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|--|----------------------|------------------|
| | 2017 | 2016 |
| Salaries and incentive | 408,83.15 | 389,75.12 |
| Contribution to provident and other funds | 15,59.41 | 14,93.95 |
| Gratuity contribution scheme (Refer Note 32) | 3,45.16 | 1,12.98 |
| Expense on Employee Stock Option Scheme (ESOP) | 4,18.05 | 4,48.11 |
| Staff welfare expenses | 10,14.18 | 9,89.82 |
| | 442,19.95 | 420,19.98 |

Table No. 5.32

26. OTHER EXPENSES

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|--|----------------------|------------------|
| | 2017 | 2016 |
| Payment to the auditors* | | |
| - Statutory audit | 30.00 | 22.75 |
| - for other services | 1.80 | - |
| - Interim audit | 15.00 | 15.00 |
| - Internal Control over financial Reporting audit(ICFR) | 8.00 | 8.00 |
| - for reimbursement of expenses | 2.20 | 0.72 |
| Cost of software packages, consumable and maintenance | 9,71.79 | 8,29.07 |
| Travelling expenses | 36,99.67 | 26,28.64 |
| Local conveyance | 1,86.36 | 1,75.58 |
| Communication expenses | 8,20.98 | 4,30.12 |
| Professional and Legal charges | 15,59.99 | 10,87.40 |
| Recruitment Expenses | 3,62.03 | 4,12.37 |
| Power and fuel | 4,75.34 | 6,16.11 |
| Rent | 2,79.31 | 6,63.34 |
| Repairs - Plant and machinery | 1,80.54 | 4,60.42 |
| Repairs - Building | 2.04 | 0.16 |
| Repairs - Others | 4,21.11 | 5,65.43 |
| Business promotion | 5,39.94 | 7,58.86 |
| Office maintenance | 6,05.84 | 6,05.89 |
| Allowances for credit losses | 5,87.02 | 4,68.24 |
| Bad debts / advances written off | 6,21.39 | 1,39.59 |
| Insurance | 1,06.81 | 75.13 |
| Printing and stationery | 1,56.44 | 1,65.48 |
| Rates and taxes excluding Taxes on Income | 2,61.15 | 2,70.39 |
| Donations | 1.50 | - |
| Exp towards Chennai Flood Relief | - | 46.01 |
| Directors' sitting fees | 20.82 | 17.20 |
| Bank charges & commission | 91.12 | 47.76 |
| Miscellaneous expenses | 5,01.91 | 356.31 |
| Net Loss on foreign currency transaction and translation | 4,15.41 | - |
| | 129,25.51 | 108,65.97 |

Table No. 5.33

* Audit fees does not include Rs. 25 Lakhs paid for Rights issue included as part of Other current assets

27. FINANCE COSTS

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|-------------------|----------------------|-------------|
| | 2017 | 2016 |
| Interest Expenses | 10,52.30 | 9.86 |
| | 10,52.30 | 9.86 |

Table No. 5.34

28. DEPRECIATION AND AMORTIZATION EXPENSE

In Rs. Lakhs

| Particulars | Year Ended March 31, | |
|-----------------------------|----------------------|-----------------|
| | 2017 | 2016 |
| Depreciation & Amortization | 22,60.71 | 19,04.52 |
| | 22,60.71 | 19,04.52 |

Table No. 5.35

29. Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

| Particulars | Year Ended March 31, | |
|---|----------------------|-------------|
| | 2017 | 2016 |
| Profit / loss attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share | (56,14.91) | 26,32.17 |
| Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (number) | | |
| - Basic | 101,073,604 | 100,676,076 |
| - Diluted | 101,073,604 | 105,439,363 |
| Earning per share of Rs.5 each | | |
| - Basic | (5.56) | 2.61 |
| - Diluted | (5.56) | 2.50 |

Table No. 5.36

The basic and diluted EPS are the same since the potential equity shares on employee stock option which are anti dilutive.

30. Components of Other Comprehensive Income (OCI)
The disaggregation of changes to OCI by each type of reserve in equity is shown below:

In Rs. Lakhs

| Particulars | Retained Earnings | Net movement on cash flow hedges | Total |
|--|-------------------|----------------------------------|-----------|
| During the year ended March 31, 2017 | | | |
| Re-measurement gains (losses) on defined benefit plans | (1,87.44) | - | (1,87.44) |
| Currency forward contracts | - | 12,23.97 | 12,23.97 |
| During the year ended March 31, 2016 | | | |
| Re-measurement gains (losses) on defined benefit plans | (81.48) | - | (81.48) |
| Currency forward contracts | - | 1,13.00 | 1,13.00 |

Table No. 5.37

31. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Share-based payments

The Company initially measures the cost of Equity-settled transactions with employees using a black scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations and sensitivity analysis are given in Note 32."

Fair value measurement of financial instruments

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

Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2017, the carrying amount of capitalised intangible asset under development was INR 227.22 lakhs (31 March 2016: INR Nil). Refer note 39 for details on the intangible assets under development.

32. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Intellect Design Group gratuity trust" has been constituted by Intellect Design Arena Limited to administer the gratuity fund.

The following table summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

In Rs. Lakhs

| Particulars | As at March 31, | |
|--|-----------------|-----------------|
| | 2017 | 2016 |
| Obligations at the beginning of the period | 13,35.15 | 11,32.99 |
| Current service cost | 3,20.15 | 92.35 |
| Interest cost | 98.89 | 83.53 |
| Benefits paid | (1,04.95) | (99.12) |
| Actuarial (gains) / losses | 1,26.01 | 125.40 |
| Obligations at the end of the period | 17,75.25 | 13,35.15 |
| Change in plan assets | | |
| Plan assets at period beginning, at fair value | 9,16.13 | 8,18.11 |
| Expected Return on plan assets | 73.88 | 62.91 |
| Contributions | 4,84.27 | 90.31 |
| Actuarial gains / (losses) | (61.43) | 43.92 |
| Benefits paid | (1,04.96) | (99.12) |
| Plan assets at period end, at fair value | 13,07.89 | 9,16.13 |
| Actual Return on Plan Assets | 12.44 | 1,06.83 |
| Reconciliation of present value of the obligation and the fair value of plan assets | | |
| Fair value of plan assets at the end of the year | 13,07.89 | 9,16.13 |

| Particulars | As at March 31, | |
|--|------------------|------------------|
| | 2017 | 2016 |
| Present value of defined benefit obligations at the end of the period | 17,75.25 | 13,35.15 |
| Asset / (Liability) recognised in the balance sheet | (4,67.36) | (4,19.02) |
| a) Non-Current portion | - | - |
| b) Current portion | (4,67.36) | (4,19.02) |
| Amount recognised in the statement of Profit and Loss under employee benefit expense: | | |
| Service cost | 3,20.15 | 92.36 |
| Net interest on the net defined liability/asset | 25.01 | 20.62 |
| | 3,45.16 | 1,12.98 |
| Amount recognised in the statement of Other Comprehensive Income | | |
| (Gain)/Loss from change in demographic assumptions | (0.20) | - |
| (Gain)/Loss from change in financial assumptions | 1,20.35 | 10.16 |
| Actuarial (Gain)/Loss due to Experience | 5.86 | 1,15.24 |
| (Return) / Loss on Plan Assets (greater) / less than discount rate | 61.43 | (43.92) |
| | 1,87.44 | 81.48 |
| Gratuity cost for the period | | |
| Experience adjustments on plan liabilities | 3,26.06 | 1,25.40 |
| Experience adjustments on plan assets | (61.43) | 43.92 |
| Actual return on plan assets | 12.44 | 1,06.83 |
| Defined Benefit Obligation | 17,75.25 | 13,35.15 |
| Fair Value of Plan Assets | 13,07.89 | 9,16.13 |
| Surplus / (deficit) | (4,67.36) | (4,19.02) |
| Experience adjustments on plan liabilities | 1,26.01 | 1,25.40 |
| Experience adjustments on plan assets | (61.43) | 43.92 |
| Actuarial Assumptions | | |
| Discount rate | 6.68% | 7.71% |
| Expected return on plan assets | 6.68% | 7.71% |
| Salary growth rate | 6.75% | 5.75% |
| Attrition rate | 20.81% | 16.34% |

Table No. 5.38

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

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

Estimated amount of contribution to the fund during the year ended March 31, 2018 as estimated by management is Rs. 557.11 lakhs.

Amounts recognised in current year and previous four years

In Rs. Lakhs

| Gratuity | As at March 31, | | |
|---|-----------------|-----------|---------------|
| | 2017 | 2016 | April 1, 2015 |
| Defined benefit obligation | 17,75.25 | 13,35.15 | 11,32.99 |
| Plan asset | 13,07.89 | 9,16.13 | 8,18.11 |
| Surplus/(Deficit) | (4,67.36) | (4,19.02) | (3,14.88) |
| Experience Adjustment on Plan Liabilities (Gain) / Loss | 1,26.01 | 1,25.40 | 2,65.08 |
| Experience Adjustment on Plan Assets Gain / (Loss) | (61.43) | 43.92 | (13.12) |

Table No. 5.39

Estimated amount of contribution to the fund during the Year Ended March 31, 2018, as estimated by management is Rs. 5,57.11 lakhs (Previous year Rs. 4,19.02 lakhs)

| Particulars | In Rs. Lakhs | |
|-----------------------------|-----------------|---------|
| | Gratuity cost | |
| | As at March 31, | |
| | 2017 | 2016 |
| Statement of profit or loss | 3,45.16 | 1,12.98 |
| Other comprehensive Income | 1,87.44 | 81.48 |

Table No. 5.40

Notes

- The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation
- The Composition of Plan assets which is funded with Life Insurance Corporation of India is as below:

| Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Assets under insurance schemes | 100% | 100% |

Table No. 5.41

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March 2016 - 5 years)

A quantitative sensitive analysis of the assumption as at March 31, 2017

| Assumptions | Discount Rate | | Salary Escalation Rate | |
|----------------------------|---------------|----------|------------------------|----------|
| Sensitivity level | 1% | 1% | 1% | 1% |
| Activity | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation | 17,04.65 | 18,48.48 | 18,29.96 | 17,19.39 |

Table No. 5.42

| Assumptions | Attrition rate | | Mortality rate | |
|----------------------------|----------------|----------|----------------|--|
| Sensitivity level | 1% | 1% | 10% | |
| Activity | Increase | Decrease | Increase | |
| Defined benefit obligation | 17,67.05 | 17,80.15 | 17,74.15 | |

Table No. 5.43

A quantitative sensitive analysis of the assumption as at March 31, 2016

| Assumptions | Discount Rate | | Salary Escalation Rate | |
|----------------------------|---------------|----------|------------------------|----------|
| Sensitivity level | 1% | 1% | 1% | 1% |
| Activity | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation | 10,68.99 | 11,97.88 | 11,83.44 | 10,80.13 |

Table No. 5.44

| Assumptions | Attrition rate | | Mortality rate | |
|----------------------------|----------------|----------|----------------|--|
| Sensitivity level | 1% | 1% | 10% | |
| Activity | Increase | Decrease | Increase | |
| Defined benefit obligation | 11,31.89 | 11,28.41 | 11,31.06 | |

Table No. 5.45

33. Share based payments

The Scheme of Arrangement (Demerger) entered into by the Company with Polaris Consulting & Services Limited (Demerged Company) with effect from April 1, 2014 provided for the following in respect of Employee Stock Option Schemes;

(i) The Company has adopted three stock option plans (ASOP 2003, ASOP 2004 and ASOP 2011) from Polaris Consulting & Services Limited, as provided in the Scheme of Arrangement.

(ii) Every employee holding an option in the Demerged Company under the stock option plans of the Demerged Company, shall be issued one option in the stock option plans formed by the Resulting Company upon the Scheme coming into effect.

(iii) The exercise price of the options in the Resulting Company shall be adjusted to 28% of the exercise price of the options granted under the Schemes of the Demerged Company.

Apart from the schemes provided under the Demerger arrangement the company has the following Employee stock option schemes

(i) The Company has formulated two stock option plans (Intellect Stock Option Plan 2015, Intellect Stock Option Plan 2016) of its own.

These plans provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares. The option plans are summarized below:

Associate Stock Option Plan 2003

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and from the Bombay Stock Exchange on March 3, 2015. The 2003 Plan provides for issuance of 26,03,850 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including directors of the Company. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and there were no shares vesting after the transition date of April 1, 2015. A summary of the status of the options granted under 2003 plan at March 31, 2017 is presented below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 2,38,100 | 53.95 |
| Granted During the period | - | - |
| Exercised during the year | (69,098) | 43.89 |
| Forfeited during the year | (35,600) | 42.31 |
| Expired during the year | (600) | 35.98 |
| Outstanding at the end of the year | 1,32,802 | 49.39 |
| Exercisable at the end of the year | 1,32,802 | 48.60 |

Table No. 5.46

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 19.07-63.67 |
| Weighted average remaining contractual life (in years) | 2.06 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.47

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 6,77,200 | 44.85 |
| Granted During the period | 1,500 | - |
| Exercised during the year | (2,56,500) | 58.62 |
| Forfeited during the year | (10,000) | - |
| Expired during the year | (1,74,100) | 41.43 |
| Outstanding at the end of the year | 2,38,100 | 53.95 |
| Exercisable at the end of the year | 2,22,100 | 47.40 |

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 41.43 - 58.62 |
| Weighted average remaining contractual life (in years) | 2.94 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.48

Associate Stock Option Plan 2004

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange and the Bombay Stock Exchange on February 16, 2015. The 2004 Plan provides for issuance of 8,24,645 options, convertible to equivalent number of equity shares of Rs.5 each, to the employees, including directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 86,800 | 51.60 |
| Granted during the year | - | - |
| Exercised during the year | (7,600) | 51.64 |
| Forfeited during the year | (15,000) | 52.07 |
| Expired during the year | - | - |
| Outstanding at the end of the year | 64,200 | 49.32 |
| Exercisable at the end of the year | 64,200 | 49.32 |

Table No. 5.49

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 48.38 - 54.47 |
| Weighted average remaining contractual life (in years) | 2.22 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.50

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 2,03,700 | 50.13 |
| Granted during the year | - | - |
| Exercised during the year | (50,100) | 48.68 |
| Forfeited during the year | (6,800) | - |
| Expired during the year | (60,000) | 52.07 |
| Outstanding at the end of the year | 86,800 | 51.60 |
| Exercisable at the end of the year | 83,000 | 50.44 |

Table No. 5.51

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 48.63 - 52.07 |
| Weighted average remaining contractual life (in years) | 3.15 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.52

Associate Stock Option Plan 2011

The Plan is effective from October 9, 2014 and the Company has received in principle approval from the National Stock Exchange on February 16, 2015 and the Bombay Stock Exchange on February 19, 2015. The 2011 Plan provides for issuance of 48,88,450 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees. The plan shall be administered under 4 different schemes based on the following terms:

| Particulars | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|-------------------------------------|---|---|--|-------------------------|
| Eligible employees | Senior and Key executives excluding non-executive directors | Members of Business leadership team or equivalent thereof excluding non-executive directors | Associates in the grade of Executive Vice president and above, excluding non executive directors | Non Executive directors |
| Maximum number of options grantable | 3,648,450 | 1,736,000 | 1,240,000 | 200,000 |
| | Less: Number of Options granted under Swarnam 21 | | Less: Number of Options granted under Swarnam 41 | |

Grant price

| Market price upto Rs. 49 | Market price | Market price | Market price | Market price |
|---------------------------------------|--|---|---|----------------------------------|
| Market price between Rs. 49 - Rs. 140 | 15% discount on price. (Subject to being lower than Rs 49) | 30% discount on market price. Not being lower than Rs 49) | 50% discount on market price. Not being lower than Rs 49) | Market price greater than Rs.140 |
| | 10% discount on price | 20% discount on market price | 50% discount on market price | |

