

SIFY TECHNOLOGIES LTD
Form 6-K
November 04, 2016

United States Securities and Exchange Commission

Washington, DC 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the half-year ended September 30, 2016

Commission File Number 000-27663

SIFY TECHNOLOGIES LIMITED

(Translation of registrant's name into English)

Tidel Park, Second Floor

No. 4, Rajiv Gandhi Salai, Taramani

Chennai 600 113, India

(91) 44-2254-0770

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20F Form 40 F

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1). Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7). Yes No

Table of Contents

SIFY TECHNOLOGIES LIMITED

FORM 6-K

For the half-year ended September 30, 2016

INDEX

Part I Financial Information

Item 1. Financial Statements	
<u>a) Unaudited Condensed Consolidated Interim Statement of Financial Position</u>	4
<u>b) Unaudited Condensed Consolidated Interim Statement of Income</u>	6
<u>c) Unaudited Condensed Consolidated Interim Statement of Comprehensive Income</u>	7
<u>d) Unaudited Condensed Consolidated Interim Statement of Changes in Equity</u>	8
<u>e) Unaudited Condensed Consolidated Interim Statement of Cash Flows</u>	9
<u>f) Notes to the Unaudited Condensed Consolidated Interim Financial Statements</u>	11

<u>Item 2. Information on the Company</u>	28
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<u>Item 3. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
--	----

<u>Item 4. Quantitative and Qualitative Disclosure About Market Risk</u>	48
--	----

<u>Item 5. Controls and Procedures</u>	49
--	----

Part II Other Information

<u>Item 1. Legal Proceedings</u>	50
----------------------------------	----

<u>Item 1A. Risk Factors</u>	50
------------------------------	----

<u>Item 2 Unregistered Sale of Equity Securities and Use of Proceeds</u>	50
--	----

<u>Item 3. Defaults Upon Senior Securities</u>	50
--	----

<u>Item 4. Mine Safety Disclosures</u>	50
<u>Item 5. Other Information</u>	50
<u>Item 6. Exhibits</u>	50

Currency of Presentation and Certain Defined Terms

Unless the context otherwise requires, references in this report to “we,” “us,” the “Company,” “Sify” or “Satyam Infoway” are Sify Technologies Limited, a limited liability Company organized under the laws of the Republic of India. References to “U.S.” or the “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India. In January 2003, we changed the name of our Company from Satyam Infoway Limited to Sify Limited. In October 2007, we again changed our name from Sify Limited to Sify Technologies Limited. “Sify”, “SifyMax.in,” “Sify e-ports” and “Sify online” are trademarks used by us for which we have already obtained registration certificates in India. All other trademarks or trade names used in this report are the property of their respective owners. In this Report, references to “\$,” “Dollars” or “U.S. dollars” are to the legal currency of the United States, and references to “₹”, “₹.”, “rupees” or “Indian rupees” are to the legal currency of India. References to a particular “fiscal” year are to our fiscal year ended March 31 of such year.

For your convenience, this Report contains translations of some Indian rupee amounts into U.S. dollars which should not be construed as a representation that those Indian rupee or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Indian rupees, as the case may be, at any particular rate, the rate stated below, or at all. Except as otherwise stated in this Report, all translations from Indian rupees to U.S. dollars contained in this Report have been based on the reference rate in the City of Mumbai on September 30, 2016 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI), which was ₹66.66 per \$1.00.

Our financial statements are presented in Indian rupees and prepared in accordance with English version of International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS. In this Report, any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

Information contained in our websites, including our corporate website, www.sifycorp.com, is not part of our Annual Report for the year ended March 31, 2016 or this Report.

Forward-looking Statements

In addition to historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. The forward-looking statements contained herein are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. For a discussion of some of the risks and important factors that could affect the Company’s future results and financial condition, please see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our

Annual Report on Form 20-F for the fiscal year ended March 31, 2016, filed with the Securities and Exchange Commission (the "SEC") on June 22, 2016.

