LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081
CIN: U74400TG1999PLC032881

BALANCE SHEET AS AT 31ST MARCH 2017

(Figures in ₹ unless otherwise stated)

Particulars	Note	March 31, 2017	March 31, 2016	April 01, 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	2	8,626,214	10,950,244	16,672,248
(b) Other Intangible Assets	3	1,774,534	3,467,474	4,809,026
(c) Financial Assets				
(i) Investments	4	66,950	-	
(ii) Other Financial Assets	7	17,723,043	10,722,411	10,950,293
(d) Deferred Tax Assets	8	-	-	4,583,000
(e) Other Non-Current Assets	9	31,568,088	68,126,648	65,445,256
Current assets				
(a) Inventories	10	9,183,218	8,203,219	14,354,937
(b) Financial Assets				
(i) Trade Receivables	5	429,632,882	326,424,044	686,516,590
(ii) Cash and Cash equivalents	11	1,849,939	30,002,296	3,820,603
(iii) Bank Balances Other than (ii) above	12	11,658,889	10,676,993	8,683,983
(iv) Loans	6	16,536	226,545	1,141,681
(v) Other Financial Assets	7	25,193,892	19,151,081	16,545,217
(c) Other Current Assets	9	157,199,726	153,392,119	113,674,583
TOTAL		**694,493,911**	**641,343,074**	**947,197,417**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	13	10,000,000	10,000,000	10,000,000
(b) Other Equity	14	90,921,214	113,203,719	236,835,426
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	-	11,797,696	28,455,049
(ii) Other Financial Liabilities	17	20,007,403	26,573,040	-
(b) Provisions	18	20,852,178	31,196,840	-
(c) Other Non-Current Liabilities	19	88,967	207,047	-
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	76,137,877	77,952,664	62,088,544
(ii) Trade Payables	16			
Micro Enterprises and Small Enterprises		-	-	-
Others		354,890,620	236,913,912	561,569,311
(iii) Other Financial Liabilities	17	92,204,431	85,036,039	27,306,749
(b) Other Current Liabilities	19	17,793,258	39,557,540	13,699,677
(c) Provisions	18	11,597,963	8,904,577	7,242,661
TOTAL		**694,493,911**	**641,343,074**	**947,197,417**
Significant accounting policies and notes on financial statements	1-27			

As per attached report of even date
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For and on behalf of the Board

Sd/-	**Sd/-**	**Sd/-**
R.P. Baradiya	**Vijay Kumar Wadhi**	**Uttam Majumdar**
Partner	**Managing Director**	**Wholetime Director**
Membership No. : 44101	**DIN: 00087657**	**DIN: 00087668**

Place : Mumbai
Date : 28/04/2017

Place : Hyderabad
Date : 28/04/2017

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

CIN: U74400TG1999PLC032881

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH,2017

(Figures in unless otherwise stated)

Sl.No	Particulars	Note	For the year ended 31.03.017	For the year ended 31.03.016
I	Revenue from operations (net)	20	102,47,60,169	131,06,51,985
II	Other income	21	1,16,88,331	1,36,11,376
III	**Total Revenue (I+II)**		**103,64,48,499**	**132,42,63,361**
IV	**EXPENSES**			
	Purchases of stock-in-trade and Cost of Revenue	22	85,25,58,291	114,70,53,411
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	23	(979,998)	6,151,718
	Employee benefits expense	24	11,15,42,972	12,48,27,908
	Finance costs	25	3,25,92,373	3,64,14,935
	Depreciation and amortization expense	2&3	69,95,022	82,01,594
	Other expenses	26	6,62,62,337	7,83,84,116
	Total Expenses		**106,89,70,997**	**140,10,33,681**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**(3,25,22,498)**	**(7,67,70,320)**
VI	Exceptional Items	27(L)	-	**2,40,22,109**
VII	**Profit / (Loss) before tax (V-VI)**		**(3,25,22,498)**	**(10,07,92,429)**
VIII	**Tax expense:**			
	Income Tax Adjustment pertaining to previous years		(24,46,460)	1,77,60,349
	Deferred tax		-	4,583,000
IX	**Profit / (Loss) for the year (VII-VIII)**		**(3,00,76,038)**	**(12,31,35,778)**
X	**OTHER COMPREHENSIVE INCOME**			
	A. Other Comprehensive income to be reclassified to profit and loss in subsequent periods		**-**	**-**
	B. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
	Remeasurement of gains (losses) on defined benefit plans		**(2,693,533)**	**5,595,929**
	Other Comprehensive Income for the year, net of tax		(2,693,533)	5,595,929
XI	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX**		**(2,73,82,505)**	**(12,87,31,707)**
XII	**Earning per equity share:**			
	Weighted average no. of Equity Shares of Rs. 10 each, fully paid up		1,000,000	1,000,000
	Basic and Diluted		(27.38)	(128.73)
	Significant accounting policies and notes on financial statements	1-27		

As per attached report of even date
For LODHA & CO.
Chartered Accountants
FRN : 301051E

Sd/-
R.P. Baradiya
Partner
Membership No. : 44101

Place : Mumbai
Date : 28/04/2017

For and on behalf of the Board

Sd/-
Vijay Kumar Wadhi
Managing Director
DIN: 00087657

Sd/-
Uttam Majumdar
Wholetime Director
DIN: 00087668

Place : Hyderabad
Date : 28/04/2017

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

CIN: U74400TG1999PLC032881

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Figures in ` unless otherwise stated)

Particulars	Notes	2016-17	2015-16
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(Loss) before income tax from:		(32,522,498)	(100,792,429)
Adjustments for:			
Depreciation and amortisation expense		6,995,022	8,201,594
Interest Received		(9,288,983)	(1,609,756)
Finance Costs		21,555,378	24,995,200
Allowance for doubtful debts		7,179,899	17,009,941
Amortisation of Provision for foreseeable loss		(7,391,416)	-
Guarantee Commission		5,100,000	5,100,000
Remeasurement of Employee Benefit Obligation		2,693,533	(5,595,929)
Change in operating assets and liabilities:			
(Increase)/Decrease in Trade Receivables		(110,388,737)	343,082,605
(Increase)/Decrease in Inventories		(979,998)	6,151,718
Increase/(decrease) in Trade Payables		118,153,085	(324,655,399)
(Increase) in other financial assets		(7,024,707)	(4,598,874)
(Increase)/decrease in other non-current assets		36,558,559	(2,681,392)
(Increase)/decrease in other current assets		(3,807,607)	(40,922,786)
Increase/(decrease) in provisions		(7,651,276)	10,684,501
Increase/(decrease) in financial liabilities		602,755	84,302,329
Increase in other liabilities		(21,882,362)	26,064,910
Cash generated from operations		(2,099,354)	44,736,233
Net cash inflow from operating activities		**(2,099,354)**	**44,736,233**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for Property, Plant and Equipment		(2,978,052)	(783,469)
Interest received		8,861,167	1,201,420
Net cash outflow from investing activities		**5,883,115**	**417,951**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid / payable		(19,300,817)	(21,410,903)
Increase / (Decrease) in Long Term Borrowings		(10,820,512)	(13,425,708)
Increase / (Decrease) in Short Term Borrowings		(1,814,787)	15,864,120
Net cash inflow (outflow) from financing activities		**(31,936,116)**	**(18,972,491)**
Net increase (decrease) in cash and cash equivalents		(28,152,355)	26,181,693
Cash and Cash Equivalents at the beginning of the financial year		30,002,296	3,820,603
Cash and Cash Equivalents at end of the year		1,849,939	30,002,296
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents as per above comprise of the following:			
Cash and cash equivalents		1,849,939	30,002,296
Balances per statement of cash flows		1,849,939	30,002,296

The accompanying notes are an integral part of these financial statements

Notes

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows

As per attached report of even date
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For and on behalf of the Board

Sd/-	**Sd/-**	**Sd/-**
R.P. Baradiya	**Vijay Kumar Wadhi**	**Uttam Majumdar**
Partner	**Managing Director**	**Wholetime Director**
Membership No. : 44101	**DIN: 00087657**	**DIN: 00087668**
Place : Mumbai	Place : Hyderabad	
Date : 28/04/2017	Date : 28/04/2017	