Table No. 5.53

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

| Vesting Schedule | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|----------------------|------------|------------|------------|------------|
| Service conditions | | | | |
| At the end of year 1 | 10% | 0% | 0% | 20% |
| At the end of year 2 | 15% | 0% | 0% | 20% |
| At the end of year 3 | 20% | 33% | 33% | 20% |
| At the end of year 4 | 25% | 33% | 33% | 20% |
| At the end of year 5 | 30% | 34% | 34% | 20% |

Table No. 5.50**Performance conditions**

| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating |
|-----------------------------|---|---|---|---|
| Companies target EPS growth | Accelerated vesting of 5%/10% each year, based on Company achieving specified target growth. | Accelerated vesting of 5%/10% each year, based on Company achieving specified target growth. | NA | NA |

Table No. 5.54

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 36,39,650 | 43.41 |
| Granted during the year | - | - |
| Exercised during the year | (7,59,750) | 37.91 |
| Forfeited during the year | (17,800) | 46.02 |
| Expired during the year | (2,64,450) | 47.23 |
| Outstanding at the end of the year | 25,97,650 | 51.47 |
| Exercisable at the end of the year | 6,46,620 | 40.55 |

Table No. 5.55

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 31.70 - 73.35 |
| Weighted average remaining contractual life (in years) | 6.21 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.56

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 43,33,900 | 42.38 |
| Granted during the year | 3,000 | - |
| Exercised during the year | (3,23,650) | 38.11 |
| Forfeited during the year | (3,50,950) | 48.58 |
| Expired during the year | (22,650) | 35.64 |
| Outstanding at the end of the year | 36,39,650 | 43.41 |
| Exercisable at the end of the year | 3,98,800 | 38.59 |

Table No. 5.57

| Particulars | March 31, 2016 |
|--|----------------|
| Range of exercise price (Rs.) | 35.64-48.58 |
| Weighted average remaining contractual life (in years) | 6.91 |
| Weighted average fair value of options granted | - |

Table No. 5.58**Intellect Stock option Plan 2015**

The Shareholders of the Company in the Extraordinary General Meeting held on January 29,2015 approved the Intellect Stock Option Plan 2015. The 2015 plan provides for issuance of 60,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. The plan shall be administered under 5 different schemes based on the following terms:

| Particulars | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
|-------------------------------------|---|---|--|-------------------------|
| Eligible employees | Senior and Key executives excluding non-executive directors | Members of Business leadership team or equivalent thereof excluding non-executive directors | Associates in the grade of Executive Vice president and above, excluding non executive directors | Non-Executive directors |
| Maximum number of options grantable | 37,20,000 Less: Number of Options granted under Swarnam 21 | 17,36,000 | 12,40,000 Less: Number of Options granted under Swarnam 41 | 2,00,000 |

Table No. 5.59

Grant price

| | Swarnam 101 | Swarnam 201 | Swarnam 301 | Swarnam 401 |
|---------------------------------------|--|--|--|--|
| Market price upto Rs. 49 | Market price | Market price | Market price | Market price |
| Market price between Rs. 49 - Rs. 140 | 15% discount on market price. (Subject to being Not lower than Rs 49) | 30% discount on market price. (Subject to being Not lower than Rs 49) | 50% discount on market price. (Subject to being Not lower than Rs 49) | 25% discount on market price. (Subject to being Not lower than Rs 49) |
| Market price greater than Rs.140 | 10% discount on market price | 20% discount on market price | 50% discount on market price | 25% discount on market price (Subject to being not lower than Rs. 49) |

Table No. 5.60**Grant price**

| | Swarnam 501 |
|---------------------------------------|--|
| Market price upto Rs. 49 | Market price |
| Market price between Rs. 49 - Rs. 140 | Upto 50% discount on market price. (Subject to being Not lower than Rs 49) |
| Market price greater than Rs.140 | Upto 50% discount on market price. (Subject to being not lower than Rs. 49) |

Table No. 5.61

The market price, in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the fair value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

| Particulars | Swarnam 101 | Swarnam 201 | Swarnam 301 | Swarnam 401 |
|----------------------|----------------|----------------|----------------|----------------|
| Service conditions | | | | |
| At the end of year 1 | 10% | 0% | 0% | 0% |
| At the end of year 2 | 15% | 0% | 0% | 0% |
| At the end of year 3 | 20% | 33% | 33% | 33% |
| At the end of year 4 | 25% | 33% | 33% | 33% |
| At the end of year 5 | 30% | 34% | 34% | 34% |

Table No. 5.62

| Particulars | Swarnam 501 |
|----------------------|-------------|
| Service conditions | |
| At the end of year 1 | 0% |
| At the end of year 2 | 0% |
| At the end of year 3 | 33% |
| At the end of year 4 | 33% |
| At the end of year 5 | 34% |

Table No. 5.63**Performance Conditions**

| | |
|-------------------------|--|
| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating. |
| Company's target growth | EPS Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth |

Table No. 5.64

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. A summary of the status of the options granted under 2015 plan at March 31, 2017 is presented below:

| Particulars | March 31, 2017 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 48,62,400 | 142.45 |
| Granted during the year | 11,03,500 | 176.41 |
| Exercised during the year | (1,26,400) | 97.57 |
| Forfeited during the year | (51,850) | 121.03 |
| Expired during the year | (7,73,850) | 110.56 |
| Outstanding at the end of the year | 50,13,800 | 134.06 |
| Exercisable at the end of the year | 5,67,215 | - |

Table No. 5.65

| Particulars | March 31, 2017 |
|---|----------------|
| Range of exercise price | 95.33 - 102 |
| Weighted average remaining contractual life (in years) | 7.50 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise | - |

Table No. 5.66

| Particulars | March 31, 2016 | |
|--|------------------|---------------------------------------|
| | Number of Shares | Weighted Average Exercise Price (Rs.) |
| Outstanding at the beginning of the year | 17,50,000 | 134.08 |
| Granted during the year | 33,18,400 | 194.89 |
| Exercised during the year | - | 97.75 |
| Forfeited during the year | (2,03,500) | 38.43 |
| Expired during the year | (2,500) | 97.75 |
| Outstanding at the end of the year | 48,62,400 | 142.45 |
| Exercisable at the end of the year | 18,200 | - |

Table No. 5.67

| Particulars | March 31, 2016 |
|--|----------------|
| Weighted average remaining contractual life (in years) | 8.03 |

Table No. 5.68

| Particulars | March 31, 2017 | |
|-------------------------|----------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 11 |
| Grant date | 9-Feb-16 | 3-May-16 |
| Risk-free interest rate | 7.74% | 7.31% |
| Expected life (Years) | 6 | 6 |
| Expected volatility | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% |
| Expected life (Years) | 6 | 6 |
| Expected volatility | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% |

Table No. 5.69

| Particulars | March 31, 2017 | |
|-------------------------|----------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 11 |
| Grant date | 9-Feb-16 | 3-May-16 |
| Risk-free interest rate | 7.74% | 7.31% |
| Expected life (Years) | 6 | 6 |
| Expected volatility | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% |

Table No. 5.70

| Particulars | March 31, 2016 | | | |
|-------------------------|----------------|------------|------------|------------|
| Scheme | ASOP 2011 | ASOP 2011 | ASOP 2011 | ASOP 2011 |
| Grant ID | Swarnam 11 | Swarnam 21 | Swarnam 31 | Swarnam 41 |
| Grant date | 27-Apr-15 | 28-Jun-15 | 31-Jul-15 | 28-Oct-15 |
| Risk-free interest rate | 7.81% | 7.88% | 7.84% | 7.61% |
| Expected life (Years) | 6 | 6 | 6 | 6 |
| Expected volatility | 20.00% | 20.00% | 20.00% | 20.00% |
| Expected dividend yield | 0.00% | 0.00% | 0.00% | 0.00% |

| Particulars | March 31, 2016 | |
|-------------------------|----------------|--|
| Scheme | ISOP 2015 | |
| Grant ID | Swarnam 101 | |
| Grant date | 9-Feb-16 | |
| Risk-free interest rate | 7.74% | |
| Expected life (Years) | 6 | |
| Expected volatility | 20.00% | |
| Expected dividend yield | 0.00% | |

Table No. 5.71

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Intellect Stock option Plan 2016

The Shareholders of the Company in the Extraordinary General Meeting held on May 03, 2016 approved the Intellect Stock Option Plan 2016. The 2016 plan provides for issuance of 40,00,000 options convertible into equivalent number of equity shares of Rs 5/- each to employees but shall exclude independent directors, an employee belonging to the promoter group or a director holding more than 10% of the share capital. The tenure of the Scheme is for 12 years from the date of coming into effect and shall be extended by a period of not more than 5 years as the Board of Directors may decide. A summary of the status of the options granted under 2016 plan at March 31, 2017 is presented as below:

| Particulars | Number of Shares | Weighted Average Exercise Price (Rs.) |
|--|------------------|---------------------------------------|
| Outstanding at the beginning of the year | - | - |
| Granted During the period | 27,12,500 | 92.90 |
| Exercised during the year | - | - |
| Forfeited during the year | - | - |
| Expired during the year | 85,000 | 87.54 |
| Outstanding at the end of the year | 26,27,500 | 93.18 |
| Exercisable at the end of the year | - | - |

Table No. 5.72

| Particulars | March 31, 2017 |
|--|----------------|
| Range of exercise price (Rs.) | 97.75 - 103.50 |
| Weighted average remaining contractual life (in years) | 3.72 |
| Weighted average fair value of options granted | - |
| Weighted average market price of shares on the date of exercise(Rs.) | - |

Table No. 5.73

| Particulars | Swarnam 501 | Swarnam 101 |
|----------------------|-------------|-------------|
| Service conditions | | |
| At the end of year 1 | 33% | 10.00% |
| At the end of year 2 | 33% | 15.00% |
| At the end of year 3 | 34% | 20.00% |
| At the end of year 4 | - | 25.00% |
| At the end of year 5 | - | 30.00% |

Table No. 5.74

| Performance Conditions | | | | |
|-----------------------------|--|----|----|--|
| Performance rating | 20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating. | | | |
| Company's target EPS growth | Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth | NA | NA | |

Table No. 5.75

| Black Scholes assumptions | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| ISOP 2016- Swarnam 101 | | | | | |
| Grant Date : 24 March 2017 | | | | | |
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 | Vest 5 |
| | 24-Mar-18 | 24-Mar-19 | 24-Mar-20 | 24-Mar-21 | 24-Mar-22 |
| Variables | | | | | |
| Stock Price (Rs.) | 115.70 | 115.70 | 115.70 | 115.70 | 115.70 |
| Volatility | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| Riskfree Rate | 6.58% | 6.75% | 6.88% | 6.98% | 7.07% |
| Exercise Price (Rs.) | 103.50 | 103.50 | 103.50 | 103.50 | 103.50 |
| Time To Maturity (Years) | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 |
| Dividend yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Outputs | | | | | |
| Vesting % | 10.00% | 15.00% | 20.00% | 25.00% | 30.00% |
| Option Fair Value (Rs.) | 50.18 | | | | |

Table No. 5.76

ISOP 2016 - SWARNAM 501

| Grant Date | 24-Mar-17 | | |
|--------------------------------|---------------|---------------|---------------|
| | Vest 1 | Vest 2 | Vest 3 |
| | 24-Mar-20 | 24-Mar-21 | 24-Mar-22 |
| Variables | | | |
| Stock Price (Rs.) | 115.70 | 115.70 | 115.70 |
| Volatility | 20.00% | 20.00% | 20.00% |
| Riskfree Rate | 6.88% | 6.98% | 7.07% |
| Exercise Price (Rs.) | 97.75 | 97.75 | 97.75 |
| Time To Maturity (Years) | 5.50 | 6.50 | 7.50 |
| Dividend yield | 0.00% | 0.00% | 0.00% |
| Outputs | | | |
| Vesting % | 33.00% | 33.00% | 34.00% |
| Option Fair Value (Rs.) | 55.83 | | |

Table No. 5.77

34. Related party transactions**34a. List of related parties****Subsidiaries**

- Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore')
- Intellect Design Arena Limited, United Kingdom ('Intellect UK')
- Intellect Design Arena SA, Switzerland ('Intellect Switzerland')
- Intellect Design Arena FZ-LLC, Dubai ('Intellect Dubai')
- Intellect Commerce Limited, India ('Intellect Commerce')
- Intellect Design Chile Ltda , Chile ('Intellect Chile') *
- Intellect Design Arena Inc, USA ('Intellect Inc. – SEEC US')**
- SEEC Technologies Asia Private Limited, India ('Seec Asia')***
- Laser Soft Infosystems Limited, India ('Laser Soft')
- Indigo TX Software Pvt Ltd, India ('Indigo TX')
- Intellect Design Arena Co. Ltd, Vietnam ('Intellect Vietnam')
- SFL Properties Private Ltd, India ('SFL Properties')
- Intellect Design Arena Philippines Inc.('Intellect Philippines')**
- Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
- FT Grid Pte Ltd, Singapore ('FT Grid')**
- Intellect Design Arena, PT Indonesia ('Intellect Indonesia')**
- Intellect Design Arena Inc.('Intellect Canada')*
- Intellect Design Arena Limited.('Intellect Thailand')**
- Intellect Design Arena,SDN BHD.('Intellect Malaysia')**
- Intellect Design Arena Pty Ltd.('Intellect Australia')**
- Intellect Payments Limited ('Intellect Payments')
- Intellect India Limited ('Intellect India')

* Subsidiaries of Intellect Design Arena Limited, UK

** Subsidiaries of Intellect Design Arena Pte Ltd, Singapore

*** Subsidiary of Intellect Design Arena Inc., USA

Associates

- NMS Works Software Private Limited, India ('NMS')
- Adrenalin eSystems Limited, India ('Adrenalin eSystems')

Joint Venture

- Intellect Polaris Design LLC,USA ('IPDLLC USA')

Others

(a) Enterprises that directly or indirectly through one or more intermediaries,over which Key Management Personnel is able to exercise significant influence, "Others"

- Polaris Banyan Holding Private Ltd, India ('Polaris Banyan')
- Enterprises that directly or indirectly through one or more intermediaries,over which Key Management Personnel is able to exercise significant influence, "Others" - Upto 2nd March 2016
- Polaris Consulting & Services Pte Ltd, Singapore ('PCSL Singapore')
- Polaris Consulting & Services Inc, Canada ('PCSL Canada')
- Polaris Consulting & Services Limited, United Kingdom ('PCSL UK')
- Polaris Consulting & Services GmbH, Germany ('PCSL Germany')
- Polaris Consulting & Services Pty Ltd, Australia ('PCSL Australia')
- Polaris Consulting and Services Japan K.K , Japan ('PCSL Japan')
- Polaris Consulting & Services Ireland Ltd, Ireland ('PCSL Ireland')
- Polaris Consulting & Services B.V, Netherlands ('PCSL Netherlands')
- Polaris Software (Shanghai) Limited, China ('PSL China')
- Polaris Software Consulting & Services Sdn Bhd, Malaysia ('PCSL Malaysia')
- Polaris Consulting & Services KFT, Hungary ('PCSL Hungary')
- Optimus Global Services Limited, India ('Optimus')
- Polaris Consulting & Services Limited, India ('PCSL India')
- Polaris Consulting & Services Limited, FZ LLC ('PCSL Dubai')
- Polaris Consulting & Services SA ('PCSL Switzerland')

(b) Key management personnel (KMP)

- Mr. Arun Jain, Chairman and Managing Director
- Mr. S Swaminathan,Chief Financial Officer
- Mr. Naresh VV,Company Secretary
- Mr. Balaraman V, Independent Director
- Mr. Arun Shekhar Aran, Audit Committee Chairman
- Mr. Anil Kumar Verma, Director