The forward-looking statements contained herein are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek" terms and phrases. Such forward-looking statements include, but are not limited to, statements concerning:

- our expectations as to future revenue, margins, expenses and capital requirements;

our exposure to market risks, including the effect of foreign currency exchange rates and interest rates on our financial results;

- the effect of the international economic slowdown on our business;
- our ability to generate and manage growth and to manage our international operations;

projections that our cash and cash equivalents, along with cash generated from operations will be sufficient to meet certain of our obligations; and

- the effect of future tax laws on our business.

You are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, you should carefully review the other information in this Report, our other periodic reports and other documents filed with the SEC from time to time. Our filings with the SEC are available on its website at www.sec.gov.

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Financial Position**

(In thousands of Rupees, except share data and as otherwise stated)

	Note	As at September 30, 2016	March 31, 2016 *	As at September 30, 2016 Convenience translation into US\$ (In thousands)
ASSETS				
Property, plant and equipment	4	6,251,973	6,327,890	93,789
Intangible assets	5	576,172	605,646	8,643
Lease prepayments	7	896,454	904,201	13,448
Other assets		733,955	687,463	11,010
Other investments		1,710	1,710	26
Total non-current assets		8,460,264	8,526,910	126,916
Inventories		985,719	741,432	14,787
Trade and other receivables, net	8	7,838,970	7,361,452	117,596
Prepayments for current assets		308,362	236,252	4,626
Restricted cash	6	291,778	345,328	4,377
Cash and cash equivalents	6	1,550,463	1,390,552	23,259
Total current assets		10,975,292	10,075,016	164,645
Total assets		19,435,556	18,601,926	291,561
EQUITY AND LIABILITIES				
Equity				
Share capital		1,423,125	1,423,125	21,349
Share premium		18,474,481	18,474,481	277,145
Share based payment reserve		292,780	287,901	4,392
Other components of equity		48,866	51,495	733
Accumulated deficit		(12,624,240)	(12,736,171)	(189,383)
Equity attributable to equity holders of the Company		7,615,012	7,500,831	114,236

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Financial Position**

(In thousands of Rupees, except share data and as otherwise stated)

	Note	As at September 30, 2016 Rs.	March 31, 2016* Rs.	As at September 30, 2016 Convenience translation into US\$ (In thousands)
Liabilities				
Finance lease obligations, other than current instalments		233,335	395,693	3,500
Borrowings		821,871	995,412	12,329
Employee benefits	9	104,709	94,936	1,571
Other liabilities		632,935	586,711	9,495
Total non-current liabilities		1,792,850	2,072,752	26,895
Finance lease obligations current instalments		527,630	557,618	7,915
Borrowings		2,530,971	1,852,225	37,968
Bank overdraft	6	698,026	719,767	10,471
Trade and other payables		4,994,164	4,801,583	74,921
Deferred income		1,276,903	1,097,150	19,155
Total current liabilities		10,027,694	9,028,343	150,430
Total liabilities		11,820,544	11,101,095	177,325
Total equity and liabilities		19,435,556	18,601,926	291,561

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

*Derived from the audited consolidated financial statements

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Income**

(In thousands of Rupees, except share data and as otherwise stated)

	Note	Quarter ended September 30,		Quarter ended September 30, 2016	Half year ended September 30,		Half year ended September 30, 2016
		2016 Rs.	2015 Rs.	Convenience translation into US\$ (In thousands)	2016 Rs.	2015 Rs.	Convenience translation into US\$ (In thousands)
Revenue	10	4,391,862	3,715,339	65,885	8,561,820	7,121,886	128,440
Cost of goods sold and services rendered	11	(2,787,413)	(2,165,759)	(41,816)	(5,453,433)	(4,168,665)	(81,809)
Other income		36,327	11,942	545	61,691	21,634	925
Selling, general and administrative expense	12	(969,996)	(886,568)	(14,551)	(1,852,094)	(1,706,487)	(27,784)
Depreciation and amortization	4&5	(431,965)	(369,189)	(6,480)	(872,753)	(744,805)	(13,092)
Profit from operating activities		238,815	305,765	3,583	445,231	523,563	6,680
Finance income	13	16,246	13,390	244	85,405	18,643	1,281
Finance expenses	13	(98,413)	(185,892)	(1,476)	(248,963)	(323,760)	(3,735)
Net finance expense		(82,167)	(172,502)	(1,232)	(163,558)	(305,117)	(2,454)
Profit for the period		156,648	133,263	2,351	281,673	218,446	4,226
Profit per share							
Basic earnings per share	14	1.11	0.94	0.02	2.00	1.55	0.03
Diluted earnings per share	14	1.11	0.94	0.02	2.00	1.54	0.03