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

CIN: U74400TG1999PLC032881

STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital **(Figures in □ unless otherwise stated)**

Particulars	Balance at the Beginning of the period	Changes in Equity share capital during the year	Balance at the end of the period
March 31, 2016			
Numbers	1,000,000	-	1,000,000
Amount	10,000,000	-	10,000,000
March 31, 2017			
Numbers	1,000,000	-	1,000,000
Amount	10,000,000	-	10,000,000

B Other Equity

Particulars	Reserves and Surplus	Total
	Retained Earnings	
As at April 1, 2015 (a)	236,835,427	236,835,427
Profit for the year	(123,135,778)	(123,135,778)
Other comprehensive income	(5,595,929)	(5,595,929)
Total comprehensive income for the year (b)	(128,731,707)	(128,731,707)
Commission for Corporate Guarantee by Holding Company (c)	5,100,000	5,100,000
As at March 31, 2016 (d - (a+b+c))	**113,203,720**	**113,203,720**
Profit for the period	(30,076,038)	(30,076,038)
Other comprehensive income	2,693,533	2,693,533
Total comprehensive income for the year (e)	(27,382,505)	**(27,382,505)**
Commission for Corporate Guarantee by Holding Company (f)	5,100,000	5,100,000
As at March 31, 2017 (g - (d+e+f))	**90,921,215**	**90,921,215**

As per attached report of even date
For LODHA & CO.
Chartered Accountants
FRN : 301051E

Sd/-
R.P. Baradiya
Partner
Membership No. : 44101

Place : Mumbai
Date : 28/04/2017

For and on behalf of the Board

Sd/-
Vijay Kumar Wadhi
Managing Director
DIN: 00087657

Sd/-
Uttam Majumdar
Wholetime Director
DIN: 00087668

Place : Hyderabad
Date : 28/04/2017

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in □ unless otherwise stated)

4 **Note 2 - Property, Plant and Equipment as at March 31, 2017**

Particulars	Furniture and Fixtures	Office Equipments	Computer Hardwares	Leasehold Improvements	Asset on Finance Lease	Total
GROSS CARRYING VALUE						
As at April 1, 2015	539,531	1,137,465	3,416,624	1,15,78,628	-	16,672,248
Additions	-	-	783,469	-	7,221,411	8,004,880
Other Adjustments	-	-	-	(6,866,842)	-	(6,866,842)
As at March 31, 2016	**539,531**	**1,137,465**	**4,200,092**	**4,711,786**	**7,221,411**	**17,810,285**
Additions	1,192,935	575,471	1,094,838	-	-	2,863,244
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
As at March 31, 2017	**1,732,466**	**1,712,936**	**5,294,930**	**4,711,786**	**7,221,411**	**2,06,73,529**
ACCUMULATED DEPRECIATION/IMPAIRMENT						
As at April 1, 2015	-	-	-	-	-	-
Depreciation for the year	951,068	294,912	2,921,345	2,093,129	599,588	6,860,042
Deductions\Adjustments during the period	-	-	-	-	-	-
As at March 31, 2016	951,068	294,912	2,921,345	2,093,129	599,588	6,860,042
Depreciation for the year	825,938	396,166	2,147,262	929,454	2,404,941	6,703,761
Impairment Loss for the year	-	-	-	-	-	-
Discontinued operations (Note 44)	-	-	-	-	-	-
Acquisition through business combinations	-	-	-	-	-	-
Deductions\Adjustments during the period	(2,339,674)	-	-	823,187	-	(1,516,487)
As at March 31, 2017	**(562,668)**	**691,078**	**5,068,607**	**3,845,770**	**3,004,529**	**1,20,47,316**
Net Carrying value as at March 31, 2017	**2,295,134**	**1,021,858**	**226,325**	**866,016**	**4,216,882**	**8,626,214**
Net Carrying value as at March 31, 2016	**(411,537)**	**842,553**	**1,278,747**	**2,618,657**	**6,621,823**	**10,950,244**
Net Carrying value as at April 1, 2015	**539,531**	**1,137,465**	**3,416,624**	**11,578,628**	**-**	**16,672,248**

Significant Estimate : Useful life of Tangible Assets

Refer to sub note 2(K) of Note 1 - 'Significant Accounting Policies' .

Notes:

i. Leased Assets

Property, Plant and Equipment includes the following amounts where the Company is a lessee under finance lease :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Furniture and Fixtures			
Cost	**6,621,823**	7,221,411	-
Accumulated Depreciation	**(2,404,941)**	(599,588)	-
Net carrying amount	4,216,882	6,621,823	-

Refer to Note 27 (D) for lease term and options available for lessee.

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in □ unless otherwise stated)

Note 3 - Other Intangible Assets as at March 31, 2017

Particulars	Computer Software	Total
GROSS CARRYING VALUE		
As at April 1, 2015	4,809,026	4,809,026
Additions		-
Deletions	-	
Other Adjustments		
As at March 31, 2016	**4,809,026**	**4,809,026**
Additions	114,808	114,808
Deletions	-	-
Other Adjustments	-	
As at March 31, 2017	**4,923,834**	**4,923,834**
ACCUMULATED AMORTISATION AND IMPAIRMENT		
As at April 1, 2015	-	-
Amortisation for the year	1,341,552	1,341,552
Impairment	-	-
Deductions\Adjustments during the year		-
As at March 31, 2016	1,341,552	1,341,552
Amortisation for the year	1,807,748	1,807,748
Impairment	-	-
Deductions\Adjustments during the year	-	-
As at March 31, 2017	**3,149,300**	**3,149,300**
Net Carrying value as at March 31, 2017	**1,774,534**	**1,774,534**
Net Carrying value as at March 31, 2016	**3,467,474**	**3,467,474**
Net Carrying value as at April 1, 2015	**4,809,026**	**4,809,026**

Significant Estimate : Useful life of Intangible Assets

Refer to sub note 2(K) of Note 1 - 'Significant Accounting Policies' .

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in unless otherwise stated)

Note 4- Financial Assets - Investments

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Unquoted, carried at cost			
Investment in Subsidiary			
Locuz Inc (1,000 shares @ 66.95/- each)	66,950	-	-
Total	**66,950**	**-**	**-**

Note 5 - Financial Assets - Trade Receivables

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Trade Receivables from customers*	429,632,882	326,424,044	686,516,590
	429,632,882	326,424,044	686,516,590
Breakup of Security details			
Unsecured, considered good	429,632,882	326,424,044	686,516,590
Doubtful	27,035,028	19,855,129	2,845,188
	456,667,910	346,279,173	689,361,778
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Doubtful	27,035,028	19,855,129	2,845,188
	27,035,028	19,855,129	2,845,188
Total	**429,632,882**	**326,424,044**	**686,516,590**

*Refer Note 27(I)

Trade and Other Receivable due from directors or other officers of the Company either severally or jointly with any other person amounted to INR Nil (Previous Year INR Nil)

Trade or Other Receivable due from firms or private companies, respectively in which any director is a partner, a director or a member - Refer Note 27(I)

Note 6 - Financial Assets - Loans

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Unsecured, considered good			
Loans to employees	16,536	226,545	1,141,681
Total	**16,536**	**226,545**	**1,141,681**

Note 7 - Financial Assets - Other financial assets

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Financial assets carried at amortised cost			
Security Deposits	6,812,573	6,769,127	7,318,599
Margin Money deposits with Original Maturity of more than 12 months	10,910,470	3,953,284	3,631,694
Total	**1,77,23,043**	**1,07,22,411**	**1,09,50,293**
Current			
Financial assets carried at amortised cost			
Security Deposits	16,222,895	11,537,586	15,015,217
Unbilled Revenue	8,970,997	7,613,495	1,530,000
Total	**2,51,93,892**	**1,91,51,081**	**1,65,45,217**

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in unless otherwise stated)

Note 8 - Deferred Tax Asset*

Paticulars	March 31, 2017	March 31, 2016	April 01, 2015
Deferred tax asset:			
Expenses allowable on payment and others (including provision for doubtful debts)	-	-	3,273,006
Fixed assets (Depreciation / Amortization)	-	-	1,309,995
Net deferred tax asset	**-**	**-**	**4,583,001**