34b. Related party transactions**Subsidiaries :**

| Particulars | In Rs. Lakhs | | |
|---|---------------------------|---------------------------|---------------------------|
| | Subsidiaries | | |
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |
| TRANSACTIONS DURING THE YEAR | | | |
| Advances given | | | |
| Intellect Singapore | 3.85 | 3.34 | 9.41 |
| Intellect Canada | 32.60 | 5.29 | - |
| Intellect SEEC | 36.42 | - | - |
| Intellect UK | 40.96 | - | 32.58 |
| Intellect Swiss | 6.13 | - | 14.70 |
| Intellect Australia | 6.09 | - | - |
| Intellect Dubai | 39.65 | - | 39.11 |
| | 1,65.70 | 8.63 | 95.80 |
| Software development service income | | | |
| Intellect Malaysia | 7,71.60 | 8,33.79 | - |
| Intellect Philippines | 7,06.79 | 2,35.97 | 1,06.10 |
| Intellect Singapore | 23,46.28 | 20,60.39 | 2,36.85 |
| Intellect Thailand | 10.52 | 30.91 | - |
| Intellect Canada | 15,60.35 | 6,75.26 | - |
| Intellect Chile | - | 5,56.31 | - |
| Intellect Dubai | 76,61.84 | 103,29.67 | 50,59.83 |
| Intellect US | 15,84.55 | 10,72.39 | 15,22.08 |
| Intellect Swiss | 7,65.39 | 8,08.68 | - |
| Intellect UK | 96,40.17 | 103,40.74 | 142,47.59 |
| Sonali FT | 46.28 | 1,49.53 | 4,18.43 |
| | 250,93.77 | 270,93.64 | 215,90.88 |
| Software development expenses | | | |
| Laser Soft | 11,40.00 | 17,57.00 | 17,05.00 |
| IndigoTX | 1,20.53 | 49.28 | 1,60.80 |
| Intellect Malaysia | 54.44 | 1.06 | - |
| Intellect Philippines | 44.33 | 5,06.67 | - |
| Intellect Singapore | 7,93.63 | 7,34.04 | 1,90.67 |
| Intellect Vietnam | 1,30.00 | 1,94.75 | 2,55.83 |
| Intellect Canada | 5,69.35 | 4,24.54 | - |
| Intellect Chile | - | (31.82) | - |
| Intellect Dubai | 14,64.19 | 13,03.54 | 38.87 |
| Intellect US | 2,76.16 | - | 5,20.00 |
| Intellect Swiss | 22.88 | 17.32 | 79.28 |
| Intellect UK | 11,78.44 | 4,73.52 | 76,13.30 |
| | 57,93.95 | 54,29.90 | 105,63.75 |
| Reimbursement of expenses to the Company | | | |
| Intellect Singapore | 2,81.65 | 77.15 | 8.02 |
| Intellect Canada | - | 17.27 | - |
| Intellect Inc. - SEEC US | 27,99.75 | 7,14.67 | 7.83 |
| Intellect UK | 8,87.08 | 1,17.52 | 1,44.01 |
| Intellect Australia | 1,67.21 | - | - |
| Indigo TX | 51.08 | - | - |
| LaserSoft | 20,75.57 | - | - |
| Intellect Canada | 1,25.89 | - | - |
| Intellect Vietnam | 42.54 | - | - |
| Intellect Commerce | 6.39 | - | - |
| Intellect Malaysia | 13.58 | - | - |
| Intellect Philippines | 25.46 | - | - |
| Intellect Dubai | 12,53.02 | - | - |
| Intellect Swiss | 5.92 | - | - |
| | 77,35.14 | 9,26.61 | 1,59.86 |

| Particulars | In Rs. Lakhs | | |
|---|-----------------------------|---------------------------|---------------------------|
| | Subsidiaries | | |
| | 01-Apr-16 to 31-March-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |
| Reimbursement of expenses by the Company | | | |
| Intellect Dubai | 2,73.56 | - | - |
| SFL Properties | 0.92 | - | - |
| Intellect India Ltd | 1.10 | - | - |
| Intellect Payments | 59.87 | - | - |
| Indigo TX | 27.32 | - | 14.41 |
| Intellect Commerce | 2,40.82 | - | 1,11.17 |
| LaserSoft | 13,75.06 | - | 12.45 |
| Seec Asia | - | - | 9.73 |
| Intellect Malaysia | 16.74 | 30.11 | - |
| Intellect Canada | - | 4.44 | - |
| Intellect Singapore | 1,49.72 | - | 0.11 |
| Intellect Philippines | 27.97 | 1,84.09 | 8.25 |
| Intellect Vietnam | 82.58 | 1,94.75 | - |
| Intellect Chile | 3.43 | - | 3.11 |
| Intellect Inc. - SEEC US | 11,67.56 | 11.02 | - |
| Intellect UK | 2.33 | - | - |
| | 34,28.98 | 4,24.41 | 1,59.23 |
| Rental Income | | | |
| Intellect Commerce | - | 1.20 | - |
| LaserSoft | - | - | 6.00 |
| Seec Asia | - | - | 9.38 |
| | - | 1.20 | 15.38 |
| Rental Expenses | | | |
| Seec Asia | - | - | 34.36 |
| | - | - | 34.36 |

| Particulars | Others | | |
|---|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |
| TRANSACTIONS DURING THE YEAR | | | |
| Advances given | | | |
| PCSL Germany | - | - | 1.41 |
| | - | - | 1.41 |
| Interest on loans from related parties | | | |
| Polaris Banyan Holding Limited | 2,05.48 | - | - |
| | 2,05.48 | - | - |
| TRANSACTIONS DURING THE YEAR | | | |
| Software development service income | | | |
| PCSL Australia | - | - | 52.95 |
| PSL China | - | 46.73 | 1,61.11 |
| PCSL Malaysia | - | 37.12 | 71.37 |
| PCSL Canada | - | - | 20,67.94 |
| PCSL Germany | - | 6,25.34 | - |
| PCSL India | - | 28,47.74 | - |
| | - | 35,56.93 | 23,53.37 |

In Rs. Lakhs

| Particulars | Subsidiaries | | |
|--------------------------------------|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |
| Software development expenses | | | |
| PCSL India | - | 25,08.84 | 21,46.40 |
| PCSL Australia | - | 1,80.07 | - |
| PCSL Canada | - | - | 14,43.41 |
| PSL China | - | 1.87 | - |
| PCSL Germany | - | 2,59.29 | - |
| PCSL Malaysia | - | 31.17 | - |
| | - | 29,81.24 | 35,89.81 |

| Particulars | Others | | |
|-------------|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |

| | | | |
|---|---|---|----------------|
| Reimbursement of expenses to the Company | | | |
| PCSL India | - | - | 6,18.43 |
| PCSL Australia | - | - | 10.01 |
| PSL China | - | - | 24.50 |
| PCSL Germany | - | - | 13.13 |
| PCSL Malaysia | - | - | 57.12 |
| | - | - | 7,23.19 |

| | | | |
|---|---|---|----------------|
| Reimbursement of expenses by the Company | | | |
| PCSL India | - | - | 9,36.38 |
| PCSL Canada | - | - | 23.76 |
| | - | - | 9,60.14 |

| Particulars | Others | | |
|-------------|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |

| | | | |
|------------------------|---|----------------|----------------|
| Rental Income | | | |
| PCSL India | - | 3,34.11 | 1,92.30 |
| | - | 3,34.11 | 1,92.30 |
| Rental Expenses | | | |
| PCSL, India | - | 1,88.64 | 95.31 |
| | - | 1,88.64 | 95.31 |

| Particulars | Associates | | |
|-------------|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |

| | | | |
|---|--------------|---|--------------|
| Reimbursement of expenses to the Company | | | |
| Adrenalin eSystems | 15.62 | - | 20.68 |
| | 15.62 | - | 20.68 |

| | | | |
|---|--------------|--------------|--------------|
| Interest income from Investment in debt instrument of associates | | | |
| Adrenalin eSystems | 46.20 | 41.25 | 36.83 |
| NMS | 14.17 | 12.65 | 11.29 |
| | 60.37 | 53.90 | 48.12 |

| | | | |
|---|----------------|----------------|----------------|
| Reimbursement of expenses by the Company | | | |
| Adrenalin eSystems | 4,00.69 | 2,10.22 | 1,81.05 |
| | 4,00.69 | 2,10.22 | 1,81.05 |

| Particulars | Key Management Personnel | | |
|-------------|---------------------------|---------------------------|---------------------------|
| | 01-Apr-16 to 31-Mar-17 | 01-Apr-15 to 31-Mar-16 | 01-Apr-14 to 31-Mar-15 |

| | | | |
|---|----------------|----------------|----------------|
| Remuneration to Key Management Personnel** | | | |
| Remuneration & other | 3,71.78 | 3,31.40 | 1,58.00 |
| Benefits | | | |
| | 3,71.78 | 3,31.40 | 1,58.00 |

| | | | |
|--|--------------|--------------|-------------|
| Remuneration to independent directors | 20.80 | 17.20 | 5.78 |
|--|--------------|--------------|-------------|

** The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Closing balance

In Rs. Lakhs

| Particulars | Subsidiaries | | |
|-------------|--------------|-----------|------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |

BALANCE DUE FROM RELATED PARTIES

| | | | |
|--------------------------|-----------------|-----------------|-----------------|
| Trade receivables | | | |
| Intellect Malaysia | 7,80.23 | 88.94 | - |
| Intellect Philippines | 5,77.99 | (86.64) | - |
| Intellect Singapore | 21.04 | 5,01.27 | 74.43 |
| Intellect Thailand | 41.90 | 31.49 | - |
| Intellect Canada | 11,49.04 | 1,69.99 | - |
| Intellect Chile | 5,94.89 | 5,99.03 | - |
| Intellect Dubai | 2,81.00 | 19,96.78 | 9,26.03 |
| Intellect US | 20,14.94 | 16,32.11 | 15,39.49 |
| Intellect Swiss | 3,66.06 | 1,10.50 | - |
| Intellect UK | 17,29.40 | 29,36.25 | 21,67.07 |
| IndigoTX | 1.58 | 12.48 | - |
| Sonali FT | 11,37.98 | 11,38.77 | 2,99.17 |
| | 86,96.05 | 91,30.97 | 50,06.19 |

| | | | |
|---------------------------|-----------------|-----------------|----------------|
| Loans and Advances | | | |
| Indigo TX | 1,02.65 | 46.45 | 70.47 |
| LaserSoft | 8,95.27 | 6,46.48 | 2,24.58 |
| Intellect Commerce | 1,60.92 | 2,38.87 | 3,50.84 |
| SFL Properties | - | 8.00 | - |
| PCSL India | - | 8.78 | - |
| Intellect Switzerland | 42.69 | 45.30 | - |
| Intellect Philippines | 19.75 | 21.98 | 8.25 |
| Intellect Singapore | 7,78.09 | 81.26 | 1.50 |
| Intellect Chile | 34.90 | 31.51 | 3.11 |
| Intellect Dubai | - | 1,83.63 | - |
| Intellect Inc. - SEEC US | 13,22.97 | - | 9.80 |
| Intellect UK | 3,67.12 | - | - |
| SEEC Asia | - | - | 4.64 |
| Intellect India | 1.20 | 0.75 | - |
| Intellect Malaysia | 55.05 | 30.15 | - |
| Intellect Payments | 3,20.90 | 12.66 | - |
| Intellect Vietnam | 1,73.25 | - | - |
| | 42,74.76 | 13,55.82 | 6,73.19 |

| Particulars | Subsidiaries | | |
|-------------|--------------|-----------|------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |

| | | | |
|--|---|---|----------------|
| Other current assets | | | |
| Revenues accrued and not billed | | | |
| Sonali Polaris FT | - | - | 3,79.00 |
| | - | - | 3,79.00 |

| | | | |
|--------------------------|---|---------|---------|
| Trade payables | | | |
| Indigo TX | - | - | 1,60.80 |
| LaserSoft | - | 65.00 | 3,23.55 |
| Intellect Singapore | - | 24.47 | 1,04.33 |
| Intellect Vietnam | - | 91.02 | 73.31 |
| Intellect Inc. - SEEC US | - | - | 3,42.06 |
| Intellect Dubai | - | 7,64.26 | - |
| Intellect UK | - | 92.37 | - |
| Intellect Philippines | - | 2,43.08 | - |

| | | | |
|----------------------------------|----------------|-----------------|-----------------|
| Other current liabilities | | | |
| Intellect Dubai | 7,47.79 | - | 11,68.98 |
| Intellect UK | - | 155.41 | 104.01 |
| Intellect Canada | 13.55 | - | - |
| Intellect Australia | 2,36.67 | 114.71 | - |
| Intellect Swiss | - | - | 5,92.63 |
| Intellect Singapore | - | 2,05.25 | - |
| PCSL India | - | 3,83.95 | - |
| Seec Asia | - | 3,92.37 | - |
| SFL | 0.21 | - | - |
| | 9,98.22 | 25,31.89 | 28,69.67 |

In Rs. Lakhs

| Particulars | Subsidiaries | | |
|---|--------------|------------|------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |
| Maximum amount outstanding during the year * | | | |
| Indigo TX | 1,03.38 | 46.45 | 70.47 |
| LaserSoft | 18,76.25 | 6,46.48 | 2,30.58 |
| Intellect Commerce | 4,98.16 | 2,38.87 | 3,64.60 |
| SFL | 10.49 | 8.00 | - |
| Intellect Philippines | 14.73 | 29.90 | 8.25 |
| Intellect Singapore | 6,37.27 | 22,86.04 | 27.04 |
| Intellect Malaysia | 45.54 | 31.97 | - |
| Intellect India | 1.24 | 0.75 | - |
| Intellect Payments | 2,65.14 | 12.66 | - |
| Intellect Chile | 34.90 | - | 3.11 |
| Intellect Vietnam | 80.77 | - | - |
| Intellect US | 23,88.47 | - | - |
| Intellect Inc. - SEEUS | - | - | 9.80 |
| Intellect Swiss | - | (5,92.63) | - |
| Seec Asia | 1,94.05 | - | (41.04) |
| Intellect UK | 4.33 | - | - |
| PCSL India | - | (33,15.83) | - |
| Intellect Dubai | 51.41 | (28,84.03) | - |
| Intellect Canada | 3.33 | - | - |

* Disclosure in accordance with Clause 32 of SEBI Listing agreement.

| Particulars | Subsidiaries | | |
|-----------------------|------------------|------------------|------------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |
| INVESTMENTS | | | |
| Indigo TX | 17,02.97 | 17,02.97 | 17,02.97 |
| LaserSoft | 52,01.05 | 52,01.05 | 52,01.05 |
| Intellect Commerce | 9,00.00 | 9,00.00 | 9,00.00 |
| SFL | 15,44.53 | 15,44.53 | 15,44.53 |
| Sonali Polaris FT | 2,38.75 | 2,38.75 | 2,38.75 |
| Intellect Singapore | 16,98.60 | 16,98.60 | 4,04.60 |
| Intellect Vietnam | 22.50 | 22.50 | 22.50 |
| Intellect Dubai | 2,03.70 | 2,03.70 | 2,03.70 |
| Intellect Switzerland | 1,12.76 | 1,12.76 | 1,12.76 |
| Intellect UK | 6,17.50 | 6,17.50 | 6,17.50 |
| Intellect India | 5.00 | 5.00 | - |
| Intellect Payments | 2,55.00 | 5.00 | - |
| | 125,02.36 | 122,52.36 | 109,48.36 |

| Particulars | Others | | |
|-------------|-----------|-----------|------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |

BALANCE DUE FROM RELATED PARTIES

| | | | |
|-------------------|---|-----------------|-----------------|
| Trade receivables | | | |
| PCSL Australia | - | - | 52.01 |
| PSL China | - | 30.88 | 95.34 |
| PCSL Malaysia | - | - | 38.47 |
| PCSL Canada | - | - | 13,90.14 |
| PCSL Germany | - | 3,34.20 | - |
| PCSL India | - | 24,17.12 | - |
| | - | 27,82.20 | 15,75.96 |

Short term loans and advances

| | | | |
|----------------|---|-------------|--------------|
| PCSL Australia | - | - | 10.01 |
| PSL China | - | - | 24.50 |
| PCSL Japan | - | - | 0.52 |
| PCSL Canada | - | 7.76 | - |
| PCSL Singapore | - | 0.33 | - |
| PCSL Germany | - | - | 1.34 |
| | - | 8.09 | 36.37 |