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Comprehensive Income**

(In thousands of Rupees, except share data and as otherwise stated)

	Note	Quarter ended September 30		Quarter ended September 30, 2016	Half year ended September 30		Half year ended September 30, 2016
		2016 Rs.	2015 Rs.	Convenience translation into US\$ (In thousands)	2016 Rs.	2015 Rs.	Convenience translation into US\$ (In thousands)
Profit for the period		156,648	133,263	2,351	281,673	218,446	4,226
Other comprehensive income/(loss)							
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans	9	(2,985)	(3,316)	(45)	(3,173)	1,926	(48)
Items that will be reclassified to profit or loss							
Foreign currency translation differences of foreign operations		(3,944)	7,053	(59)	544	11,989	8
Other comprehensive income/(loss) for the period		(6,929)	3,737	(104)	(2,629)	13,915	(40)
Total comprehensive income for the period		149,719	137,000	2,247	279,044	232,361	4,186

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Changes in Equity**

(In thousands of Rupees, except share data and as otherwise stated)

For the half year ended September 30, 2016

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Accumulated deficit	Total	Non-controlling interest	Total Equity
Balance at April 1, 2016	1,423,125	18,474,481	287,901	51,495	(12,736,171)	7,500,831	-	7,500,831
Total comprehensive income/ (loss) for the period	-	-	-	(2,629)	281,673	279,044	-	279,044
Share based payments		-	4,879	-	-	4,879	-	4,879
Transactions with owners, recorded directly in equity								
Dividends paid	-	-	-	-	(169,742)	(169,742)	-	(169,742)
Balance as at September 30, 2016	1,423,125	18,474,481	292,780	48,866	(12,624,240)	7,615,012	-	7,615,012

For the half year ended September 30, 2015

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Accumulated deficit	Total	Non-controlling interest	Total Equity
Balance at April 1, 2015	1,423,125	18,474,481	235,915	36,662	(13,004,882)	7,165,301	-	7,165,301

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Total comprehensive income/ (loss) for the period	-	-	-	13,915	218,446	232,361	-	232,361
Share based payments	-	-	29,748	-	-	29,748	-	29,748
Transactions with owners, recorded directly in equity								
Dividends paid (including Corporate Dividend Tax)	-	-	-	-	(169,742)	(169,742)	-	(169,742)
Balance as at September 30, 2015	1,423,125	18,474,481	265,663	50,577	(12,956,178)	7,257,668	-	7,257,668

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Cash Flows**

(In thousands of Rupees, except share data and as otherwise stated)

	Half year ended September 30		September 30, 2016
	2016	2015	Convenience
	Rs.	Rs.	translation into
			US\$
			(In thousands)
Cash flows from / (used in) operating activities			
Profit for the period	281,673	218,446	4,226
Adjustments for:			
Depreciation and amortization	872,753	744,805	13,093
Loss/ (gain) on sale of property, plant and equipment	(240)	(796)	(4)
Provision for doubtful receivables and advances	84,570	80,144	1,269
Stock compensation expense	4,879	29,748	73
Net finance expense / (income)	163,558	305,117	2,454
Unrealized (gain)/ loss on account of exchange differences	(8,679)	37,981	(130)
Amortisation of Leasehold Prepayments	7,747	7,184	116
	1,406,261	1,422,629	21,097
Change in trade and other receivables	(714,829)	(327,048)	(10,723)
Change in inventories	(244,287)	(7,515)	(3,665)
Change in other assets	(118,602)	(72,538)	(1,779)
Change in trade and other payables	198,688	544,833	2,981
Change in employee benefits	16,743	11,908	251
Change in deferred revenue	222,179	160,183	3,333
	766,153	1,732,452	11,495
Income taxes (paid)/refund received	140,312	(295,026)	2,105
Net cash from operating activities	906,465	1,437,426	13,600
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	(608,477)	(748,722)	(9,128)
Expenditure on intangible assets	(28,486)	(18,946)	(427)
Proceeds from sale of property, plant and equipment	1,269	796	19
Finance income received	90,754	21,882	1,361
Net cash used in investing activities	(544,940)	(744,990)	(8,175)