* Refer Note 27(A)

Note 9 - Other assets

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Others			
Prepaid Cost of Revenue	27,659,902	63,808,176	60,699,448
Prepaid expenses	412,101	822,386	1,251,206
Balances with Statutory, Government Authorities	3,496,085	3,496,085	3,494,601
Total	**31,568,088**	**68,126,648**	**65,445,256**
Current			
Advances other than Capital advances			
-Advance to Suppliers	3,936,210	294,402	14,054,654
-Advances given to Related Parties*	15,860,233	15,860,233	13,000,139
Others			
-Prepaid expenses	6,133,550	4,201,481	3,434,777
-Deferred Revenue Expenditure	76,651,346	57,219,419	20,314,340
-Payment of Tax (Net of Provision of ` 50,07,972; Previous Year ` 93,63,781)	54,068,767	75,816,584	60,685,600
-Other Current Assets	549,620	-	2,185,073
Total	**15,71,99,726**	**15,33,92,119**	**11,36,74,583**

* Refer Note 27(I)

Note 10 - Current assets - Inventories
(Valued at lower of Cost and Net Realisable value)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Stock-in-trade	9,183,218	8,203,219	1,43,54,937
Total	**91,83,218**	**82,03,219**	**1,43,54,937**

Note 11 - Financial Assets - Cash and Bank Balances

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Balances with banks	1,801,747	2,99,52,808	3,769,510
Cash on other accounts	48,193	49,488	51,093
Total	**18,49,939**	**3,00,02,296**	**38,20,603**

Note 12 - Financial Assets - Other Bank Balances

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Other Bank Balances			
Deposits with banks to the extent held as margin money	1,16,58,889	1,06,76,993	8,683,983
Total	**1,16,58,889**	**1,06,76,993**	**86,83,983**

Locuz Enterprise Solutions Limited
Notes to the Financial Statements
(Figures in ` unless otherwise stated)

Note 15- Financial Liabilities - Borrowings

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Unsecured			
Loan from shareholders	-	-	8,802,730
Deferred Payment Liability to a Vendor*	2,15,66,929	3,43,41,707	3,94,39,271
	2,15,66,929	3,43,41,707	4,82,42,001
Less: Amount disclosed under the head - Financial Liabilities - 'other current liabilities'	2,15,66,929	2,25,44,011	1,97,86,952
*The Company has taken interest free unsecured loan from a Company on account of purchases made from certain vendors on deferred payment basis.			
Total	**-**	**1,17,97,696**	**2,84,55,049**
Current			
Secured, repayable on demand			
Working Capital Loan from a Bank (Interest Rate -15.75% p.a, Previous Year - 15.75% p.a)	6,65,42,508	6,83,52,867	5,99,40,612
Unsecured, repayable on demand			
Overdraft Facility from a Bank (Interest Rate -17% p.a, Previous Year - 17% p.a)	2,095,369	2,099,797	2,147,932
Loan from a Director (Interest Rate - 12% p.a, Previous Year - 12% p.a)	7,500,000	7,500,000	-
Total	**7,61,37,877**	**7,79,52,664**	**6,20,88,544**

*Working Capital Loan as stated above and Non-Fund Based limits of Rs.22 Crores (Previous Year - Rs. 27 Crores), utilised to the extent of Rs.17.95 Crores (Previous Year - Rs. 26 Crores) are secured by way of a first charge by hypothecation of current assets of the Company, both present and future. It is further guaranteed by the corporate guarantee of its Holding Company, 3i

Note 16 - Financial Liabilities - Trade Payables

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Due to:			
Holding Company*	7,986,799	5,354,873	2,580,094
Others	34,69,03,821	23,15,59,039	55,89,89,217
Total	**35,48,90,620**	**23,69,13,912**	**56,15,69,311**

* Refer Note 27(I)

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in ` unless otherwise stated)

Note 17 - Financial Liabilities - Other Financial Liabilities

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Financial Liabilities at amotised cost			
Finance lease obligations*	2,055,491	4,523,998	-
Unearned Revenue	17,951,912	22,049,042	-
Total	**20,007,403**	**26,573,040**	**-**
Current			
Financial Liabilities at amotised cost			
Current maturities of Deferred Payment Liability to a Vendor	21,566,929	22,544,011	17,643,955
Current maturities of Loan from Shareholders	-	-	2,142,997
Current maturities of finance lease obligations*	2,468,508	2,189,758	-
Unearned Revenue	64,701,533	45,185,213	-
Others	3,467,461	15,117,057	7,519,797
Total	**9,22,04,431**	**8,50,36,039**	**2,73,06,749**

* Refer Note 27(D)(i)

Note 18 - Provisions

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Provision for employee benefits*:			
Gratuity	98,73,116	1,18,46,869	-
Leave encashment	3,587,639	4,567,132	-
Provision for forseeable losses#	73,91,423	1,47,82,839	-
Total	**2,08,52,178**	**3,11,96,840**	**-**
Current			
Provision for employee benefits*:			
Gratuity	2,069,073	710,387	4,788,945
Leave encashment	1,637,474	582,774	2,453,716
		-	
Provision for warranty	500,000	220,000	-
Provision for forseeable losses#	7,391,416	7,391,416	-
Total	**1,15,97,963**	**89,04,577**	**72,42,661**

* Refer Note 27(c)

Refer Note 27(l)

Note 19 - Other Liabilities

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Other payables	88,967	207,047	-
Total	**88,967**	**2,07,047**	**-**
Current			
Advances from Customers	4,585,741	5,103,984	6,332,005
Others			
Statutory liabilities	1,32,07,517	3,44,53,556	7,367,672
Total	**1,77,93,258**	**3,95,57,540**	**1,36,99,677**

Locuz Enterprise Solutions Limited
Notes to Financial Statements for the year ended March 31, 2017

13. SHARE CAPITAL

i. Authorised Share Capital **(Amount in `)**

	Equity Share (INR 10 Each)	
	Number	**Amount**
At April 1, 2015	**1,000,000**	**10,000,000**
Increase/(decrease) during the year	-	-
At March 31, 2016	**1,000,000**	**10,000,000**
Increase/(decrease) during the year	-	-
At March 31, 2017	**1,000,000**	**10,000,000**

Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid up equity capital of the Company. In the event of liquidation, the equity shareholderes are entitled to receive the remaining assets of the Company after payments to secured and unsecured creditors in proportion to their shareholding.

ii. Issued Capital
Equity Shares

	Number	Amount
Equity shares of INR 10 each issued		
At April 1, 2015	**1,000,000**	**10,000,000**
Issued during the year	-	-
At March 31, 2016	**1,000,000**	**10,000,000**
Issued during the year	-	-
At March 31, 2017	**1,000,000**	**10,000,000**

iii. Subscribed and fully Paid-up Capital

	Number	Amount
Equity shares of INR 10 each		
At April 1, 2015		
Issued Capital	1,000,000	10,000,000
Paid up Capital	**1,000,000**	**10,000,000**
At March 31, 2016		
Issued Capital	1,000,000	10,000,000
Paid up Capital	**1,000,000**	**10,000,000**
At March 31, 2017		
Issued Capital	1,000,000	10,000,000
Paid up Capital	**1,000,000**	**10,000,000**

iv. Shares held by holding/ ultimate holding company and / or their subsidiaries / associates

The shares held by Holding Company, 3i Infotech Limited 7,40,000 shares @ Rs.10/- each (Previous Year 7,40,000 shares @ Rs. 10/- each)

v. Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number	% holding	Number	% holding
Equity shares of INR 10/- each fully paid				
3i Infotech Limited	740,000	74.00%	740,000	74.00%
Uttam Kumar Majumdar	96,230	9.62%	96,230	9.62%
Vijay Kumar Wadhi	92,663	9.27%	92,663	9.27%

vi. The Company has not alloted any equity shares as fully paid-up without payment being received in cash or as Bonus Shares or Bought back any equity shares.