Loans from related parties

In Rs. Lakhs

| Particulars | 31-Mar-17 | 31-Mar-16 | 1-April-15 |
|---|-----------|-----------|--------------|
| Polaris Banyan Holding Private Ltd, India | 55,40.00 | - | - |
| Other Current Assets | | | |
| Revenue accrued and not billed | | | |
| PCSL India | - | - | 16.44 |
| | - | - | 16.44 |

Maximum amount outstanding during the year *

| | | | |
|----------------|---|------|-----------|
| PCSL Australia | - | - | 65.44 |
| PSL China | - | - | 49.43 |
| PCSL Japan | - | - | 0.52 |
| PCSL Germany | - | - | (1,31.26) |
| PCSL Canada | - | 7.76 | - |
| PCSL Singapore | - | 0.33 | - |

* Disclosure in accordance with Clause 32 of SEBI Listing agreement.

| Particulars | Others | | |
|----------------------------------|-----------|-----------------|-----------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |
| Trade payables | | | |
| PSCL India | - | 20,46.16 | 16,73.45 |
| PCSL Malaysia | - | - | 88.69 |
| PCSL Canada | - | - | 14,91.85 |
| PCSL Ireland | - | 0.53 | - |
| PCSL Australia | - | 23.40 | - |
| PSL China | - | 1.24 | - |
| PCSL Germany | - | 92.26 | - |
| | - | 21,63.59 | 32,53.99 |
| Other current liabilities | | | |
| PCSL Canada | - | - | 6,69.37 |
| PCSL UK | - | 0.10 | - |
| | - | 0.10 | 6,69.37 |

| Particulars | Associates | | |
|-------------------------------|----------------|----------------|----------------|
| | 31-Mar-17 | 31-Mar-16 | 1-April-15 |
| Short term loans and advances | | | |
| Adrenalin eSystems | 8,46.93 | 5,91.85 | 3,81.63 |
| | 8,46.93 | 5,91.85 | 3,81.63 |

Maximum amount outstanding during the year *

| | | | |
|--------------------|---------|---------|---------|
| Adrenalin eSystems | 8,46.93 | 5,91.85 | 9,37.27 |
|--------------------|---------|---------|---------|

* Disclosure in accordance with Clause 32 of SEBI Listing agreement.

| | | | |
|-----------------------|---|--------------|---|
| Trade payables | | | |
| Adrenalin eSystems | - | 17.91 | - |
| | - | 17.91 | - |

Investment in debt instrument of associates, carried at amortized cost

| | | | |
|--------------------|----------------|----------------|----------------|
| Adrenalin eSystems | 4,31.24 | 3,85.04 | 3,43.79 |
| NMS | 1,32.24 | 1,18.07 | 1,05.42 |
| | 5,63.48 | 5,03.11 | 4,49.21 |

| | | | |
|--------------------|-----------------|-----------------|-----------------|
| INVESTMENTS | | | |
| IPDLLC | 13,80.15 | 13,80.15 | - |
| Adrenalin eSystems | 18,77.33 | 18,77.33 | 15,15.09 |
| NMS | 6,24.14 | 6,24.14 | 6,24.14 |
| | 38,81.62 | 38,81.62 | 21,39.23 |

Table No. 5.78

Terms and conditions of transactions with related parties

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

35. Capital and other commitments

Contracts yet to be executed on capital account (net of advances) Rs. 12.42 lakhs (March 31, 2016: Rs.5,67.45 Lakhs).

36. Investment - Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| | Carrying value | | | Fair value | | |
|--|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
| | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
| Financial assets | | | | | | |
| Investments | 21,56.46 | 29,39.77 | 151,42.41 | 21,63.54 | 30,07.01 | 152,91.30 |
| Derivative Financial Instruments - Forward Contracts | 9,58.10 | 5,95.69 | 4,82.68 | 9,58.10 | 5,95.69 | 4,82.68 |
| Total | 31,14.56 | 35,35.45 | 156,25.09 | 31,21.64 | 36,02.70 | 157,73.98 |

Table No. 5.79

37. Fair value hierarchy

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017, March 31, 2016 and March 31, 2015 :

| Particulars | Date of valuation | Fair value measurement using | | |
|--|-------------------|---|---|---|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets measured at fair value: | | | | |
| Mutual funds | March 31, 2017 | - | 2,163.54 | - |
| Mutual funds | March 31, 2016 | - | 3,007.01 | - |
| Mutual funds | March 31, 2015 | - | 15,291.30 | - |
| Assets measured at fair value: | | | | |
| Derivative financial instruments - Forward Contracts | March 31, 2017 | - | 9,58.10 | - |
| Derivative financial instruments - Forward Contracts | March 31, 2016 | - | 5,95.69 | - |
| Derivative financial instruments - Forward Contracts | March 31, 2015 | - | 4,82.68 | - |

Table No. 5.80

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

38. Hedging of foreign currency exposures

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Company does not use forward contracts for speculative purposes. The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2017 and March 31, 2016 including forward cover taken for forecasted revenue receivable transactions:

| Particulars (USD and INR) (Rs.in lakhs) | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| Number of contracts | 6.00 | 40.00 |
| US \$ Equivalent | 1,40.00 | 5,60.00 |
| INR Equivalent | 101,66.50 | 400,54.70 |

Table No. 5.81

39. Research and Development Expenditure

During the current year ended March 31, 2017, the Company has incurred revenue expenditure of Rs 4,777 Lakhs (March 2016: 8,525.86 Lakhs). The Company continues its significant investments in R&D efforts towards research, technology, engineering and new product development. The Company follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 Intangible assets and has accordingly recognised such cost as Internally generated Intangible asset under CWIP (Note 4) and Intangible asset (Note 5). During the current year ended March 31, 2017 the Company has incurred a revenue expenditure of Rs. 4,777 Lakhs (FY March 31, 2016 - Rs. 8,525.86, FY March 31, 2015 - Rs. 441.63).

We hereby furnishing the details of expenses under the respective Head of accounts which are recognised as Capital Work in Progress.

| Particulars | In Rs. Lakhs | |
|---------------------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 |
| Salaries, wages and bonus | 45,59.00 | 8,51.27 |
| Cost of license | - | 9.57 |
| Other Direct overheads | 11,15.26 | 3,66.16 |
| Total | 56,74.26 | 12,27.00 |

Table No. 5.82

40. Lease payments

The company has certain offices and other premises under operating leases, which expires at various dates in future years. The minimum lease rental payments to be made in respect of these non cancellable lease are as follows

| Particulars | In Rs. Lakhs | |
|--|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Lease payments for the year | 3,68.32 | 5,65.83 |
| Minimum lease payments | | |
| Not later than one year | 2,95.78 | 5,15.20 |
| Later than one year but not later than 5 years | 88.55 | 99.15 |
| Later than 5 years | - | - |
| | 3,84.33 | 6,14.35 |

Table No. 5.83

41. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of short tenured borrowings, trade and other payables and financial guarantee contracts. Most of these liabilities relate to financing Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors, Risk Committee and the Audit Committee. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out by a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Risk Committee and the Audit Committee review and agree policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPL investments and derivative financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax profit is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

| Currency | Activity | Effect on pre tax profit | | | |
|----------|----------|--------------------------|--------------|-------------|--------------|
| | | Amount in | March 31, | Amount in | March 31, |
| | | FC | 2017 | FC | 2016 |
| | | In lakhs | In Rs. Lakhs | In lakhs | In Rs. Lakhs |
| AED | 5% | 21.32 | 18.82 | 11.12 | 10.03 |
| | -5% | | (18.82) | | (10.03) |
| AUD | 5% | 2.34 | 5.81 | 2.80 | 7.14 |
| | -5% | | (5.81) | | (7.14) |
| CAD | 5% | 9.68 | 23.52 | 3.28 | 8.41 |
| | -5% | | (23.52) | | (8.41) |
| CHF | 5% | 5.25 | 17.02 | 2.26 | 7.79 |
| | -5% | | (17.02) | | (7.79) |
| CLP | 5% | 3,823.70 | 19.12 | 3,849.42 | 19.12 |
| | -5% | | (19.12) | | (19.12) |
| CNY | 5% | 3.24 | 1.53 | 3.13 | 1.61 |
| | -5% | | (1.53) | | (1.61) |
| EUR | 5% | 34.64 | 120.01 | 20.83 | 78.54 |
| | -5% | | (120.01) | | (78.54) |
| GBP | 5% | 2.68 | 10.86 | 20.68 | 98.70 |
| | -5% | | (10.86) | | (98.70) |
| MYR | 5% | 2.06 | 1.51 | 1.78 | 1.51 |
| | -5% | | (1.51) | | (1.51) |
| PHP | 5% | 198.80 | 12.82 | 159.04 | 11.47 |
| | -5% | | (12.82) | | (11.47) |
| SGD | 5% | 11.01 | 25.54 | 7.22 | 17.79 |
| | -5% | | (25.54) | | (17.79) |
| THB | 5% | 21.13 | 1.99 | 16.75 | 1.57 |
| | -5% | | (1.99) | | (1.57) |
| USD | 5% | 0.75 | 2.42 | 200.30 | 663.58 |
| | -5% | | (2.42) | | (663.58) |
| VND | 5% | 8,25,785.13 | 119.74 | 1,82,515.27 | 27.58 |
| | -5% | | (119.74) | | (27.58) |
| JPY | 5% | - | - | 8.00 | 0.24 |
| | -5% | | - | | (0.24) |

Table No. 5.84

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A. Trade Receivables

"Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12(c). The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers (which are in the nature of reputed banking and financial institutions) are located in several jurisdictions and industries and operate in largely independent markets."

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2017 and 2016 is the carrying amount as illustrated in Notes 7, 12 and 13.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.

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

| Particulars | As at March 31, 2017 | | |
|--------------------------------|----------------------|------------------|------------------|
| | Less than 1 year | More than 1 year | Total |
| | | year | |
| Interest bearing borrowings | 171,85.13 | 56,32.54 | 228,17.67 |
| Trade Payables | 55,36.97 | - | 55,36.97 |
| Provisions (Employee Benefits) | 12,12.66 | - | 12,12.66 |
| Other current liabilities | 37,33.28 | - | 37,33.28 |
| Other financial liabilities | 49,79.58 | - | 49,79.58 |
| Total | 326,47.62 | 56,32.54 | 382,80.16 |

Table No. 5.85

| Particulars | As at March 31, 2016 | | |
|--------------------------------|----------------------|------------------|------------------|
| | Less than 1 year | More than 1 year | Total |
| | | year | |
| Interest bearing borrowings | 15,09.86 | - | 15,09.86 |
| Trade Payables | 84,41.79 | - | 84,41.79 |
| Provisions (Employee Benefits) | 11,50.43 | - | 11,50.43 |
| Other current liabilities | 46,95.31 | - | 46,95.31 |
| Other financial liabilities | 46,04.29 | - | 46,04.29 |
| Total | 204,01.68 | - | 204,01.68 |

Table No. 5.86

| Particulars | As at March 31, 2015 | | |
|--------------------------------|----------------------|------------------|------------------|
| | Less than 1 year | More than 1 year | Total |
| | | year | |
| Interest bearing borrowings | - | - | - |
| Trade Payables | 70,50.09 | - | 70,50.09 |
| Provisions (Employee Benefits) | 8,80.05 | 15.28 | 8,95.33 |
| Other current liabilities | 54,38.62 | - | 54,38.62 |
| Other financial liabilities | 32,70.47 | - | 32,70.47 |
| Total | 166,39.23 | 15.28 | 166,54.51 |

Table No. 5.87

42. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

| | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|------------------|-----------------|-------------------|
| Borrowings other than convertible preference shares | 228,17.67 | 15,09.86 | - |
| Other payables | - | - | - |
| Less: cash and cash equivalents | (55,13.28) | (9,81.12) | (34,98.10) |
| Net debt | 173,04.39 | 5,28.74 | (34,98.10) |
| Equity | 50,86.69 | 50,38.93 | 50,09.92 |
| Total capital | 50,86.69 | 50,38.93 | 50,09.92 |
| Capital and net debt | 223,91.08 | 55,67.67 | 15,11.82 |
| Gearing ratio | 77.28% | 9.50% | -2,31.38% |

Table No. 5.88

43. First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Exemptions applied

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the de-recognition exception, and (ii) assets (including goodwill) and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

Estimates:

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVTPL – equity instruments in Non group companies and Impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 (i.e. the date of transition to Ind-AS) and as of March 31, 2016.

Investments in subsidiaries, joint ventures and associates:

The company has measured its investment in equity instruments of subsidiaries, joint ventures and associates as the previous GAAP carrying amount for determining the deemed cost.

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

Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exists at the date of transition to Ind AS. Accordingly, classification and measurement of bonds, debentures, government securities, commercial papers, certificate of deposits has been based on the facts and circumstances that exists at the date of transition to Ind AS.

44. SCHEMEN OF ARRANGEMENT (MERGER) BETWEEN INDIGO TX SOFTWARE PRIVATE LIMITED AND LASER SOFT INFOSYSTEMS LIMITED

The Board of Directors of the Company at its meeting held on May 21, 2015 have approved a Scheme of Arrangement ("the Scheme") enabling the merger of two of its wholly owned subsidiaries, namely Indigo TX Software Private Limited ("ITSPL") and Laser Soft Infosystems Limited ("LSIL") with the Company, with effect from April 1, 2015 ("Appointed Date"). Subsequently the Board of directors in its meeting held on May 3, 2016 had revised the appointed date of merger to April 1, 2016. The Scheme of Arrangement is yet to be approved by the respective shareholders' of all three companies, the creditors of the subsidiaries, the High Court of Madras or the National Company Law Tribunal (as the case may be) and such other statutory / regulatory authority(ies), as may be applicable before it is given effect to.

45. Rights Issue

The Board of Directors of the Company approved filing of a Draft Letter Of Offer in connection with a proposed offering of equity shares of the Company of face value of Rs 5/- for an aggregate amount of Rs 20,000 Lakhs. The DLOF was filed with Securities Exchange Board of India (SEBI) / Stock exchanges on January 27, 2017 and has been approved by SEBI on April 13, 2017. The company has incurred an expenditure of Rs.102 Lakhs towards the Rights Issue transaction which has been classified as "other current assets" in the financial statements (Refer note 17 of Annexure VI), such costs would be accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction.