Sify Technologies Limited**Unaudited Condensed Consolidated Interim Statement of Cash Flows**

(In thousands of Rupees, except share data and as otherwise stated)

	Half year ended September 30		September 30, 2016	
	2016	2015	Convenience translation into US\$	
	Rs	Rs	(In thousands)	
Cash flows from / (used in) financing activities				
Proceeds from / (repayment of) borrowings, net	522,988	590,110	7,846	
Finance expenses paid	(231,900)	(322,136)	(3,479))
Repayment of finance lease liabilities	(352,789)	(402,235)	(5,293))
Payment of dividends (including corporate dividend tax)	(169,741)	(169,741)	(2,547))
Net cash used in financing activities	(231,442)	(304,002)	(3,473))
Net Increase in cash and cash equivalents	130,083	388,434	1,952	
Cash and cash equivalents at April 1	1,016,113	720,651	15,243	
Effect of exchange fluctuations on cash held	(1,981)	1,818	(30))
Cash and cash equivalents at period end	1,144,215	1,110,903	17,165	
Supplementary information				
Additions to property plant and equipment represented by finance lease obligations	160,443	170,293	2,407	

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

SIFY TECHNOLOGIES LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(In thousands of Rupees, except share, per share data and as stated otherwise)

1. Reporting entity

Sify Technologies Limited, ('Sify' or 'the Company') formerly known as Sify Limited, is a leading internet services provider headquartered in Chennai, India. These Unaudited Condensed Consolidated Interim Financial Statements as at and for the quarter and half year ended September 30, 2016 comprise the Company and its subsidiaries (Sify Technologies (Singapore) Pte Limited and Sify Technologies North America Corporation (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in providing services, such as Telecom services, Data Center Services, Cloud and Managed services, Technology Integration services and Applications Integration services. Sify is listed on the NASDAQ Global Select market in the United States.

2. Basis of preparation

a. Statement of compliance

The Unaudited Condensed Consolidated Interim Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRS), *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended March 31, 2016.

These Unaudited Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors on October 19, 2016.

b. Functional and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian rupee is the functional currency of Sify. US dollar is the functional currency of Sify's foreign subsidiaries located in the US and Singapore.

The Unaudited Condensed Consolidated Interim Financial Statements are presented in Indian Rupees which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest thousand except where otherwise indicated.

Convenience translation: Solely for the convenience of the reader, the financial statements as of and for the quarter and half year ended September 30, 2016 have been translated into United States dollars (neither the presentation currency nor the functional currency of the Group) based on the reference rate in the City of Mumbai on September 30, 2016, for cable transfers in Indian rupees as published by the Reserve Bank of India which was 66.66 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollar at such a rate or at any other rate on September 30, 2016 or at any other date.

c. Use of estimates

The preparation of these Unaudited Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the period. Accounting estimates could change from period to period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of change and future periods, if the change affects both and, if material, their effects are disclosed in the notes to the financial statements.

In preparing the Unaudited Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimating uncertainties were the same as that were applied to the consolidated financial statements as at and for the year ended March 31, 2016.

3. Significant accounting policies

The accounting policies applied by the Group in these Unaudited Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended March 31, 2016.

Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Previously, control existed when the Group had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that were currently exercisable were also taken into account.

a. Recent accounting pronouncements

(i) Standards early adopted by the Group

IFRS 9 Financial Instruments:

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an

individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income.

IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new Presentation and disclosure requirements.

The effective date for adoption of IFRS 9 is annual periods beginning on or after January 1, 2018, though early adoption is permitted. The Group has early adopted IFRS 9 in accordance with transitional provisions set out in the standard from fiscal year 2016 with April 1, 2015 being the date of initial application.

(ii) New Standards and interpretations not yet adopted

IFRS 15 Revenue from Contract from Customers: In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contracts with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits the use of either the retrospective or cumulative effect transition method. The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2017, though early adoption is permitted. In September 2015, the IASB issued an amendment to IFRS 15, deferring the adoption of the standard to periods beginning on or after January 1, 2018 instead of January 1, 2017.