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

14. Other Equity **(Amount in `)**

Particulars	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
Retained Earnings	90,921,215	113,203,720	236,835,427
	90,921,215	113,203,720	236,835,427

Retained Earnings

	March 31, 2017	**March 31, 2016**
Opening balance	113,203,720	236,835,427
Net Profit/(Loss) for the year	(30,076,038)	(123,135,778)
Add/(Less):		
Commission for Corporate Guarantee by Holding company	5,100,000	5,100,000
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	2,693,533	(5,595,929)
Closing balance	**90,921,214**	**113,203,720**

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in unless otherwise stated)

Note 20 - Revenue From Operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products		
I. T. Solutions	724,286,810	1,023,213,782
Sale of services		
I.T. Services	291,558,027	270,896,127
Other Operating Revenue		
Commission	1,834,405	7,910,142
Target Discount Received	7,080,927	8,631,935
Total	**1,024,760,169**	**1,310,651,985**

Note 21 - Other Income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on		
- Deposits	1,186,394	1,095,124
- Income Tax Refund received	7,674,773	-
- Others	427,816	514,632
Sundry Balances writtenback	-	5,150,423
Foreign Exchange Gain (Net)	-	3,524,147
Other Miscellaneous Income	2,399,347	3,327,049
Total	**11,688,331**	**13,611,376**

Note 22 - Purchase of Stock-in-Trade and Cost of Revenue

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Hardware	623,100,429	921,474,935
IT Services	229,457,863	225,578,475
Total	**852,558,291**	**1,147,053,411**

Note 23 - Changes In Inventories of Stock-in-Trade

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories as at the beginning of the year	8,203,219	14,354,937
Less : Inventories as at the end of the year	9,183,218	8,203,219
Net decrease / (Increase) in Inventories (A-B)	**(979,998)**	**6,151,718**

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in ` unless otherwise stated)

Note 24 - Employee benefits expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, Wages and Bonus*	91,441,449	103,012,677
Contribution to provident and other funds	9,405,397	11,911,600
Directors remuneration	7,429,355	6,957,024
Staff and labour welfare	3,266,771	2,946,608
Total	**111,542,972**	**124,827,908**

*Refer Note 27 (F)

Note 25 - Finance Costs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense of debts and borrowings	21,555,378	24,995,200
Other borrowing cost	5,936,995	6,319,734
Guarantee Commission Expense	5,100,000	5,100,000
Total	**32,592,373**	**36,414,935**

Note 26 - Other expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Selling, Administration and Other Expenses		
Payment to Auditors	488,750	457,000
Bad Debts Writtenoff	3,199,893	5,418,760
Electricity charges	3,251,671	2,824,013
Insurance	87,266	86,432
Legal and professional fees	3,989,634	2,853,750
Rates and taxes	167,268	1,841,566
Rent Expense	17,363,088	17,998,337
Repairs & Maintenance - Others	4,001,057	4,339,649
Sales promotion expenses	4,240,203	4,181,711
Security charges	505,934	568,483
Telephone and Internet expenses	4,461,160	4,446,079
Travelling & Conveyance expenses	8,037,295	9,030,535
Miscellaneous expenses	7,713,961	7,327,860
Foreign Exchange Loss (Net)	1,575,259	-
Provision for bad and doubtful debts	7,179,899	17,009,941
Total	**66,262,337**	**78,384,116**

Locuz Enterprise Solutions Limited

Notes to the Financial Statements

(Figures in ` unless otherwise stated)

(a) Details of Payments to auditors

Particulars	2016-17	2015-16
As auditor		
Audit Fee	460,000	457,000
In other capacity		
Other services (certification fees)	28,750	-
Total	**488,750**	**457,000**

(b) Expenditure in foreign currency

Particulars	2016-17	2015-16
Cost of outsourced services and bought out items	9,988,348	45,185,653
Travelling and other expenses	177,660	467,749
Total	**10,166,008**	**45,653,402**

(c) Earnings in foreign currency

Particulars	2016-17	2015-16
Target Discount and Commission	6,913,877	16,634,404
Total	**6,913,877**	**16,634,404**

Note 1 - Statement of Significant Accountant Policies

1 Corporate Information

Locuz Enterprise Solutions Limited was incorporated in the year 1999 and has over the last 18 years provided focused IT Infrastrucutre Services across the geography of India, with its head quarters situated at Hyderabad and having branches at Delhi, Bangalore, Pune and Singapore. During the current financial year a 100% subsidiary was incorporated in the USA. Addressing the various IT Infrastructure need in verticals like Education & Research, Defence, IT/ITES, Corporates in India, Locuz has emerged as a successful and profitable business operation owing to their niche specialisation in certain areas of operation. What differentiates Locuz in the industry is its sole focus on Technology Infrastructure applied to select client industries where it provides end to end services capability "Plan, Acquire, Deploy, Maintain and Retire".

The Standalone financial statements for the year ended March 31,2017 were approved by the Board of Directors and authorised for issue on April 28,2017.

2 Significant Accounting Policies

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted with effect from April 1,2016 Indian Accounting Standards (referred to as "Ind AS")notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended read with Section 133 of the Companies Act 2013. These financial statements for the year ended March 31,2017 are the first set of financial statements which the Company has prepared in accordance with Ind AS. Previous periods have been restated to Ind AS. (Refer to No. 3 for information on how the Company adopted Ind AS.)

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

(i) Impairment of investments

The Company reviews its carrying value of investments carried at cost / amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(ii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (h) below.

(iv) Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and 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. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value unless the effect of time value of money is material and 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. Contingent liabilities are not recognised in the financial statements.

d) Revenue Recognition

The Company earns revenue from Sale of Goods and rendering IT/ITES and Transaction Services.

(i) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of the goods have passed to the buyer, usually on delivery of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates. The company provides normal warranty provisions for general repairs for 1 to 3 years on all its products sold in line with the industry practice. A liability is recognised at the time the product is sold. The company does not provide any extended warranties on maintenance contracts to its customers.

(ii) Rendering of services

- Revenue from IT Services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant contracts. Revenue on Time and Material Contracts is recognized as and when services are performed. Revenue on Fixed-Price Contracts is recognized on the percentage of completion method. Provisions for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

- Revenue from Supply of Hardware/Other Material and Sale of Third Party Software License/Term License/Other Materials incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

Unbilled and unearned revenue :

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” and advance billing to customer is classified as “advance from customer/unearned revenue” and included in other liabilities.

(iii) Revenue from Transaction Services:

- Revenue from transaction services and other service contracts is recognized based on transactions processed or manpower deployed.

e) Interest Income

Interest income is recognised using the effective interest method on time-proportionate basis

f) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of third party products and services, finance costs, depreciation and amortisation and other expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Cost of third party products and services mainly include purchase of software licenses and products, fees to external consultants, cost of running its facilities, cost of equipment and other operating expenses. Finance cost includes interest and other borrowing cost. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, printing and stationery, legal and professional charges, communication, repairs and maintenance etc.

g) Foreign currency

The functional currency of the Company is Indian rupee (INR).

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

h) Income taxes

Current income taxes

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 Company 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.

Advance taxes and provisions for current income taxes are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

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

Deferred income tax asset 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future economic tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in finance costs.

i) 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.

(i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(ii) 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at 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 other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

- Debt instrument at fair value through other comprehensive income (FVTOCI)

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent 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 Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- Debt instrument at fair value through profit and loss (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 designate 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'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. 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 statement of profit and loss, 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 statement of profit and loss.

Interest in subsidiaries, associates and joint ventures are accounted at cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired.

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.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

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

- **Financial Liabilities at fair value**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. These gains / loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at FVTPL.

- **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 statement of profit and 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.

- **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

(iv) 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 recognised gains, losses (including impairment gains or losses) or interest.

(v) 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.

j) Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

k) Property, plant and equipment

All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives adopted by Company

Category of Assets	Useful lives adopted by Company	Useful Lives prescribed under Schedule II of the Act
Computers	3 years	3-6 years
Plant and Machinery, Electrical Installation	5 years	15 years
Office Equipment	5 years	5 years
Furniture and Fixtures	5 years	10 years
Servers	6 years	3-6 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss within other gains/(losses).

l) Intangible assets

(i) Patents, copyrights , Business commercial rights and other rights

Separately acquired patents and copyrights are shown at historical cost. Patents, copyrights and non-compete acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software Products - Meant for Sale

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised or tested for impairment from the point at which the asset is available for use.