46. Details of Specified Bank Notes (SBN)

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as below:

| Particulars | SBNs | Other denomination notes | Total |
|---|------|--------------------------|-------|
| Closing cash in hand as on 08th November 2016 | - | - | - |
| Add: Permitted receipts | - | - | - |
| Less: Permitted Payments | - | - | - |
| Less: Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30th December 2016 | - | - | - |

Table No. 5.89

Note 47, 48 & 49

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

47. Reconciliation of Equity as on 1 April 2015 (Date of transition to Ind-AS)

In Rs. Lakhs

| Particulars | IGAAP | Adjustments | Ind AS | |
|---|------------------|----------------|------------------|-----------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 101,83.45 | - | 101,83.45 | |
| Capital work-in-progress | 44,80.24 | - | 44,80.24 | |
| Intangible assets | 1,57.25 | - | 1,57.25 | |
| Intangible assets under development | - | - | - | |
| - Intangible assets under development | - | - | - | |
| Investment in subsidiaries, joint ventures and associates | 0 | 131,90.54 | (1,02.95) | 130,87.59 |
| Financial assets | - | - | - | |
| - Investments | (ii) | 10,47.12 | 4,49.21 | 14,96.33 |
| - Derivative instruments | | 10.87 | - | 10.87 |
| - Loans and deposits | | 6,78.01 | - | 6,78.01 |
| - Non current bank balances | | 17,08.61 | - | 17,08.61 |
| Income tax assets (net) | (v) | - | 6,04.65 | 6,04.65 |
| Deferred tax assets (net) | | - | - | - |
| Other non-current assets | (v) | 8,68.54 | (6,04.65) | 2,63.89 |
| CURRENT ASSETS | | | | |
| Investment in subsidiary | | - | - | - |
| Financial asset | | - | - | - |
| - Investments | (ii) | 151,41.74 | 1,49.56 | 152,91.30 |
| - Derivative instruments | | 4,71.81 | - | 4,71.81 |
| - Loans and deposits | (vi) | 2,38.09 | (3.25) | 2,34.84 |
| - Trade receivables | (iii) | 95,85.35 | (2,73.63) | 93,11.72 |
| - Cash and Cash equivalents | | 34,98.10 | - | 34,98.10 |
| - Bank balances other than cash and cash equivalents | | - | - | - |
| - Other financial assets | | 68,23.34 | - | 68,23.34 |
| Other current assets | | 18,03.14 | - | 18,03.14 |
| TOTAL | 698,86.20 | 2,18.94 | 701,05.14 | |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Equity Share Capital | 50,09.92 | - | 50,09.92 | |
| Other Equity | | | | |
| - Securities premium | 192,98.03 | - | 192,98.03 | |
| - ESOP Outstanding | (iv) | - | 13,99.11 | 13,99.11 |
| - Retained earnings | | 278,48.64 | (11,80.17) | 266,68.47 |
| | 521,56.59 | 2,18.94 | 523,75.53 | |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities | | | | |
| - Borrowings | - | - | - | |
| Deferred Tax Liabilities (Net) | 10,75.10 | - | 10,75.10 | |
| Other Long Term Liabilities | - | - | - | |
| Long - term provisions | 15.28 | - | 15.28 | |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities | - | - | - | |
| - Short term Borrowings | - | - | - | |
| - Trade payables | 70,50.09 | - | 70,50.09 | |
| - Other financial liabilities | 32,70.47 | - | 32,70.47 | |
| Other current liabilities | 54,38.62 | - | 54,38.62 | |
| Short-term provisions | 8,80.05 | - | 8,80.05 | |
| TOTAL | 698,86.20 | 2,18.94 | 701,05.14 | |

Table No. 5.90

(i) Redeemable Preference Shares

Investments in redeemable preference shares of associates were carried at cost under Indian GAAP. Investments in preference shares of associates, which are classified as investment in debt instruments of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. The interest income thereby on such instruments will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

(ii) Investment in Mutual Funds

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is less. Under Ind AS, such investments are measured at fair value through profit or loss

(iii) Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables that consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company has impaired its trade receivables by Rs 273.63 lakhs on April 1, 2015, which has been eliminated against retained earnings.

(iv) Share-based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. The Company has given effect of Rs 1,399.11 lakhs to opening balance sheet as on April 1, 2015.

(v) MAT Credit adjustment

Under Indian GAAP, the Company recognised its MAT credit assets under other non current assets. Ind AS requires it to be recognised in Income tax assets (net). MAT Credit are reclassified from Non Current Assets as shown in previous Indian GAAP and presented separately amounting to Rs 604.65 lakhs.

(vi) Interest free security deposits

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposits paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. The interest income arising there on will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

An amount of Rs 3.25 lakhs has been recognised against corresponding adjustment to Retained Earnings.

48. Reconciliation of Equity as on 1 April 2016 (Date of transition to Ind-AS)

| | | | In Rs. Lakhs |
|---|------------------|----------------|------------------|
| Particulars | IGAAP | Adjustments | Ind AS |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 144,55.53 | - | 144,55.53 |
| Capital work-in-progress | 29,10.94 | - | 29,10.94 |
| Intangible assets | 2,26.64 | - | 2,26.64 |
| Intangible assets under development | 12,27.00 | - | 12,27.00 |
| - Intangible assets under development | - | - | - |
| Investment in subsidiaries, joint ventures and associates (i) | 146,92.40 | (1,02.95) | 145,89.45 |
| Financial assets | - | - | - |
| - Investments (ii) | 10,47.12 | 5,03.11 | 15,50.23 |
| - Derivative instruments | 2,89.30 | - | 2,89.30 |
| - Loans and deposits | 6,57.21 | - | 6,57.21 |
| - Non current bank balances | 20,18.40 | - | 20,18.40 |
| Income tax assets (net) | 16,82.72 | - | 16,82.72 |
| Deferred tax assets (net) | 4,05.81 | - | 4,05.81 |
| Other non-current assets | 66.13 | - | 66.13 |
| CURRENT ASSETS | | | |
| Investment in subsidiary (iv) | - | 15,44.53 | 15,44.53 |
| Financial asset | - | - | - |
| - Investments (i) | 29,39.77 | 67.24 | 30,07.01 |
| - Derivative instruments | 3,06.39 | - | 3,06.39 |
| - Loans and deposits (v) | 4,01.32 | (5.27) | 3,96.05 |
| - Trade receivables (iii) | 170,54.25 | (5,13.63) | 165,40.62 |
| - Cash and Cash equivalents | 8,53.41 | - | 8,53.41 |
| - Bank balances other than cash and cash equivalents | 1,27.71 | - | 1,27.71 |
| - Other financial assets | 100,98.58 | - | 100,98.58 |
| Other current assets (iv) | 47,22.34 | (15,44.53) | 31,77.81 |
| TOTAL | 761,82.97 | (51.50) | 761,31.47 |
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Equity Share Capital | 50,38.93 | - | 50,38.93 |
| Other Equity | - | - | - |
| - Securities premium | 195,11.49 | - | 195,11.49 |
| - ESOP Outstanding (vi) | - | 18,47.22 | 18,47.22 |
| - Retained earnings | 312,30.86 | (18,98.72) | 293,32.14 |
| - Other reserves | - | - | - |
| | 557,81.29 | (51.50) | 557,29.79 |
| NON-CURRENT LIABILITIES | | | |
| Financial Liabilities | - | - | - |
| - Borrowings | - | - | - |
| Deferred Tax Liabilities (Net) | - | - | - |
| Other Long Term Liabilities | - | - | - |
| Long - term provisions | - | - | - |
| CURRENT LIABILITIES | | | |
| Financial Liabilities | - | - | - |
| - Short term Borrowings | 15,09.86 | - | 15,09.86 |
| - Trade payables | 84,41.79 | - | 84,41.79 |
| - Other financial liabilities | 46,04.29 | - | 46,04.29 |
| Other current liabilities | 46,95.31 | - | 46,95.31 |
| Short-term provisions | 11,50.43 | - | 11,50.43 |
| TOTAL | 761,82.97 | (51.50) | 761,31.47 |

Table No. 5.91

(i) Redeemable Preference Shares

Investments in redeemable preference shares of associates were carried at cost under Indian GAAP. Investments in preference shares of associates, which are classified as investment in debt instrument of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. The interest income thereby on such instruments will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

(ii) Investment in Mutual Funds

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is lesser. Under Ind AS, such investments are measured at fair value through profit or loss.

(iii) Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables that consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company impaired its trade receivables by Rs 513.63 lakhs on April 1, 2016, which has been eliminated against retained earnings.

Due to ECL model, the Company has impaired its trade receivable by the amount, which has been eliminated against retained earnings.

(iv) Share-based payments

The Company holds investments held for sale. Under Indian GAAP, the Company has classified it as other current assets. Under Ind AS, the same is required to be classified as Investment in subsidiary.

(v) Interest free security deposits

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposit paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. The interest income arising there on will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid.

An amount of Rs 5.27 lakhs has been recognised against corresponding adjustment to Retained Earnings.

(vi) Under Indian GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. The Company has given effect of Rs 1,847.22 lakhs to balance sheet as on April 1, 2016.

49. Company's reconciliation of profit or loss for the year ended 31 March 2016

| | In Rs. Lakhs | | |
|--|------------------|------------------|------------------|
| Particulars | IGAAP | Ajustments | Ind AS |
| Income from software services & products | 546,10.54 | - | 546,10.54 |
| Other Income (Refer note iv, v & vi) | 17,56.85 | (9.99) | 17,46.86 |
| Total Revenue | 563,67.39 | (9.99) | 563,57.40 |
| Expenses | | | |
| Employee Benefit Expenses (Refer note i & ii) | 416,53.35 | 3,66.63 | 420,19.98 |
| Other Expenses (Refer note i & vii) | 106,05.54 | 2,60.43 | 108,65.97 |
| Finance Cost | 9.86 | - | 9.86 |
| Depreciation and amortization expense | 19,04.52 | - | 19,04.52 |
| Total Expenses | 541,73.27 | 6,27.06 | 548,00.33 |
| Profit before exceptional and extraordinary items and tax | 21,94.13 | (6,37.05) | 15,57.07 |
| Exceptional Items | - | - | - |
| Profit before extraordinary items and tax | 21,94.13 | (6,37.05) | 15,57.07 |
| Extraordinary Items | - | - | - |
| Profit before tax | 21,94.13 | (6,37.05) | 15,57.07 |
| TAX EXPENSES | | | |
| Income taxes - Current tax | 4,05.81 | - | 4,05.81 |
| - Deferred tax | (10,75.10) | - | (10,75.10) |
| - MAT credit entitlement(Current Year) | (4,05.81) | - | (4,05.81) |
| Profit for the period from Continuing Operations | 32,69.22 | (6,37.05) | 26,32.17 |
| Net movement on cash flow hedges | - | 1,13.00 | 1,13.00 |
| Other comprehensive income | - | (81.48) | (81.48) |
| Tax expense of discontinuing operations | - | - | - |
| Total comprehensive income | - | 31.52 | 31.52 |
| Profit for the period | 32,69.22 | (6,05.53) | 26,63.69 |

Table No. 5.92

(i) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 81.48 Lakhs.

(ii) Share-based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of Rs.448.11 lakhs has been recognised in profit or loss account for the year ended 31 March 2016.

(iii) Other comprehensive income

Under Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Under Indian GAAP, the company had measured the investments lower of cost or fair value. Ind AS requires debt investments held for liquidity purposes to be measured at fair value and differences are recognised immediately in the profit or loss account

(iv) Investment in Mutual Fund

Under IGAAP, investments in liquid mutual funds were carried at cost or net realisable value, whichever is less. Under Ind AS, such investments are measured at fair value through profit or loss. An additional expense of Rs 82.32 lakhs has been recognised in profit or loss for the year ended 31 March 2016.

(v) Redeemable Preference Shares

Investments in redeemable preference shares of associates were carried at cost under Indian GAAP. Investments in preference shares of associates, which are classified as investment in debt instrument of associates under Ind AS, carrying coupon below market rate of interest are required to be measured and carried at fair value. The excess of principal amount over its fair value will be added to the cost of investment in equity instruments of the associate entities. The interest income thereby on such instruments will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid. An income of Rs 53.90 lakhs has been recognised in profit or loss for the year ended 31 March 2016.

(vi) Interest free Security Deposits

Under IGAAP, interest-free deposits were carried at transaction cost. Under Ind AS, interest-free deposits paid will be required to be measured and carried at fair value. The excess of principal amount over its fair value will be considered as prepaid

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 03, 2017

For and on behalf of the Board of Directors of

Intellect Design Arena Limited**Arun Jain**

Chairman & Managing Director

Arun Shekhar Aran

Director

S.Swaminathan

Chief Financial Officer

V.V.Naresh

Vice President &
Company Secretary

expense and will be amortized over the period of deposit on straight line basis. The interest income arising there on will be accreted on the fair value recognized on inception to bring the fair value to the principal amount that will be repaid. A net additional expense of Rs 2.59 lakhs has been recognised in profit or loss for the year ended 31 March 2016.

(vii) Trade receivables - Expected Credit loss

Under Indian GAAP, the Company has created provision for impairment of receivables that consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by Rs 240 lakhs for the year ended March 31, 2016.

50. Prior periods Comparatives

Previous year figures have been re grouped/ reclassified, where ever necessary to conform to this years classification

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overview

We are a digital technology product solutions provider with a specific focus on the BFSI industry. Our Company directly, and through our Subsidiaries, provides financial platforms for companies in the global BFSI industry with full spectrum, fully integrated products that are operated in over 200 financial institutions across 24 countries.

Our Company's technology products are built on the Digital platform and our business operations are divided into four distinct verticals:

- (i) Global Consumer Banking and Central Banking;
- (ii) Risk, Treasury & Markets;
- (iii) Global Transaction Banking; and
- (iv) Insurance.

Our Company's iDigital platform enables us to make our products scalable, extendable, secure and capable of facilitating digital transformation of banking operations and customer experience. Further, the iDigital platform also caters to various other entities within the traditional financial service sector such as insurance and mutual fund and also, the nascent and emerging financial service entities such as e-commerce and digital wallets.

Our Company and its Subsidiaries have a marked global footprint and our Company's products are operated across 6 (six) continents in 24 countries including USA, Canada, Chile, UK, Spain, South Africa, Egypt, Dubai, Singapore, Malaysia, Vietnam, Philippines, Indonesia, Thailand and other countries besides India. Our Company and its Subsidiaries cater to some of the world's largest banks and financial institutions, central banks and insurance companies.

Our Company's business was, until the recent past, a part of Polaris Financial Technology and our technology products business was hived off in 2014 into our Company pursuant to a Scheme of Arrangement-cum-Demerger.

Our Company's consolidated revenue for Financial Year 2016-17 was Rs.955,49.38 lakhs. Our Company's consolidated profit / loss after tax for Financial Year 2016-17 was (22,38.58) lakhs. Our Company's standalone revenue for Financial Year 2016-17 was 548,43.56 lakhs. Our Company's standalone profit / loss after tax as for Financial Year 2016-17 was Rs. (56,14.91) lakhs.

2. FACTORS IMPACTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are impacted by various factors of which the following are of particular importance.

Continuous investment in R&D

Our Company was, prior to the implementation of the Scheme of Arrangement-cum-Demerger, one of the business verticals of Polaris Financial Technology Limited (as it then was). Over the years, this business vertical saw significant investments to build digital technology products on three-tier service-oriented architecture (SOA), which has won accolades from industry analysts.

As on March 31, 2017, our Company had a dedicated R&D team (including new product development) of over 900 people in India and overseas. A significant number of our R&D personnel have been with our Company even prior to the demerger of our business pursuant to the Scheme of Arrangement-cum-Demerger and, consequently, have experience and understand the technological imperatives that drive our business. Further, a significant part of our R&D team is focused on Product Development towards improving and augmenting our suite of product offerings.

Further, to surmount technology obsolescence our Company commissioned the first FinTech 8012 Design Center, in March 2013 for

digital transformation. Our R&D team continuously works on latest technologies like Digital 360, natural language processing, artificial intelligence and smart search technologies to integrate and build solutions leveraging our inherent technological strength.

Increasing market penetration in emerging markets

Emerging markets India, countries in the Middle Eastern countries such as UAE, Qatar and Oman, Turkey, Thailand, Philippines, China, countries in Eastern Europe and Latin America generally have implemented basic core banking systems. Accordingly, the technology spends of BFSI operators in these countries is skewed towards upgrading their existing technologies onto digital platforms, extending the technology for serving specialised products for corporates and high net-worth individuals and sophisticated treasury management. Further, these countries are also seeing the advent of new local and / or international banks and financial institutions, which require new technology platforms capable of catering to local needs and complying with local regulations. Accordingly, in these markets, our Company offers, our core banking suite, which comprises of wealth and private banking, loan origination, lending, debt management, collateral and limits management along with omni-channel platform, under the iGCB, and complete risk, treasury and markets solution, under the iRTM. Our Company has also implemented central banking solutions to a few central banks in this region.

Further, certain other emerging markets such as Vietnam, Cambodia, Indonesia, Bangladesh, Sri Lanka, and countries in Eastern and Western Africa are in the nascent stages implementing digital platform. Therefore, financial institutions operating in such countries are generally seeking to build an efficient technology infrastructure of core banking. Accordingly, our Company offers all products under the iGCB portfolio and certain solutions under iRTM to entities operating in these geographies.