The Group is evaluating the effect of IFRS 15 on the consolidated financial statements including the transition method to be adopted and the related disclosures. The group continues to evaluate the effect of the standard on ongoing financial reporting.

IFRS 16 Leases : IFRS 16 on lease was issued on January 13, 2016 and is effective from the year January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers . The standard replaces all existing lease accounting requirements and represents a significant change in accounting and reporting of leases, with more assets and liabilities to be reported on the Statement of Financial Position and a different recognition of lease costs.

The Group is currently evaluating the impact of the standard on the consolidated financial statements.

4. Property, plant and equipment

The following table presents the changes in property, plant and equipment during the half year ended September 30, 2016

(Rupees in Thousands)

Particulars	Cost			Accumulated depreciation				Carrying amount as at September 30, 2016	
	As at April 01, 2016	Additions	Disposals	As at September 30, 2016	As at April 1, 2016	Depreciation for the period	Deletions		
Building	2,301,987	-	-	2,301,987	475,256	41,091	-	516,347	1,785,640
Plant and machinery	10,137,059	437,298	13,107	10,561,250	6,610,485	638,316	12,115	7,236,686	3,324,564
Computer equipments	951,508	148,317	5,266	1,094,559	702,371	63,627	5,229	760,769	333,790
Office equipment	386,702	19,620	37	406,285	228,987	24,206	37	253,156	153,129
Furniture and fittings	1,028,880	15,643	2,151	1,042,372	661,001	47,553	2,151	706,403	335,969
Vehicles	2,456	-	-	2,456	2,456	-	-	2,456	-
Total	14,808,592	620,878	20,561	15,408,909	8,680,556	814,793	19,532	9,475,817	5,933,092
Add: Construction in progress									318,881
Total	14,808,592	620,878	20,561	15,408,909	8,680,556	814,793	19,532	9,475,817	6,251,973

The following table presents the changes in property, plant and equipment during the year ended March 31, 2016

(Rupees in Thousands)

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Particulars	Cost			Accumulated depreciation				Carrying amount as at March 31, 2016	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Deletions		As at March 31, 2016
Building	1,993,085	308,902	-	2,301,987	401,073	74,183	-	475,256	1,826,731
Plant and machinery	8,340,520	1,801,093	4,554	10,137,059	5,374,508	1,240,531	4,554	6,610,485	3,526,574
Computer equipments	790,631	198,488	37,611	951,508	649,977	89,929	37,535	702,371	249,137
Office equipment	286,141	101,010	449	386,702	203,319	26,117	449	228,987	157,715
Furniture and fittings	755,409	273,864	393	1,028,880	591,561	69,833	393	661,001	367,879
Vehicles	2,456	-	-	2,456	2,456	-	-	2,456	-
Total	12,168,242	2,683,357	43,007	14,808,592	7,222,894	1,500,593	42,931	8,680,556	6,128,036
Add: Construction in progress									199,854
Total	12,168,242	2,683,357	43,007	14,808,592	7,222,894	1,500,593	42,931	8,680,556	6,327,890

Leased assets

The Group's leased assets include certain buildings, plant and machinery acquired under finance leases. As at September 30, 2016 the net carrying amount of buildings and plant and machinery acquired under finance leases is 188,180 (March 31, 2016: 193,339) and 992,571 (March 31, 2016: 1,113,026) respectively. During the half year ended September 30, 2016, the Group acquired leased assets of 160,443 (March 31, 2016 : 510,783).

In case prepayments are made towards buildings accounted for as finance leases, such prepayments are capitalized as 'Leasehold Buildings' (included in buildings) on the commencement of the lease term under the head 'Property, plant and equipment' and depreciated in accordance with the depreciation policy for similar owned assets.

Construction in progress

Amounts paid towards acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment that are not ready to be put into use are disclosed under construction-in-progress.

5. Intangible assets

Intangible assets comprise the following:

	September 30, 2016	March 31, 2016
Goodwill	14,595	14,595
Other intangible assets	561,577	591,051
	576,172	605,646

(i) Goodwill

The following table presents the changes in goodwill during the half year/year ended

	September 30, 2016	March 31, 2016
Balance at the beginning of the period	14,595	14,595
Net carrying amount of goodwill	14,595	14,595

The amount of goodwill as at September 30, 2016 and March 31, 2016 has been allocated to the Applications Integration Services segment.