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria specified above are recognised as an expense as incurred in the statement of profit and loss. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following

Category of Assets	Useful lives adopted by Company
Patents, Copyrights and other rights	3-5 years
Computer Software	3-5 years
Non-Compete fees	1-3 years

m) Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk or the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets within finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented as current liabilities in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund.

- Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

- Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred and are recognised in the statement of profit and loss.

q) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

s) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

t) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Stores and spares

Carried at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

u) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

v) Rounding of amounts

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

3.FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013 Read with Rule 7 of the Companies (Accounts) Rules 2014 as amended and other relevant provisions of the Act (previous GAAP or Indian GAAP). The explanations of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows are set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets covered by Ind AS 38 - Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii. 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).

iii. 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.

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

3. FIRST TIME ADOPTION OF IND AS

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i. Reconciliation of equity as at date of transition (April 1, 2015) **(Amount in INR)**

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	1,66,72,247	-	1,66,72,247
(b) Other Intangible Assets	4,809,026	-	4,809,026
(c) Financial Assets			
Other Financial Assets	1,22,59,106	(1,308,813)	1,09,50,293
(d) Deferred Tax Asset (Net)	4,583,001	-	4,583,001
(e) Other Non-Current Assets	6,41,94,049	1,251,206	6,54,45,255
Current assets			
(a) Inventories	1,43,54,937	-	1,43,54,937
(b) Financial Assets			
(i) Investments	-	-	-
(ii) Trade Receivables	68,65,16,590	-	68,65,16,590
(iii) Cash and Cash Equivalents	3,820,603	-	3,820,603
(iv) Bank Balances Other than (iii) above	8,683,983	-	8,683,983
(v) Loans	1,141,681	-	1,141,681
(vi) Other Financial Assets	1,65,45,217	-	1,65,45,217
(c) Other Current Assets	11,36,74,583		11,36,74,583
TOTAL	**94,72,55,023**	**(57,606)**	**94,71,97,417**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	1,00,00,000		1,00,00,000
(b) Other Equity	23,00,77,090	6,758,337	23,68,35,426
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
Borrowings	3,52,70,992	(6,815,943)	2,84,55,049
Current Liabilities			
(a) Financial Liabilities		-	
(i) Borrowings	6,20,88,544		6,20,88,544
(ii) Trade Payables	56,15,69,310		56,15,69,310
(iii) Other Financial Liabilities	2,73,06,749	-	2,73,06,749
(c) Provisions	72,42,661		72,42,661
(b) Other Current Liabilities	1,36,99,677	-	1,36,99,677
TOTAL	**94,72,55,023**	**(57,606)**	**94,71,97,417**

Locuz Enterprise Solutions Limited
Notes to Financial Statements for the year ended March 31, 2017

ii. Reconciliation of equity as at March 31, 2016 **(Amount in INR)**

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	1,09,50,244	-	1,09,50,244
(b) Other Intangible Assets	3,467,474	-	3,467,474
(c) Financial Assets			
Other Financial Assets	1,16,22,888	(900,477)	1,07,22,411
(d) Other Non-Current Assets	6,73,04,262	822,386	6,81,26,648
Current assets			
(a) Inventories	8,203,219	-	8,203,219
(b) Financial Assets			
(i) Trade Receivables	32,64,24,044	-	32,64,24,044
(ii) Cash and Cash Equivalents	3,00,02,296	-	3,00,02,296
(iii) Bank Balances Other than (ii) above	1,06,76,993	-	1,06,76,993
(iv) Loans	2,26,545	-	2,26,545
(v) Other Financial Assets	1,91,51,081		1,91,51,081
(c) Current Tax Assets (Net)	-	-	-
(d) Other Current Assets	15,33,92,119	-	15,33,92,119
TOTAL	**64,14,21,166**	**(78,090)**	**64,13,43,076**
EQUITY AND LIABILITIES		-	-
Equity	1,00,00,000		1,00,00,000
(a) Equity Share capital	11,96,18,557	(6,414,838)	11,32,03,719
(b) Other Equity			
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities	1,50,29,341	(3,231,645)	1,17,97,696
Other Financial Liabilities	2,65,73,040	-	2,65,73,040
(b) Provisions	2,16,28,448	9,568,393	3,11,96,841
(c) Other Non-Current Liabilities	207,047		207,047
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	7,79,52,664		7,79,52,664
(ii) Trade Payables			
Others	23,69,13,914	-	23,69,13,914
(iii) Other Financial Liabilities	8,50,36,039	-	8,50,36,039
(b) Provisions	89,04,577		89,04,577
(c) Other Current Liabilities	3,95,57,540		3,95,57,540
		-	-
		-	-
TOTAL	**64,14,21,166**	**(78,090)**	**64,13,43,076**

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

iii. Reconciliation of total comprehensive income for the year ended March 31, 2016 **(Amount in INR)**

Particulars	IGAAP	Ind-AS Adjustments	IND AS Balance
CONTINUING OPERATIONS			
REVENUE		-	-
Revenue from operations (net)	131,06,51,985	-	131,06,51,985
Other income	1,32,03,040	408,336	1,36,11,376
Total Revenue (I)	**132,38,55,025**	**408,336**	**132,42,63,361**
EXPENSES		**-**	**-**
Cost of materials consumed	115,32,05,137	-	115,32,05,137
Employee benefits expense	12,08,55,443	3,972,465	12,48,27,908
Finance costs	2,77,30,636	8,684,298	3,64,14,934
Depreciation and amortization expense	82,01,594		82,01,594
Other expenses	7,79,55,287	428,820	7,83,84,107
Total Expenses (II)	**138,79,48,098**	**1,30,85,583**	**140,10,33,681**
Profit/(loss) before exceptional items and tax from continuing operations (I-II)	**(6,40,93,073)**	(1,26,77,247)	**(7,67,70,320)**
Exceptional Items	2,40,22,109		2,40,22,109
Profit/(loss) before tax from continuing operations	**(8,81,15,182)**	(1,26,77,247)	**(10,07,92,429)**
		-	
Tax expense:		**-**	**-**
Adjustment of tax relating to earlier periods	1,77,60,349		1,77,60,349
Deferred tax	45,83,000		45,83,000
Profit/(loss) for the period from continuing operations	**(11,04,58,531)**	**(1,26,77,247)**	**(12,31,35,778)**
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:		-	-
Remeasurement of gains (losses) on defined benefit plans	-	5,595,929	(5,595,929)
Income tax effect	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(11,04,58,531)**	**(1,82,73,176)**	**(12,87,31,707)**

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

iv. Reconciliation of total equity as at March 31, 2016 and April 1, 2015 **(Amount in INR)**

Particulars	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP	12,96,18,557	24,00,77,090
Adjustments:		
Fair valuation of security deposits	(78,090)	(57,606)
Borrowings – transaction cost adjustment	3,231,645	6,815,943
Remeasurements of post-employment benefit obligations	(9,568,393)	-
Total adjustments	(6,414,838)	6,758,336
Total equity as per Ind AS	**12,32,03,719**	**24,68,35,426**

Locuz Enterprise Solutions Limited
Notes to Financial Statements for the year ended March 31, 2017

v. Reconciliation of total comprehensive income for the year ended March 31, 2016 **(Amount in INR)**

Particulars	Note	March 31, 2016
Profit after tax as per previous GAAP		119,618,557
Adjustments:		
Fair valuation of security deposits		(78,090)
Borrowings – transaction cost adjustment		3,231,645
Remeasurements of post-employment benefit obligations		(9,568,393)
Total adjustments		(6,414,838)
Profit after tax as per Ind AS		113,203,719
Other comprehensive income		-
Total comprehensive income as per Ind AS		**113,203,719**

C. Notes to first-time adoption:

Note 1: Fair valuation of other financial instruments

Under Indian GAAP, the Company accounted for long term investments in unquoted debt instruments (preference shares) as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, such investments are to be measured initially at fair value and these investments have been designated as financial assets at amortised cost.

Under Indian GAAP, interest free borrowing is initially measured at the transaction value at the time of initial measurement without any adjustments in regard to the fair value. Under Ind AS, interest free borrowings is to be initially measured at fair value. Subsequently these liabilities are measured at

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred.