While operations in the emerging markets offer the potential for growing faster, the operating margins are generally lower than those in advanced markets.

Competition

Our Company operates in highly competitive global markets. Our Company competes globally across all its verticals with major Indian and global financial technology product providers such as Oracle Corporation, Temenos, EdgeVerve, SAP, FIS, MISYS and Tata Consultancy Service Limited. Further, larger operators including those who have a more diversified business model i.e. entities that are involved in both the products and services business may have a pricing advantage due to their economies of scale.

Ability to successfully implement our growth strategies

One of the key determinants of our results of operations will be our ability of implement our growth strategies. As a part of our overall growth strategy, we are venturing into and seeking to increase and develop our operations in more nascent markets in addition to increasing our footprint in the developed markets. Our ability to successfully penetrate these markets could be a key factor in our success.

Our ability to manage our trade receivables

In accordance with our business model a significant part of our Company's current assets are 'trade receivables' and 'Revenues accrued and not billed' under other current assets (together with trade receivables the **Receivables**).

Generally, pursuant to our contracts with customers, payments by our customers are based on billing milestones and, consequently, our Receivables Cycle, during the Financial Year 2016-17, Financial Year 2015-16 and Financial Year 2014-15, was 190, 171 and 122 days, respectively.

As on March 31, 2017 our Company (*on an unconsolidated basis*) had sanctioned funded working capital facilities aggregating Rs.194,78.73 lakhs of which Rs. 171,85.13 lakhs were outstanding. Of the said sanctioned working capital facilities, loans aggregating Rs. 139,38.73 lakhs were secured and the remainder of Rs.55,40.00 lakhs were unsecured. The same is used to fund our working capital needs including that of receivables.

Other factors

In addition to the above factors, the following factors could cause actual results to differ materially from our expectations:

1. Overall global economy;
2. Changes in fiscal, economic or political conditions in India;
3. Company's ability to successfully implement its strategy and its growth and expansion plans;
4. Increasing competition;
5. Changes in the value of the Indian rupee and other currencies; and
6. Regulatory changes pertaining to the BFSI industry in which our Company operates and our Company's ability to respond to them.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Current versus non-current classification

An asset has been classified as current when it satisfies any of the following criteria;

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

A liability has been classified as current when it satisfies any of the following criteria;

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

All other assets and liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

3.2. Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability
- c) The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, mention a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period)

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. The Valuation Committee comprises of the head of the treasury operations, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics

and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements have been disclosed in Note 31. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3.4 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

3.5 Cash Flow Statement

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

3.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses if any. Freehold land is measured at cost and not depreciated. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced in derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as Capital advances under other non-current assets and the cost of asset not put to use before such date are disclosed under "Capital Work in Progress". Subsequent expenditure relating to property, plant and equipment is capitalised only when its probable that future economic benefit associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance cost are recognised in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from financial statement upon sale or retirement of the asset and the resultant gains or loss are recognised in the Statement of profit and loss. Asset to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

3.7 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 intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual new project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset
3. How the asset will generate future economic benefits
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

The Intangible assets are amortised over a useful life of 10 years or the period of Licence / Intellectual Property Rights whichever is lower.

3.8 Impairment of Assets

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

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a

period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services includes income under multiple element arrangements recognized as follows:

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Other Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Profit on sale of units of mutual funds is recognised at the time of redemption and is determined as the difference between the redemption price and the carrying value

3.10 Foreign Currency Transactions

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. 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.

Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

3.11 Derivative Instruments and Hedge Accounting

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

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in IND AS 109 – "Financial Instruments" as 'cash flow hedges'

The use of Derivative Contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to the hedging instrument is recognised in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset

or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward contracts and currency swaps as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

3.12 Depreciation and Amortisation

Depreciation

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The useful lives considered for depreciation of fixed assets are as prescribed in Schedule II of the Companies Act:

The useful lives considered for depreciation of fixed assets are as follows:

| Assets Category | Estimated useful life (in years) |
|---|--|
| Buildings | 30 |
| Plant and machinery | 15 |
| Computer equipment | 3 |
| Servers and computer accessories | 6 |
| Electrical fittings, furniture and fixtures | 10 |
| Office equipment | 5 |
| Leasehold improvements | Over the lease period or 10 years whichever is lower |
| Leasehold land | Over the lease period (99 years) |

Categories of assets for which depreciation has been provided based on the estimated useful life of the Company based on management evaluation, durability based on use, etc. are:

| Assets Category | Estimated useful life (in years) |
|-----------------|----------------------------------|
| Vehicles | 4-8 |

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

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the amortization method are reviewed at each year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

3.13 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 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 April 1, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. 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 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.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance Lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.14 Retirement and other employee benefits

a. Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

b. Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Intellect Design Group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Re-measurement, comprising of actuarial gain or loss and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

c. Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The company recognizes contribution payable to the fund as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

d. Compensated Absences

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

3.15 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that 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 utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

3.16 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

3.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.18 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.19 Employee Stock Option Scheme

Stock options are granted to the employees under the stock option scheme, the costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/stock options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

The Company is allowed to avail Ind AS 101 exemption relating to Share based Payment of equity instruments that remain unvested as of transition date. The Company has elected to avail the Ind AS 101 exemption relating to share based payments and apply requirements of Ind AS 102 to all such options which vest after April 1, 2015. Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.

The excess Stock compensation expense measured using fair value over the cost recognised under IGAAP using intrinsic value has been adjusted in 'Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

3.21 Business Combination

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, have been carried forward.

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new

assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire company is adjusted against the reserves of the acquiring company.

3.22 Financial Instruments

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

A. Financial assets

i. Initial recognition and measurement

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.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any financial asset under this category

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay

iv. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables and Unbilled revenue

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

B. Financial liabilities

i. Initial recognition and measurement

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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

ii. Subsequent measurement

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

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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.

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 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.

De-recognition of financial liabilities

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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

3.22. Transactions Costs Relating to Equity Transactions

The Company defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense

3.23. Segment reporting

The Executive Management Committee monitors the operating results of its business as a single primary segment "Software Product Licence and related services" for the purpose of making decisions about resource allocation and performance assessment.

The business of the Company falls under a single primary segment i.e 'Software Product License & related services' for the purpose of Ind AS 108.

3.24 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 consolidated 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 consolidated financial statements is being evaluated

4.Principal components of our statement of profit and loss account

Revenue

Our revenue consists of:

- Revenue from operations** – Our revenue from operations comprises revenue from our four business verticals viz., global consumer banking and central banking, risk, treasury & markets, global transaction banking and insurance.
- Finance Income** – Our finance income comprises of interest/dividend from fixed deposits/mutual funds].
- Other income** – Other income consisting of interest received on deposits with banks, interest on others, dividends on investments in mutual funds, profit on sale of investments, provision for diminution in value of investments miscellaneous income, profit / (loss) on sale of assets and net gain on foreign currency transactions and translation (other than those considered as finance cost).

Our total revenue, as per the Consolidated Summary Statements, for the Financial Year 2017 and the Financial Year 2016 was Rs.955,49.38 lakhs, and Rs. 836,40.87 lakhs respectively.

Expenses

Our expenses comprised employee benefit expenses, other expenses and finance cost and depreciation and amortisation expenses.

- Employee benefit expenses** – Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other fund, superannuation scheme, other funds, gratuity expense, cost of technical sub-contractors, social security and other benefit plans for overseas employees and staff welfare expenses.
- Depreciation and amortisation expense** - Depreciation and amortisation expense comprises [depreciation on fixed assets of the company.
- Finance cost** – Finance cost comprises interest related expenses.

- d. **Other expenses** – Other expenses comprises cost of software packages, consumable and maintenance, travelling expenses, communication expenses, professional and legal charges payment to the auditors,, power and fuel, rent, repairs - plant and machinery, repairs - building, repairs - others, business promotion, office maintenance, provision for doubtful debts, bad debts/advances written off, insurance, printing and stationery, rates and taxes excluding taxes on income, directors' sitting fees, bank charges and commission, miscellaneous expenses and net loss on foreign currency transaction and translation (other than considered as finance cost).

Our total expense, as per the Consolidated Summary Statements, for the Financial Year 2017 and Financial Year 2016 was Rs.981,60.55 lakhs and Rs. 869,74.94 lakhs respectively.

Tax Expense

Current Tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to our Company. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where our Company has a legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred Tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the year that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as our Company does not have legal right to do so.

RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2017 COMPARED TO FINANCIAL YEAR 2016

Revenue

Our total revenue, as per the Consolidated Summary Statements, increased by 14.24% from Rs. 836,40.87 lakhs in Financial Year 2016 to Rs.955,49.38 lakhs in Financial Year 2017. This increase was primarily due to incremental customer acquisitions and growth in revenue from the existing customer base.

Revenue from operations

Our revenue from operations increased by 12.70% from Rs. 810,65.55 lakhs in Financial Year 2016 to Rs.913,57.50 lakhs in Financial Year 2017. This increase was primarily due to incremental customer acquisitions and growth in revenue from the existing customer base.

Finance income

Our finance income decreased by 49.36% from Rs.9,16.67 lakhs in Financial Year 2016 to Rs.4,64.23 lakhs in Financial Year 2017. This was primarily due to reduction in investments in mutual funds/bank deposits.

Other income

Our other income increased by 124.74% from Rs.16,58.65 lakhs in Financial Year 2016 to Rs.37,27.65 lakhs in Financial Year 2017 due to profit on sale of fixed assets

Expenses

Our total expenses increased by 12.86% from Rs.869,74.94 lakhs in Financial Year 2016 to Rs. 981,60.55 lakhs in Financial Year 2017.

Employee benefit expenses

Our employee benefit expenses comprising salaries, wages and bonus, contribution to provident and other fund, gratuity etc., increased by 11.72% from Rs. 642,54.26 lakhs in Financial Year 2016 to Rs.717,84.30 lakhs in Financial Year 2017. This increase was primarily due to annual salary increase and increase in the number of employees by close to 300 employees.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by 16.90% from Rs. 20,64.98 lakhs in Financial Year 2016 to Rs.24,13.99 lakhs in Financial Year 2017, primarily, due to the addition of fixed assets.

Finance cost

Our finance cost comprising interest expense increased by 8,48.03% from Rs.1,19.22 lakhs in Financial Year 2016 to Rs.11,30.24 lakhs in Financial Year 2017 primarily due to higher usage of working capital loans for operations.

Other expenses

Our other expenses comprising payment to auditors, cost of software packages, consumable and maintenance, travelling expenses, professional legal charges, rent, business etc., increased by 11.18% from Rs. 205,36.48 lakhs in Financial Year 2016 to Rs.228,32.02 lakhs in Financial Year 2017 primarily due to an increase in professional and legal charges, cost of software packages, consumable and maintenance expenses, travelling expenses and business promotion expenses.

Profit / Loss after tax

As a result of the foregoing factors, our total consolidated profit / loss after tax decreased from Rs. (23,44.99) lakhs in Financial Year 2016 to Rs.(22,38.58) lakhs in Financial Year 2017.

Liquidity and capital resources

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and for capital expenditures. We have met these requirements through cash flows from operations as well as through borrowings. As on March 31, 2017, we had Rs.116,07.52 lakhs in cash and bank balances, and Rs. 176,03.70 lakhs in short term borrowings.

We believe that our anticipated cash flow from operations, committed debt facilities, together with proceeds from this Issue and our existing cash, will be sufficient to meet our operating and capital expenditure requirements for the the Financial Year 2017.

Cash flows

The table below summarizes the statement of cash flows, as per our Consolidated Summary Statement of Cash Flows, for the year / period indicated:

(in Rs. lakhs)

| Particulars | Financial Year | |
|--|----------------|-------------|
| | 2017 | 2016 |
| Net cash generated from operating activities | (64,95.25) | (100,61.23) |
| Net cash generated from (used in) investing activities | (108,87.15) | 31,09.25 |
| Net cash generated from (used in) financing activities | 145,97.05 | 16,42.69 |

Operating activities

Net cash flow from operating activities comprises cash consumed / generated from operations and increase / decrease in working capital.

Net cash used in operating activities in Financial Year 2017 decreased to Rs.(64,95.25) lakhs from Rs.(100,61.23) lakhs due to reduction in loans and advances and other assets.

Investing activities

Net cash used in investing activities comprises sale of non-trade of investments, proceeds received from sale of fixed assets, increase in purchase of property, plant and equipment.

Net cash used in investing activities increased in Financial Year 2017 to Rs.(108,87.15) lakhs from Rs.31,09.25 lakhs in Financial Year 2016. The increase was primarily due to capital expenditure on New Product Development.

Financing activities

Net cash flow from financing activities comprises proceeds / repayment of loans.

Net cash generated from financing activities increased in Financial Year 2017 to Rs.145,97.05 lakhs from Rs.16,42.69 lakhs in Financial Year 2016. The increase was primarily due to increase in loans.

Indebtedness

As on March 31, 2017, at standalone level, we had a sanctioned term loan of USD 2,00.00 lakhs out of which USD 86.85 lakhs were outstanding. As on that date, we had sanctioned funded working capital facilities aggregating [Rs.194,78.73 lakhs of which Rs.171,85.13 lakhs were outstanding. Of the said working capital outstanding, loans aggregating Rs.116,45.13 lakhs were secured and the remainder of Rs.55,40.00 lakhs were unsecured. Further, as on March 31, 2017, our Company also had sanctioned non-funded working capital facilities of Rs.79,16.27 lakhs, out of which a sum of Rs.70,71.92 lakhs was outstanding.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with any entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We confirm that none of our debtors are related parties within the meaning of Accounting Standard AS-18 issued by the ICAI other than as disclosed in the financial statements.

Contingent liabilities

The following table sets forth our contingent liabilities.

(in Rs. lakhs)

| Particulars | Financial Year 2017 | Financial Year 2016 |
|---|---------------------|---------------------|
| Capital commitments (net of advances and deposit) | 12.42 | 5,67.45 |
| Demand from Indian income tax authorities | 6,21.07 | 7,24.91 |
| Sales Tax demand from Commercial Tax Officer, Chennai. | 31.62 | 31.62 |
| Service tax demand from Commissioner of Central excise, Chennai | 28.42 | 28.42 |

The above contingent liabilities disclosed in the Consolidated Summary Statements are in accordance with Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets.

Changes in accounting policies

Our Company has not changed its accounting policies in the last five financial years.

Qualifications and matters of emphasis

Our Financial Statements do not contain any qualifications, reservations and matters of emphasis by our statutory auditors in their audit reports relating to the respective periods.

Quantitative and qualitative disclosure about market risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments.

We are exposed to various types of market risks, in the normal course of our business. The following discussion and analysis, which constitutes 'forward-looking statements', involves risk and uncertainties summarise our exposure to different market risks.

Exchange rate risk

Changes in currency exchange rates may indirectly influence our results of operations. Our Company has extensive international operations particularly in the Americas and Europe. Any adverse change in foreign exchange rates may adversely affect our results of operations.

Significant dependence on a single or few customers or suppliers

While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of on-going contracts, historically we are not dependent on single or a few customers. During the Financial Year 2017 and Financial Year 2016 sales to our top ten customers represented, 42.63% and 39.92% respectively, of our total revenue, as per the Consolidated Summary Statements.

Interest rate risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt, and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, we cannot assure you that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit risk

We are exposed to credit risk on amounts owed to us by our customers. If our customers do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

Unusual or infrequent events or transactions

Except as described above, there have been no other events or transactions that, to our knowledge, may be described as 'unusual' or 'infrequent'.

Known trends or uncertainties

Other than as described above, and in this chapter, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Seasonality of business

Our Company's business is not seasonal.

Significant developments after March 31, 2017 that may affect our future results of operations

No circumstances have arisen since the date of the last Financial Statements which materially and adversely affect or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months of the date of the last Financial Statements as disclosed.

There is no development subsequent to March 31, 2017 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

Notice

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL BE HELD ON MONDAY, AUGUST 21ST, 2017, AT 10:00 AM AT THE MUSIC ACADEMY, "MINI HALL", NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA TO TRANSACT THE FOLLOWING BUSINESSES:

Ordinary Business

Item No. 1. – Adoption of Financial Statements

To receive, consider and adopt:

- (i) the audited financial statements of the Company for the financial year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon.
- (ii) the audited consolidated financial statements of the Company for the financial year ended 31st March 2017 together with the report of the auditors thereon.

And in this regard, pass the following resolutions as ordinary resolutions:

- (a) **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.
- (b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

Item No. 2 – To appoint a Director in the place of Mr. Anil Kumar Verma (DIN: 01957168), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Verma (DIN: 01957168), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Item No.3 – Ratification of appointment of auditors:

To ratify the appointment of Auditors of the Company who were appointed at the third annual general meeting to hold office for a period of five years till the conclusion of the annual general meeting of the Company to be held in the calendar year 2019 and to authorise the Board of Directors to fix their remuneration and to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rules 6 of the Companies (Audit and Auditors Rules), 2014 and other applicable provisions of the Companies Act, 2013, the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W), who were appointed as Auditors of the Company at the third Annual General Meeting to hold office till the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2019, be and is hereby ratified, and that they shall be paid a remuneration as fixed by the Board of Directors of the Company."

Special Business

Item No. 4 – Re-appointment of Mr. V. Balaraman as an Independent Director of the Company:

To consider and if thought fit, to pass the following resolution as a **Special Resolution:-**

"RESOLVED THAT, Mr. V. Balaraman (holding DIN: 00267829) who was appointed as an Independent Director at the 3rd annual general meeting to hold office for a period of 3 (three) years upto the conclusion of 6th Annual General meeting and who holds office upto the conclusion of this annual general meeting, pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for 2 (two) years upto the conclusion of 8th Annual General Meeting of the Company in the calendar year 2019, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company or Company Secretary of the Company be and is hereby authorised severally to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard, as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

Item No. 5 – Re-appointment of Ms. Aruna Krishnamurthy Rao as an Independent Director of the Company:

To consider and if thought fit, to pass the following as a **Special Resolution:-**

"RESOLVED THAT Ms. Aruna Krishnamurthy Rao (holding DIN: 06986715) who was appointed as an Independent Director at the Extra-ordinary general meeting held on 9th October 2014, to hold office for a period of 3 (three) years upto the conclusion of 6th Annual General meeting and who holds office upto to the conclusion of this annual general meeting, pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for 3 (three) years upto the conclusion of 9th Annual General Meeting of the Company in the calendar year 2020, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company Secretary of the Company be and is hereby authorised severally to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard, as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

Item No. 6: Re-appointment of Mr. Arun Jain as a Managing Director of the Company

To consider and if thought fit, to pass the following as an **Ordinary Resolution:-**

“RESOLVED THAT Mr. Arun Jain (DIN: 00580919) who was appointed as Managing Director at the 3rd annual general meeting to hold office for a period of 3 (three) years, w.e.f., 30th August 2014, pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Arun Jain (DIN: 00580919) as a Managing Director of the Company, for a period of 3 (three) years upto to the conclusion of 9th Annual General Meeting of the Company in the calendar year 2020, on the remuneration as set out below and other terms and conditions as stated in the Explanatory Statement to the Notice.”

Salary, Perquisites and Allowances per annum:

In Rs. Crores

| Name | Salary | Perquisites |
|---------------|--------|--|
| Mr. Arun Jain | NIL | At actual cost, amount not exceeding Rs.20,00,000/- (Rupees Twenty lacs only) per annum ** |

** The Perquisites as aforesaid shall include the following :

- Reimbursement of medical expenses & leave travel allowance for self and family.
- Use of car with chauffeur and telephone at residence.
- Medical and accident insurance premium as per rules of the company and Keyman Insurance, if any.
- Leave in accordance with the leave rules of the company from time to time in force.

Perquisites shall be evaluated at actual cost to the company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per the Income Tax Rules.

The term “family” means spouse, the dependent children and dependent parents.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to Mr. Arun Jain as detailed above shall be subject to the overall ceilings laid down under Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

RESOLVED FURTHER THAT notwithstanding anything contained herein above stated, where, in any financial year during the tenure of his appointment, the Company incurs a loss or its profits are inadequate, the remuneration payable to Mr. Arun Jain shall be governed by and subject to the ceilings provided in the provisions of Schedule V to the Companies Act 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT any Director of the Company or Company Secretary of the Company be and are hereby authorized jointly and/or severally to sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

Item No. 7 – Approval to borrow monies in excess of paid-up capital and free reserves:

To consider and if thought fit, to pass the following as a **Special Resolution:**

“RESOLVED THAT pursuant to Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) to borrow from time to time, for the purpose of the Company’s business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding Rs.500 Crores /- (Rupees Five hundred crores).

RESOLVED FURTHER THAT Board of Directors be and are hereby authorized jointly and/or severally to sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

By Order of the Board
for Intellect Design Arena Limited

V.V.Naresh
Vice President - Company Secretary & Compliance Officer

Place: Chennai
Date: 06th July, 2017

Notes

1. The Company has opted to circulate the abridged version of the Annual Report as per the provisions of Section 136(1) of the Companies Act, 2013. The Copies of the entire Annual Report shall be made available for inspection at its Registered Office and Corporate Office during working hours for a period of 21 days before the date of this Annual General Meeting.
2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE ON HIS BEHALF IN THE MEETING AND SUCH PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS OF THE COMPANY NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARES. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
4. The instrument appointing the Proxy, duly completed must be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting. A Proxy form for the ANNUAL GENERAL MEETING is enclosed.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. Members/Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the ANNUAL GENERAL MEETING.
8. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the ANNUAL GENERAL MEETING.
9. The certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 as applicable and in accordance with the resolution of the Members in the General Meeting will be available for inspection by the Members at the Annual General Meeting.
10. The Register of Members and Share Transfer Books of the Company will remain closed from August 11, 2017 to August 21, 2017 (both days inclusive) for the purpose of the ANNUAL GENERAL MEETING.
11. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
12. Members are requested to quote their Registered Folio Number or Demat Account number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with Registrar & Share Transfer Agents (RTA) of the Company, M/s.Karvy Computershare Private Limited, Hyderabad. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
13. The Company is concerned about the environment and utilizing natural resources in a suitable way. We request you to update your email address with your Depository Participant to enable us to send you the quarterly reports and other communications via email. Annual Report 2017 with Attendance Slip and Proxy form are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participants(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2017 are being sent by the permitted mode.
14. Members may also note that the Notice of the 6th Annual General Meeting and the Annual Report 2017 will also be available on the Company's website www.intellectdesign.com. The physical copies of the aforesaid documents will also be available at the Company's Corporate Office in Siruseri, Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at shareholder.query@intellectdesign.com / company.secretary@intellectdesign.com.
15. Additional information pursuant to Regulation 36(3) of the Listing Regulations with the Stock Exchanges in respect of the Directors seeking appointment at the ANNUAL GENERAL MEETING are furnished and forms part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment/reappointment.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 6th annual general meeting to be held on Monday, August 21st 2017, at 10:00 a.m. The Company has engaged the services of Karvy Computershare Private Limited to provide the e-voting facility: The e-voting facility is available at the link <http://www.evotingkarvy.com/>

18. The facility for voting through Instapoll shall be made available at the AGM, to all the members attending the AGM, who have not opted evoting facility. Further, the members who have opted evoting facility may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
19. Evoting commences on August 18, 2017 at 9 AM and will end at August 20, 2017 at 5 PM and at the end of e-voting period, the facility shall forthwith be blocked.
20. The Detailed instructions on remote e-voting is made part of a separate sheet "Instructions for e-voting" attached to this Notice.
21. All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection in physical or electronic form at the Registered Office of the Company during business hours on all working days upto the date of declaration of the result of the 6th Annual General Meeting of the Company and the copies thereof shall also be made available for inspection in physical or electronic form at the Corporate Office of the Company and also at the meeting.

By Order of the Board
for Intellect Design Arena Limited

V.V.Naresh

Vice President - Company Secretary & Compliance Officer

Place: Chennai

Date: 06th July, 2017

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4 & 5:-

Mr. V. Balaraman (DIN: 00267829) and Ms. Aruna Krishnamurthy Rao (DIN: 06986715) were appointed as independent directors at the 3rd Annual General Meeting held on 17th September 2014 and at the EGM held on 9th October 2014 for a period of three (3) years and hold office upto to the conclusion of this annual general meeting.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re- appointment of Mr. V. Balaraman and Ms. Aruna Krishnamurthy Rao as Independent Directors for a second term of 2(Two) and 3 (three) consecutive years respectively on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Mr. V. Balaraman and Ms. Aruna Krishnamurthy Rao would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. V. Balaraman and Ms. Aruna Krishnamurthy Rao as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 2 (Two) and 3 (three) consecutive years respectively on the Board of the Company.

In terms of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Mr. V. Balaraman (DIN: 00267829)

and Ms. Aruna Krishnamurthy Rao (DIN: 06986715) are proposed to be appointed as Independent Directors for a term of 2(Two) and 3 (three) years respectively.

The Company has received from each of Mr. V. Balaraman (DIN: 00267829) and Ms. Aruna Krishnamurthy Rao (DIN: 06986715) (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 (iii) Declaration of Independence, that he/she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013

The Company has also received from a member, a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from him/her along with the deposit of Rs. 1,00,000/- (Rupees One Lakh Only) proposing the candidature of Mr. V.Balaraman (DIN: 00267829) and Ms. Aruna Krishnamurthy Rao (DIN: 06986715) for office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV and all other applicable provisions of the Companies Act, 2013.

Draft letter for appointment of Mr. V.Balaraman (DIN: 00267829) and Ms. Aruna Krishnamurthy Rao (DIN: 06986715) as director setting out terms and conditions will be available for inspection in physical or electronic form at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 6th Annual General Meeting of the Company and the copies thereof shall also be made available for inspection in physical or electronic form at the Corporate Office of the company and also at the meeting.

None of the Directors, Key Managerial Personnel, or their relatives, except Mr. V.Balaraman and Ms. Aruna Krishnamurthy Rao to whom the resolution relates, is interested or concerned in the Resolution.

The Board recommends the resolution set forth in Item No. 4&5 for the approval of members.

Item No. 6 :-

Mr. Arun Jain (DIN: 00580919) was appointed as a Managing Director at the 3rd annual general meeting to hold office for a period of 3 (three) years, w.e.f., 30th August 2014 and his term expires at the end of business hours of 29th August 2017.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re- appointment of Mr. Arun Jain as a Managing Director for a period of 3 (three) years.

Hence it is proposed to seek the members' approval for the re-appointment for a period of 3 (three) years and remuneration payable to Mr. Arun Jain as Managing Director in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment of and remuneration payable to Mr. Arun Jain are as under:

Salary, Perquisites and Allowances per annum :

Rs.in crores

| Name | Salary | Perquisites |
|---------------|--------|--|
| Mr. Arun Jain | NIL | At actual cost, amount not exceeding Rs.20,00,000/- (Rupees Twenty lacs only) per annum ** |

** The Perquisites as aforesaid shall include the following :

- (a) Reimbursement of medical expenses & leave travel allowance for self and family.
 (b) Use of car with chauffeur and telephone at residence.
 (c) Medical and accident insurance premium as per rules of the company and Keyman Insurance, if any.
 (d) Leave in accordance with the leave rules of the company from time to time in force.

Perquisites shall be evaluated at actual cost to the company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per the Income Tax Rules.

The term “family” means spouse, the dependent children and dependent parents.

General:

(i) The Managing Director will perform their respective duties as such with regard to all work of the Company and they will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such Statutory Reports directions and regulations as may from time to time be given and made by the Board and the functions of the Managing Director will be under the overall supervision of the Board.

(ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

(iv) The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Mr. Arun Jain satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Arun Jain under Section 190 of the Act.

None of the Directors, Key Managerial Personnel, or their relatives, except Mr. Arun Jain to whom the resolution relates, is interested or concerned in the Resolution.

The Board recommends the resolution set forth in Item No. 6 for the approval of members.

Item No. 7 :-

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs.500 crores (Rupees Five hundred cores only). Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors, Key Managerial Personnel, or their relatives, is interested or concerned in the Resolution.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE) OF 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2

The brief resume, experience and functional expertise and the membership on various Board and Committee of Directors proposed to be appointed/ re-appointed at Serial Number 2,4,5&6 of the Notice convening 6th Annual General Meeting, as per the Corporate Governance Code as defined under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below :-

| S.NO | PARTICULARS | NAME OF THE DIRECTOR | | | |
|------|--|--|--|--|---|
| | | MR. V. BALARAMAN | MS. ARUNA KRISHNAMURTHY RAO | MR. ARUN JAIN | MR. ANIL KUMAR VERMA |
| 1. | Date of Birth | 18.08.1946 | 15.03.1959 | 30.12.1959 | 05.07.1955 |
| 2. | Age | 70 | 58 | 57 | 60 |
| 3. | Qualifications | Bachelor of Technology in chemical engineering from the University of Madras and holds a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad | Bachelor of Science from Gujarat University, MBA from Gujarat University and an MS Information Systems from Maryland University. | Bachelor of Science (Electrical Engineering) Electronics from the University of Delhi | Bachelor of Electrical Engineering from IIT Delhi and Post- Graduate in instruction design from the University of Wollongong in Australia |
| 4. | Experience | Over 45 years | Over 20 years | Over 30 years | Over 35 years |
| 5. | Expertise in specific functional areas | Expertise in Brand Marketing, Human Development and Consulting Companies besides coaching/ mentoring business leaders | Well experienced in the areas of Corporate Banking Technology, Cash Management, Trade Finance | Expertise in Banking technology and rich experience in working with Global clients in BFSI domain for over three decades | Well experienced in the areas of accounting, finance, management, and corporate advisory services. |

| S.NO | PARTICULARS | NAME OF THE DIRECTOR | | | |
|------|---|---|---|--|---|
| | | MR. V. BALARAMAN | MS. ARUNA KRISHNAMURTHY RAO | MR. ARUN JAIN | MR. ANIL KUMAR VERMA |
| 6. | No. of Meetings of the Board attended during the financial year 2016-17 | 6 | 5 | 8 | 8 |
| 7. | Terms and conditions of re-appointment | The terms and conditions of re-appointment will be on the same terms as mentioned in the Letter of appointment dated September 17, 2014, which is displayed on the website of the Company | The terms and conditions of re-appointment will be on the same terms as mentioned in the Letter of appointment dated October 09, 2014, which is displayed on the website of the Company | The terms and conditions of re-appointment will be on the same terms as mentioned in the notice elsewhere in this report. | The terms and conditions of re-appointment will be on the same terms as approved by the members of the company in the AGM held on July 28, 2015 |
| 8. | Remuneration sought to be paid | Only Sitting Fee | NIL | NIL | 1,20.00 Lakhs |
| 9. | Remuneration last drawn by such person | 7.2 Lakhs (Only Sitting Fee) | NIL | NIL | 1,20.00 Lakhs |
| 10. | Date of first appointment on the Board | 17-09-2014 | 09-10-2014 | 30-08-2014 | 30-09-2014 |
| 11. | Shareholding in the company | NIL | 6,860 | 48,09,365 | 47,000 |
| 12. | Relationship with other Directors, Manager and other Key Managerial Personnel of the company, | NIL | NIL | Mr. Arun Jain is brother-in-law of Mr. Anil Kumar Verma, Executive Director of the Company | Mr. Anil Kumar Verma is brother-in-law of Mr. Arun Jain, Chairman and Managing Director of the Company |
| 13. | Directorships, Membership/ Chairmanship of Committees of other Boards | a) Computer Age Management Services Pvt. Ltd. – Member of Audit Committee and CSR Committee b) Mahindra World City Developers Limited– Member of Audit Committee, Nomination & Remuneration and CSR Committee c) Mother Dairy Fruit & Vegetable Private Ltd. – Chairman of Audit Committee d) India Nippon Electricals Limited – Member of Audit Committee e) Delphi Systems Limited – Chairman of Nomination and Remuneration Committee and Member of Audit Committee f) Parry Enterprises India Ltd. – Member of Audit Committee | NIL | a) Maveric Systems Limited b) Polaris Banyan Holding Private Limited c) Intellect Payments Limited d) Startup Nukad India Foundation e) School of Design Thinking Private Limited f) Adrenalin eSystems Limited g) Jain International Trade Organisation | a) Oculus Healthcare Private Limited b) Artec Interactives Pty. Ltd. |

Brief Resume of the Directors:-**ANIL KUMAR VERMA****Background details:**

Mr. Anil Kumar Verma is a key contributor to the strategic vision of the organization. A bachelor of electrical engineering from IIT Delhi and post-graduate in instructional design from the University of Wollongong in Australia, Anil has rich and global professional experience of over 37 years in the industry.