Under Indian GAAP, interest free security deposit given is measured at the transaction value at the time of initial measurement without any adjustments in regard to the fair value. Under Ind AS, interest free security deposit is to be initially measured at fair value. As at the date of transition, the interest free security deposit has been recognised at fair value based on the facts and circumstances which existed at the date of initial measurement by giving corresponding effect to retained earnings for the period from initial measurement to the date of transition and to other current assets (pre-paid expense) for the remaining period of deposit post the date of transition.

Note 2: Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition

Also Under previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind AS, deferred taxes are also recognised on unrealised profits on transactions with subsidiaries and undistributed profits of joint ventures and associates.

Note 3: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note 4: Financial Guarantees

Under Indian GAAP, the bank guarantees issued to banks in relation to loans availed by subsidiaries is only disclosed by way of a note in Contingent Liabilities disclosure. Under Ind AS, liability from such financial guarantees is to be recorded initially at fair value. The adjustment represents the fair value of the guarantee given by the Company.

Note 5: Retained earnings

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

Note 6: Other comprehensive income

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

27(A). Deferred Tax **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax relates to the following:			
Fixed Assets (Amortization / Depreciation)			(1,310,000)
Loss Allowance on Financial Assets	-	-	(3,273,000)
Net Deferred Tax Assets / (Liabilities)	**-**	**-**	**(4,583,000)**

Movement in deferred tax liabilities/assets **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016
Opening balance as of April 1,	-	(4,583,000)
Tax income/(expense) during the period recognised in profit or loss	-	4,583,000
Tax income/(expense) during the period recognised in OCI	-	-
Tax income/(expense) during the period recognised in Equity	-	-
Closing balance as at March 31,	-	-

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Unrecognised deferred tax assets	(14,920,167)	(5,863,103)	-
Deductible temporary differences	(2,984,833)	(296,253)	-
Unrecognised tax losses	(20,036,000)	(14,612,828)	-
Unrecognised tax credits	-	-	-

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Tax losses which arose in India of INR 6,06,04,937 (Previous year INR 4,42,00,932) that are available for offsetting for eight years against future taxable profits of the company. Majority of these losses will expire in March 2024.

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of tax losses carried forward by the Group.

Major Components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are as follows:

Income tax recognised in Profit or Loss: **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016
Current income tax charge	-	-
Adjustment in respect of current income tax of previous year	(2,446,460)	17,760,349
Deferred tax	-	4,583,000
Total	(2,446,460)	22,343,349

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2017 and March 31, 2016
(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
Accounting profit before income tax	(30,189,409)	(100,792,429)
Enacted tax rate in India	-	-
Income tax on accounting profits	-	-
Effect of		
Loss credit forward to next year	-	-
Adjustment for current tax of prior period	-	-
Tax at effective income tax rate	-	-

27(B) - DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Principal amount due to suppliers under MSMED Act, 2006*	-	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-	-
Interest due and payable to suppliers under MSMED Act, for payment already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-	-

* Amount includes due and unpaid of INR Nil (March 31, 2016: INR Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

27(C). EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR)

	March 31, 2017			March 31, 2016		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	1,637,474	3,587,639	**5,225,113**	582,774	4,567,132	**5,149,906**
Gratuity	2,069,073	9,873,116	**11,942,189**	710,387	11,846,869	**12,557,256**
Defined pension benefits	-	-	**-**	-	-	**-**
Total Employee Benefit Obligation	**3,706,547**	**13,460,755**	**17,167,302**	**1,293,161**	**16,414,001**	**17,707,162**

(i) Leave Obligations

The leave obligations cover the company's liability for sick and earned leave.

(ii) Post Employement obligations

a) Gratuity

The company provides for gratuity for employees in india as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service upto 10 years and 26 days salary multiplied by number of years of service beyond 11 years.

The gratuity plan is a **funded plan** and the company makes contributions to New Group Gratuity Cash Accumulation Plan with the Life Insurance Corporation in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amount recognised in the balance sheet and the movement in the net defined benefit obligation over the period are as follows

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2015	**2,292,119**	**(2,292,119)**	**-**
Current service cost	2,172,382	-	2,172,382
Interest expense/(income)	179,166	-	179,166
Total amount recognised in profit or loss	**2,351,548**	**-**	**2,351,548**
Remeasurements			
Return of plan assets, excluding amount included in interest (income)	-	-	-
(Gain)/Loss from change in demographic assumptions	-	-	-
(Gain)/Loss from change in financial assumptions	-	-	-
Experience (gains)/losses	9,441,531	-	9,441,531
Total amount recognised in other comprehensive income	**9,441,531**	**-**	**9,441,531**
Employer contributions	-	-	-
Benefit payments	(1,527,942)	-	(1,527,942)
As at March 31, 2016	**12,557,256**	**(2,292,119)**	**10,265,137**
Current service cost	2,628,709	-	2,628,709
Interest expense/(income)	978,770	-	978,770
Total amount recognised in profit or loss	**3,607,479**	**-**	**3,607,479**
Remeasurements			
Retrun of plan assets, excluding amount included in	-	-	-
(Gain)/Loss from change in demographic assumptions	-	-	-
(Gain)/Loss from change in financial assumptions	(4,344,358)	-	(4,344,358)
Experience (gains)/losses	1,650,825	-	1,650,825
Total amount recognised in other comprehensive income	**(2,693,533)**	**-**	**(2,693,533)**
Employer contributions			
Benefit payments	(1,529,013)	-	(1,529,013)
	11,942,189	**(2,292,119)**	**9,650,070**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations	12,557,256	11,942,189	2,292,119
Fair value of plan assets	2,292,119	2,292,119	2,292,119
Deficit of funded plan	**10,265,137**	**9,650,070**	**-**
Unfunded plans	-	-	-
Deficit of Gratuity	**10,265,137**	**9,650,070**	**-**

The major categories of plan assets of the fair value of the total plan assets are as follows

	March 31, 2017			March 31, 2016		
	%	Amount	Total	%	Amount	Total
Cash and cash equivalents	7%	171,895	2,292,119	1%	30,471	2,292,119

The significant actuarial assumptions were as follows:

	March 31, 2017	March 31, 2016
Discount rate	7.40%	7.80%
Expected return on plan assets		
Salary growth rate	5.00%	8.00%
Withdrawal rate (based on age)		
Upto 30 years	10.00%	10.00%
31-44 years	5.00%	5.00%
Above 44 years	1.00%	1.00%
Mortality rate	100.00%	100.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is shown below:

Assumptions	Discount rate		Salary growth rate		Attrition rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease
March 31, 2017						
Impact on defined benefit obligation	10,758,575	13,366,036	13,386,702	10,723,367	12,260,321	11,497,163
% Impact	-9.90%	11.90%	12.10%	-10.20%	2.70%	-3.70%
March 31, 2016						
Impact on defined benefit obligation	10,997,786	14,462,475	13,950,209	11,272,989	12,495,951	12,619,275
% Impact	-12.40%	15.20%	11.10%	-10.20%	-0.50%	0.50%

Assumptions	Mortality rate	
Sensitivity Level	10% increase	10% decrease
March 31, 2017		
Impact on defined benefit obligation	11,953,493	11,930,825
% Impact	0.10%	-0.10%
March 31, 2016		
Impact on defined benefit obligation	12,564,629	12,549,629
% Impact	0.10%	-0.10%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined beenfit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

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

(Amount in INR)

	March 31, 2017	March 31, 2016
Within the next 12 months	13,485,027	14,749,718

The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (March 31, 2016: 14 years)

Expected cash flows over the next (valued on undiscounted basis)

	March 31, 2017	March 31, 2016
1 year	2,069,073	710,387
2 to 5 years	3,092,654	3,290,469
6 to 10 years	2,437,244	2,977,114
More than 10 years	26,647,646	41,448,445

(iii) Defined contribution plans

The company also has defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any contructive obligation. The expense recognised during the period towards defined contribution plan is INR 56,84,224 (March 31, 2016: INR 56,86,746).