Mr. Anil Kumar Verma established and nurtured deep relationships for strengthening Intellect brand in Australia. Earlier, he was part of the core group that conceptualized and created FINDIT (Forum of Indian IT Companies in Australia) that later became NASSCOM Australia, an influential industry body that he led as founder President for several years. Living the spirit of deeper connect with the local community, Anil established long term relationship with the Western Sydney University in Australia where he was instrumental in creating graduate and post graduate course on software testing. He has contributed significantly in promoting collaboration between India and Australia in the field of ICT. In 1997 he was nominated for prestigious Australia Day award for his contribution to the Aboriginal community.

Mr. Anil Kumar Verma has been associated with the Australian Computer Society, AIIA – FSG (Australian Information Industry Association – Financial Services Group) and Financial Services Institute of Australia (FINSIA) for a long time.

Mr. Anil Kumar Verma is the brother-in-law of Mr. Arun Jain, Chairman and Managing Director.

V. BALARAMAN

Mr. V. Balaraman is a Chemical Engineer from the University of Madras and holds a post graduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He was the MD and CEO of Pond's India Ltd between 1991 and 1998 and was Director -Exports in Hindustan Lever Limited between 1998 and 2002.

He is a Director on the Boards of Mahindra World City Developers Limited, Parry Enterprises India Limited, India Nippon Electricals Limited, Computer Age Management Services Pvt. Limited, Mother Dairy Fruit & Vegetable Private Limited and DELPHI-TVS Diesel Systems Limited.

Outside the corporate world Mr. V. Balaraman also served as the President of the Madras Chamber of Commerce and Industry, Madras Management Association, Indian Shoe Federation, Federation of Indian Export Organizations Southern Region and as Chairman of the Footwear Design and Development Institute.

Mr. V. Balaraman is passionate about Brand Marketing and Human Development and in pursuit of these interests, provides consultancy to companies besides coaching / mentoring business leaders. Frequently he is a speaker at Management seminars and business events in India and abroad

ARUNA KRISHNAMURTHY RAO

Ms. Aruna Rao is Chief Technology Officer for Kotak Mahindra Bank and group companies. She provides senior oversight on all strategic technology initiatives across the group companies and builds technology innovation, collaboration, and standardization, across the teams. Being passionate about excellence through technology, she has lead several initiatives, the most recent ones harnessing mobility for banking and utilising cloud capabilities.

Ms. Rao brings a global perspective to her role, having worked across international markets. Starting her career in Chevy Chase Savings and

Loan, in the US and going on to Citicorp Software (COSL), where she was responsible for implementation of systems in Australia, Central and Eastern Europe. She joined Polaris as part of the merger of COSL/Orbitech with Polaris. During her 20 year career in Citicorp Software/Polaris, she was Group Head of Corporate Banking Technology, where she built the business including Cash Management, Trade Finance and Treasury systems.

Ms. Rao contributes to several industry forums, serving on the advisory panel for International Exhibition & Conference on Banking Technology, Equipment & Services, the CIO Choice technology Vendor recognition platform, and technology vendor customer advisory councils. She contributes to the Computer Society of India, Mumbai Chapter, annual conference and serves as jury for mentoring initiatives like the Next 100 CIOs.

Ms. Rao holds a BSc degree from St. Xaviers College, Ahmedabad, an MBA degree from Gujarat University and a Master's degree in Information Systems from the University of Maryland, USA.

ARUN JAIN

Mr. Arun Jain is the Chairman and Managing Director of Intellect Design Arena Limited. Intellect is a specialist in applying true Digital Technologies, the world's first full spectrum Banking and Insurance technology products company, across Global Consumer Banking (iGCB), Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets (iRTM) and Insurance (Intellect SEEC). With revenues of USD 124 Mn and employee base of around 4000, Intellect powers over 200 leading Banks and Financial Institutions around the globe with its suite of Products.

Arun commenced his entrepreneurial journey by setting up Nucleus Software Workshop in 1986. In 1993, he founded Polaris Software Lab, which recorded a CAGR of nearly 200% during the seven year period 1993-2000. This path of deep domain expertise, vision and planning began in 1993, with just \$250 and a dream. His journey was guided by two strong beliefs – (1) ordinary people coming together to achieve extraordinary results, if the dreams are Big (2) the power of the organizational subconscious in realizing the vision. Intellect is his third venture, in pursuit of his vision to make India the IP Capital towards the next growth wave for the IT Industry. Arun's passion in creating a technology product power house from India made Intellect a reality.

Arun is passionate about Design Thinking as a science to create biggest impact on Individual and organizational performance. He visualizes it as a platform for learning and applying, with a child like curiosity to ask questions, forming the foundation of the practice of Design Thinking. An avid practitioner, Arun also evangelizes Design Thinking through public workshops. FinTech 8012, the World's first Design Center dedicated to Financial Technology is a testimony of his commitment to Design Thinking. He architected the creation of this Center from Concept to Execution.

Confederation of Indian Industry (CII) has conferred the Lifetime Achievement Award to Arun at the India's premier ICT Event, Connect 2016. He has received multiple awards including 'INDO ASEAN Business Initiative Award', 'ICICI Venture – CII Connect Entrepreneur Award', 'Visionary of India 2014-15', amongst others in recognition of his contribution to the Industry and the Society. His contribution was recognized by the Times Group, with an award and a feature in a book titled 'Pathfinders' that lauds the achievements of extraordinary personalities in the IT & ITES industry.

He holds / has held positions in CII, MMA, STPI, National Institute of Electronics and Information Technology (NIELIT) and the Indo American Chamber of Commerce. He has been the Chairman of CII BANKing TECH Summit from 2014-2016, for three consecutive years.

A social engineer by nature, Arun has been working towards creating a better community. Ullas Trust, founded in 1997, with the purpose of igniting young minds and guiding them to realizing their dreams, has since reached out to over 2,00,000 children from the economically challenged sections of Government, Municipal and Aided Schools. This brainchild of Arun provides vital professional skills to adolescent children across the country nurturing the "Can do" spirit among the young minds.

Continuing his Social Connect initiatives, Arun has recently launched 'Project Samridhi'. Samridhi is dedicated to holistic human development in India, through the design and development of projects that are sustainable and capable of scale to positively impact the larger population. Through START-UP Nukkad, another unique initiative for Start-up Entrepreneurs, Arun conducts special workshops for them to understand their purpose and nurture and mentor their innovative thinking.

STATEMENT PURSUANT TO CLAUSE (B) OF SECTION II OF PART-II OF SCHEDULE V OF THE COMPANIES ACT, 2013

I. GENERAL INFORMATION:

1. Nature of Industry – Software.
2. Year of commencement of commercial operations – 01.04.2014
3. Financial performance

In Rs. Lakhs

| Particulars | 2016-17 | 2015-16 |
|-----------------------------------|--------------|--------------|
| Turnover | 516,97.50 | 546,10.54 |
| Net Profit/(Loss)After Tax | (56,14.91) | 26,32.17 |
| Equity Capital (No. of shares) | 10,17,33,872 | 10,07,78,624 |
| Earnings Per share | (5.56) | 2.61 |

4. Export performance and net foreign exchange collaborations – Rs.349,18.12 (amount in lakhs)
5. Foreign investments or collaborations – NIL

II. INFORMATION ABOUT THE APPOINTEE:

1. Background details:

| | |
|--|---|
| | Mr. Arun Jain |
| Background details & Recognition or awards | Mr. Arun Jain holds a bachelor's degree in Electrical engineering from the Delhi College of Engineering (1983). He was the promoter and Managing Director of Polaris Consulting & Services Limited prior to the Demerger of its products business into Intellect Design Arena Limited. Post Demerger, Mr. Arun Jain became one of the promoters of the Company and was appointed as Managing Director with effect from 30 th August 2014. In recognition of Mr. Arun Jain's achievements, he is the recipient of many special awards including the 'Indo-Asean Business Initiative Award', 'ICICI Venture-CII Connect Entrepreneur Award'. His contribution was recognised by the Times Group, with an award and a feature in a book titled 'Pathfinders' that lauds the achievements of extraordinary personalities in the IT and ITES industry. |
| Past remuneration | NIL |

| | |
|--|---|
| Job Profile and his suitability | The job profile involves providing leadership and direction to the business for Intellect Design Arena Limited. Thus includes managing the day to day operations and take complete ownership of the P&L of the Company. |
| Remuneration proposed | NIL |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | Mr. Arun Jain is holding 4.73% of the equity share capital of the company as on 31 st March 2017. |
| Reasons and justification for payment beyond limits specified in schedule V to the Companies Act, 2013: | Not Applicable |

Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person – Arun Jain, Chairman and Managing Director of the Company is not drawing any remuneration from the Company; however he is drawing only perquisites not exceeding Rs. 20 Lakhs.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement – Products business is in the growth phase and will take some time to generate profits, the Company is taking adequate steps in increasing revenue and cutting down unnecessary costs.
2. Expected increase in productivity and profits in measurable terms - Our Company is a Technology Product Company addressing Banking, Financial Services and Insurance industry. Technology Product companies do require significant investments and efforts to build the foundation for growth & profitability.
 - a. The key elements that the Company has been investing on include :-
 - b. developing Intellectual Property in the form of Technology Products,
 - c. putting together a competent & right capacitated Global Sales & Marketing team,
 - d. creating presence in the chosen countries for Global presence,
 - e. Getting recognition from Analysts,
 - f. creating execution capacity for implementing the Products & Solutions offered to the Customers and
 - g. having a Competent Management team for delivering the Companies Goals and Strategies.
 - h. The above efforts are being committed and the Company is in its initial phase of set up (three years in its operations since demerger). Hence during the initial phase of its journey, we need to commit costs. Once the benefits of scale start coming leveraging the above building blocks, the Company and the desired threshold size is achieved, the Company and would start delivering the desired profitability.

INTELLECT DESIGN ARENA LIMITED

(CIN:L72900TN2011PLC080183)

Registered Office: No.244, Anna Salai, Chennai - 600 006, Ph : 044 387 4000

Corporate Office : Plot No.3/G-3, SIPCOT IT Park, Siruseri, Chennai – 600 130, Ph : 3341 8000

Email id : shareholder.query@intellectdesign.com, company.secretary@intellectdesign.com Website: www.intellectdesign.com;

6th Annual General Meeting to be held on August 21st, 2017 at 10:00 AM**THE MUSIC ACADEMY, MINI HALL, NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA****ATTENDANCE SLIP**

Registered Folio No :(or)

Demat Account No.D.P.ID.No.....

Name of Shareholder(s)

I/We certify that I am/we are the Member(s) / Proxy of the Member(s) of the Company holding _____ Shares.

.....
Signature of Member(s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance of the meeting hall.
- Name of the Proxy in BLOCK letters (in case a Proxy attends the meeting)
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.

**Form No. MGT-11****Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L72900TN2011PLC080183**Name of the Company:** Intellect Design Arena Limited**Registered office:** 244, Anna Salai, Chennai – 600 006**Corporate Office :** Plot No.3/G-3, SIPCOT IT Park, Siruseri, Chennai – 600 130

Name of the Member (s)

Registered Address

E-mail ID

Folio No./ Client Id & DP. ID

I/We being the Member(s) of _____ shares of the above named Company, hereby appoint

1. Name : _____
 Address : _____
 E-mail ID : _____
 Signature : _____, or failing him _____

2. Name : _____
 Address : _____
 E-mail ID : _____
 Signature : _____, or failing him _____

3. Name : _____
 Address : _____
 E-mail ID : _____
 Signature : _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on **Monday, the August 21st, 2017, at 10:00 a.m. at THE MUSIC ACADEMY, "MINI HALL", NEW NO. 168, T.T.K. ROAD, ROYAPETTAH, CHENNAI – 600 014, INDIA** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

1. Adoption of Financial Statements.
2. Re- appointment of Mr. Anil Kumar Verma
3. Ratification of the appointment of Statutory Auditors
4. Re-appointment of Mr. V. Balaraman as an Independent Director of the Company
5. Re-appointment of Ms. Aruna Krishnamurthy Rao as an Independent Director of the Company
6. Re-appointment of Mr. Arun Jain as Managing Director of the Company
7. Approval to borrow monies in excess of paid-up capital and free reserves

Signed this _____ day of _____ 2017.

Affix Revenue Stamp

Signature of shareholder(s)

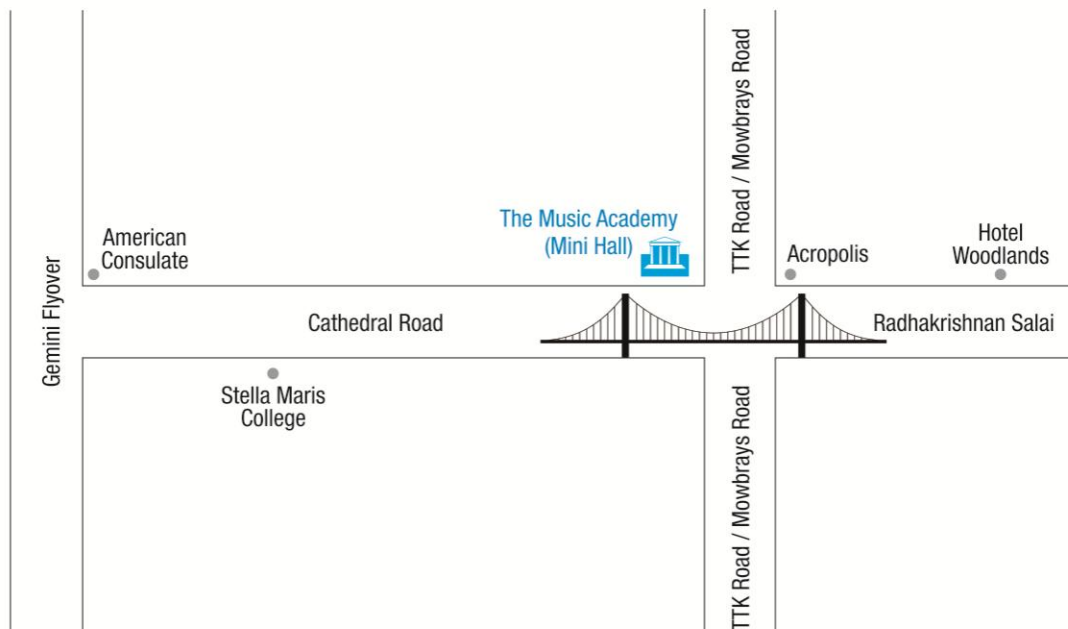
Signature of Proxy holder(s)

Re.1
Revenue
stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. A holder of this proxy may vote either for or against any of the aforesaid resolutions.

Route Map for AGM Venue



DESIGN CENTER FOR FINANCIAL INSTITUTIONS



**DESIGN FOCUSES ON
CONNECTING THE DOTS
OF INNOVATION WHERE
DESIRABILITY,
FEASIBILITY AND
VIABILITY CONVERGE.
INNOVATION NEED NOT
RESTRICT ITSELF TO THE
CORPORATE WORLD.**

Arun Jain
Chairman & Managing Director,
Intellect Design Arena Ltd.



8012
FinTech Design Center

intellect
Design for Digital