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

27(D) COMMITMENTS AND CONTINGENCIES

27 (D)(i) Leases

Operating lease commitments - Company as lessee

The company leases various cars , non-cancellable operating leases expiring within 1 to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The company has paid INR 33,89,730 (March 31, 2016: INR 31,86,846) during the year towards minimum lease payment.

	March 31, 2017	March 31, 2016	April 1, 2015
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows			
Within one year	1,565,883	3,485,515	2,560,528
Later than one year but not later than five years	2,370,428	4,042,235	2,149,237
later than five years	-	-	-
	3,936,311	7,527,750	4,709,765

Contingent rents recognised as expense in the period - Nil

Finance lease and hire purchase commitments - Company as lessee

Leasehold Improvements are acquired on finance lease in the course of sale and lease back transaction. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are, as follows:

	March 31, 2017		March 31, 2016		April 1, 2015	
	Minimum Lease payments	Present value of MLP	Minimum Lease payments	Present value of MLP	Minimum Lease payments	Present value of MLP
Within one year	2,880,000	2,468,507	2,880,000	2,189,758	-	-
After one year but not more than five years	2,160,000	2,055,491	5,040,000	4,523,998	-	-
More than five years						
Total minimum lease payments	5,040,000	4,523,998	7,920,000	6,713,756	-	-
Less: amount representing finance charge	516,002	-	1,206,244		-	-
Present value of minimum lease payments	**4,523,998**	**4,523,998**	**6,713,756**	**6,713,756**	**-**	**-**

The salient features of Material Finance Lease Agreements are:

a. The finance lease is for a period of 3 years at a fixed monthly rental of Rs. 2,40,000

b. The Company has an option to purchase the asset at the end of the lease term upon payment of 1% of residual value of the asset

c. The lessor has the right to terminate the agreement in case the Company fails to pay the rentals on the dates and as per the terms and conditions of the within 10 days of their becoming due

(Amount in INR)

27 (D)(ii). Contingent Liabilities	**March 31, 2017**	**March 31, 2016**
i. Claims against company not acknowledged as debt		
- Disputed sales tax matters	6,900,169	6,900,169
ii. Other money for which the company is contingently liable		
- Performance Guarantees	162,525,076	166,745,114
	169,425,245	**173,645,283**

Breif description of the nature of each contingent liability

The Company's pending litigation is in respect of proceedings pending with Tax Authorities with various courts. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

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Notes to Financial Statements for the year ended March 31, 2017

27 (E). CAPITAL MANAGEMENT

For the purpsoe of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity share holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(Amount in INR Crore)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings other than convertible preference shares	76,137,877	89,750,360	90,543,594
Trade payables	354,890,620	236,913,912	561,569,311
Provision for Employee Benefits	17,167,302	17,707,162	7,242,661
Other payables	145,376,898	161,970,224	12,551,377
Less: cash and cash equivalents	(13,508,829)	(40,679,289)	(12,504,586)
Net Debt	**580,063,868**	**465,662,370**	**659,402,357**
Convertible preference shares	-	-	-
Equity	100,921,214	123,203,719	246,835,426
Total Capital	**100,921,214**	**123,203,719**	**246,835,426**
Capital and net debt	**680,985,082**	**588,866,089**	**906,237,783**
Gearing ratio	**85.18**	**79.08**	**72.76**

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

27 (F). The carrying amount of assets pledged as security for current and non current borrowings are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
CURRENT ASSETS			
i. Financial Assets			
Trade Receivable	42,96,32,882	32,64,24,044	68,65,16,590
ii. Non Financial Assets			
Inventories	91,83,218	82,03,219	1,43,54,937
Other Current Assets (excluding Prepaid Expenses)			
Total current assets pledged as security	**43,88,16,100**	**33,46,27,263**	**70,08,71,527**

27 (G). Financial Instruments by Category **(Amount in INR)**

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
FINANCIAL ASSETS:						
Amortised cost						
Trade Receivables	42,96,32,882	32,64,24,044	68,65,16,590	42,96,32,882	32,64,24,044	68,65,16,590
Loans	16,536	2,26,545	11,41,681	16,536	2,26,545	11,41,681
Cash and Cash Equivalents	18,49,939	3,00,02,296	38,20,603	18,49,939	3,00,02,296	38,20,603
Other Bank Balances	1,16,58,889	1,06,76,993	86,83,983	1,16,58,889	1,06,76,993	86,83,983
Other Financial Assets	4,29,16,935	2,98,73,492	2,74,95,510	4,29,16,935	2,98,73,492	2,74,95,510
	48,60,75,182	**39,72,03,370**	**72,76,58,367**	**48,60,75,182**	**39,72,03,370**	**72,76,58,367**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	7,61,37,877	8,97,50,360	9,05,43,594	7,61,37,877	8,97,50,360	9,05,43,594
Trade Payables	35,48,90,620	23,69,13,912	56,15,69,311	35,48,90,620	23,69,13,912	56,15,69,311
Other financial liabilities	11,22,11,834	11,16,09,079	2,73,06,749	11,22,11,834	11,16,09,079	2,73,06,749
	54,32,40,330	**43,82,73,352**	**67,94,19,654**	**54,32,40,330**	**43,82,73,352**	**67,94,19,654**

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of investments in preference shares and unquoted equity instruments carried at fair value through profit or loss are not materially different from their carrying amount. Hence the impact of fair valuation is considered to be insignificant in the financial statements.

ii. Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

Assets and liabilities measured at amortised cost and for which fair values are disclosed in the financial statements

Particulars	March 31, 2017 Fair value measurement using: Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets				
Deposits			23,035,468	23,035,468
Total Financial A	-	-	**23,035,468**	**23,035,468**
Financial Liabilities				
Borrowings			21,566,929	**21,566,929**
Total Financial L	-	-	21,566,929	**21,566,929**

Particulars	March 31, 2016 Fair value measurement using Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets				
Deposits			18,306,713	18,306,713
Total Financial A	**-**	**-**	**18,306,713**	**18,306,713**
Financial Liabilities				
Borrowings			34,341,707	**34,341,707**
Total Financial L	**-**	**-**	34,341,707	**34,341,707**

Particulars	April 1, 2015 Fair value measurement using Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets				
Deposits			22,333,816	22,333,816
Total Financial A	**-**	**-**	**22,333,816**	**22,333,816**
Financial Liabilities				
Borrowings	**-**	**-**	39,439,271	**39,439,271**
Total Financial L	**-**	**-**	39,439,271	**39,439,271**

There have been no transfers among Level 1, Level 2 and Level 3 during the period

Level 1 - Level 1 hierarchy includes Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares and preference shares included in level 3.

iii. Valuation technique used to determine fair value

Specific Valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

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Notes to Financial Statements for the year ended March 31, 2017

Note 27 (H)

The Company is exposed primarily to fluctuations in foreign currency exchange rates ,credit ,liquidity and interest rate risk ,which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities . The risk management policy is approved by Board of Directors . The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

i. Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the change in market prices . Such changes in the value of financial instruments may result from changes in the foreign currency exchange, interest rates ,credit ,liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of profit and loss and the other comprehensive income and equity ,where any transaction reference more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and the economic environment in which the Company operates, its operations are subject to risk arising from fluctuations in exchange rates in those countries. The risks primarily relates to fluctuations in US Dollar and Euro against the functional currency of the Company.

The Company, as per its current risk management policy ,does not use any derivatives instruments to hedge foreign exchange . Further ,any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of the foreign exchange rate fluctuation by assessing its exposure to exchange rate risks. Apart from exposures of foreign currency payables and receivables, which partially are naturally hedged against each other, the Company does not use any hedging instruments to hedge its foreign currency exposures; in line with the current risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 1% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of Balance Sheet which could affect the statement of profit and loss and the other comprehensive income and equity .

The following table set forth information relating to foreign currency exposure as at March 31,2017:

(Amount in INR)

Particulars	USD	Total
Total financial assets	958,935	62,177,345
Total financial liabilities	189,933	12,315,256

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately Rs. 4,98,620 for the year ended March 31,2017

The following table sets forth information relating to foreign currency exposure as at March 31, 2016:

(Amount in INR)

Particulars	USD	Total
Total financial assets	2,370,802	157,262,182
Total financial liabilities	1,264,688	83,890,428

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 7,33,717 for the year ended March 31,2016

The following table set forth information relating to foreign currency exposure as at April 1,2015:

(Amount in INR)

Particulars	USD	Total
Total financial assets	6,242,907	390,748,531
Total financial liabilities	4,857,908	304,060,338

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 8.66 lakhs for the year ended March 31,2015

(b) **Interest rate risk**

The Company’s fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market.

(i) Credit risk:
Credit risk is the risk that the counterparty will not meet its obligations leading to a financial loss. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and unbilled revenues.

(1) Credit risk management:

- Trade receivables and Unbilled revenues

Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and unbilled revenue. 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 analyzed.

- Other Financails Assets:

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(2) Credit risk exposure

- Trade receivables and Unbilled revenues

The carrying amount of trade receivables and unbilled revenues represents the maximum credit exposure from customers. The maximum exposure to credit risk from customers is INR 43,86,05,894 (March 31, 2016: INR 33,40,39,555, April 1, 2015: INR 68,80,48,607). The lifetime expected credit loss on customer balance for the year ended March 31, 2017 is INR 2,70,35,028 crores (March 31, 2016: INR 1,98,55,129 crores, April 1, 2015: INR 28,45,188).

Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	19,855,129	2,845,188
Impairment loss recognised/reversed	7,179,899	17,009,941
Amount written off	-	-
Translation difference	-	-
Balance at the end	**27,035,028**	**19,855,129**

- Other Financial Assets

The carrying amount of security deposits, margin money with bank, unbilled revenues represents the maximum credit exposure. The maximum exposure to credit risk is INR 4,29,16,935 (March 31, 2016: INR 2,98,73,432, April 1, 2015: INR 2,74,95,510). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2017 is NIL (March 31, 2016: NIL , April 1, 2015 : NIL).

Reconciliation of loss allowance provision - other financial assets

Particulars	March 31, 2017		March 31, 2016	
	12 month expected losses	life-time expected losses	12 month expected losses	life-time expected losses
Balance at the beginning	-	-	-	-
Add(Less): Changes in loss allowances	-	-	-	-
Balance at the end	-	-	-	-

(iii) Liquidity risks

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flow from operations to meet its financial obligation as and when they fall due .

The table below provides details regarding the contractual maturities of significant financial liabilities as at :

March 31,2017 **(Amount in INR)**

	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					-
Trade and other payables	354,890,620	-	-	-	354,890,619.96
Borrowings including Interest thereon		-	-	-	-
Other financial liabilities	92,204,431	20,007,403	-	-	112,211,833.68
					-
Tota	**447,095,051**	**20,007,403.00**	**-**	**-**	**467,102,453.65**

March 31,2016 **(Amount in INR)**

	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					-
Trade and other payables	236,913,912	-	-	-	236,913,912
Borrowings	-	11,797,696	-	-	11,797,696
Other financial liabilities	85,036,039	26,573,040	-	-	111,609,079
					-
Tota	**321,949,951**	**38,370,736**	**-**	**-**	**360,320,687**

April 1,2015 **(Amount in INR)**

	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					-
Trade and other payables	561,569,311	-	-	-	561,569,311.01
Borrowings	-	28,455,049	-	-	28,455,049.47
Other financial liabilities	27,306,749	-	-	-	27,306,749.46
					-
Tota	**588,876,060**	**28,455,049**	**-**	**-**	**617,331,109.94**

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

27 (I) RELATED PARTY TRANSACTIONS'

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Name of Related Party	Nature of Relationship	Country of Incorporation
Locuz INC	100% held by the Company	USA
3i Infotech Limited	Holding Company	India
3i Infotech (Middle East) FZ LLC	Associate Company	UAE

Key Managerial Personnal (KMP) :

Name of Related Party	Designation / Details	Remarks
1. Mr. Vijay Kumar Wadhi	Managing Director	Appointed on Nov 19, 1999
2. Mr. Uttam Kumar Majumdar	Whole Time Director	Appointed on Nov 19, 1999
3. Mr. Durganadh K Venkata	Whole Time Director	Appointed on Dec 05, 2005

(ii) Transactions with related parties

The following transactions occurred with related parties during the year ended 31st March, 2017

Name	Nature of Transaction	2016-17	2015-16
3i Infotech Limited	Sale of Services	1,00,80,822	28,65,388
	Expenses	27,10,256	28,80,861
	income	51,00,000	51,00,000
Vijay Kumar Wadhi	Expense	10,37,400	5,33,400
Locuz INC	Sale of Services	19,445,046	7,972,290

(iii) Outstanding balances arising from sales/purchases of goods and services

Name	Nature of Relationship	March 31, 2017	March 31, 2016	April 1, 2015
Note 5 - Trade Receivables:				
3i Infotech Limited	Holding company	28,79,795	4,04,624	11,775,412
3i MEARC FZ LLC	Associate Company	11,34,676	11,60,826	10,95,329
Locuz INC	Subsidiary Company	1,28,04,947	47,57,078	7,36,067
Note 7 - Other Financial Assets:				
3i Infotech Limited	Holding company	100,000	230,000	230,000
Note 9 - Other Current Assets:				
3i Infotech Limited	Holding company	1,51,46,256	1,51,46,256	1,51,46,256
Locuz Inc	Subsidiary Company	7,13,977	713,977	433,977
Note 16 - Trade Payables:				
3i Infotech Limited	Holding company	79,86,799	53,54,873	25,80,094
Vijay Kumar wadhi	Managing director	75,00,000	75,67,500	-
Directors Remuneration Payable				
Vijay Kumar Wadhi	Managing Director	91,29,735	58,34,054	3,000,000
Uttam Kumar Majumdar	Whole Time Director	68,96,302	46,85,938	2,625,000

Durganadh Kota Venkata	Whole Time Director	26,25,000	26,25,000	2,625,000
Bad-Debts Written Off				
3i Infotech Limited	Holding company	130,000	-	-
Corporate Guarantee				
3i Infotech Limited	Holding company	34,00,00,000	34,00,00,000	34,00,00,000

Locuz Enterprise Solutions Limited
Notes to Financial Statements for the year ended March 31, 2017

(v) Key management personnel compensation

(Amount in INR Crore)

Particulars	**2016-17**	**2015-16**
Salaries and other employee benefits to Managing Director and Whole-time director	7,429,355	6,957,024
Commission and other benefits to non-executive / independent directors	20,000	-
Total	**74,49,355**	**69,57,024**

(vii) 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, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. For the year ended March 21, 2017, the group has written off an amount of Rs. 1,30,000 owed by related parties (March 31, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

(viii) There are no Commitments with Related parties.

Locuz Enterprise Solutions Limited

Notes to Financial Statements for the year ended March 31, 2017

27 (J). DISCLOSURE ON SPECIFIED BANK NOTES (SBNs):

Details of Specified Bank Notes deposited during the period November 08, 2016 to December 31, 2016

Particulars	SBNs*	Other Denomination Notes	Total
	a	b	c = a+b
Closing cash balance as on November 8, 2016	67,000	56,800	123,800
(+) Permitted Receipts	-	193,959	193,959
(-) Permitted Payments	-	209,000	209,000
(-) Amount deposited in Banks	67,000	-	67,000
Closing cash balance as on December 31, 2016	**-**	**41,759**	**41,759**

* For the purpose of this clause, the term Specified Bank Notes (SBNs) shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Departmentt of Corporate Affairs, number S.O. 3407 (E), dated the 8th November, 2016

(K) In accordance with the provisions of Section 149 read with Sections 177 and 178 of the Companies Act, 2013, the Company is required to have at least two independent directors on the Board of the Company. However, there is only one independent director and the management is in the process of appointing independent director and the management is in the process of appointing another independent director so as to comply with the aforesaid stipulated requirements.

(L) Provision for forseeable losses represents loss due to time and cost over run in respect of supply and installation contract entered into with a customer.

For and on behalf on the Board

Sd/-	**Sd/-**
Vijay Kumar Wadhi	**Uttam Majumdar**
Managing Director	**Wholetime Director**
DIN: 00087657	**DIN: 00087668**

Place : Hyderabad

Date : 28/04/2017