(ii) Other intangibles

The following table presents the changes in intangible assets during the half year ended September 30, 2016 and year ended March 31, 2016.

	Bandwidth Capacity	Software	License fees	Total
(A) Cost				
Balance as at April 1, 2015	576,508	557,026	73,000	1,206,534
Acquisitions during the year	65,883	62,822	-	128,705
Disposals during the year	-	-	-	-
Balance as at March 31, 2016	642,391	619,848	73,000	1,335,239
Acquisitions during the period	-	28,486	-	28,486
Disposals during the period	-	-	-	-
Balance as at September 30, 2016	642,391	648,334	73,000	1,363,725
(B) Amortization				
Balance as at April 1, 2015	140,591	483,097	23,056	646,744
Amortization for the year	50,407	44,387	2,650	97,444
Impairment loss on intangibles	-	-	-	-
Balance as at March 31, 2016	190,998	527,484	25,706	744,188
Amortization for the period	28,198	28,437	1,325	57,960
Impairment loss on intangibles	-	-	-	-
Balance as at September 30, 2016	219,196	555,921	27,031	802,148
(C) Carrying amounts				
As at March 31, 2016	451,393	92,364	47,294	591,051
As at September 30, 2016	423,195	92,413	45,969	561,577

Intangible assets that were fully impaired/amortised were removed from the block.

6. Cash and cash equivalents

Cash and cash equivalents as at September 30, 2016 amounted to 1,550,463 (March 31, 2016: 1,390,552). This excludes cash-restricted of 291,778 (March 31, 2016: 345,328), representing deposits held under lien against working capital facilities availed and bank guarantees given by the Group towards future performance obligations.

(a) Restricted cash

	September 30, 2016	March 31, 2016	September 30, 2015	March 31, 2015
Non current				
Against future performance obligation		-		-
Current				
Bank deposits held under lien against borrowings / guarantees from banks / Government authorities	291,778	345,328	270,183	247,913
Total restricted cash	291,778	345,328	270,183	247,913
(b) Non restricted cash				
Current				
Cash and bank balances	1,550,463	1,390,552	1,514,975	1,229,634
Total cash (a+b)	1,842,241	1,735,880	1,785,158	1,477,547
Bank overdraft used for cash management purposes	(698,026) (719,767) (674,255) (756,896
Less: Non current restricted cash	-	-	-	-
Cash and cash equivalents for the statement of cash flows	1,144,215	1,016,113	1,110,903	720,651

7. Lease prepayments

	September 30, 2016	March 31, 2016
Towards land and buildings*	896,454	904,201
	896,454	904,201

* Includes 864,934 (March 31, 2016: 870,184) paid for acquiring leasehold rights of land for construction of Data centers. The prepayment towards land is amortized over the period of the lease on a straight line basis. In respect of

buildings under operating lease, prepayments are amortized over the lease term on a straight line basis.

15 of 51

8. Trade and other receivables

Trade and other receivables comprise:

	September 30, 2016	March 31, 2016
(i) Trade receivables, net	6,321,561	5,497,289
(ii) Other receivables including deposits	1,503,662	1,802,539
(iii) Construction contract related accruals	13,747	61,624
	7,838,970	7,361,452

Trade receivables consist of:

	September 30, 2016	March 31, 2016
Other trade receivables	6,585,893	5,706,354
	6,585,893	5,706,354
Less: Allowance for doubtful receivables	(264,332)	(209,065)
Balance at the end of half year/year	6,321,561	5,497,289

The activity in the allowance for doubtful accounts receivable is given below:

	September 30, 2016	March 31, 2016
Balance at the beginning of the period	209,065	206,402
Add : Additional provision, net	82,238	182,161
Less : Bad debts written off	(26,971)	(179,498)
Balance at the end of half year/year	264,332	209,065

9. Employee benefits

	September 30, 2016	March 31, 2016
Gratuity payable	69,926	56,212
Compensated absences	34,783	38,724
	104,709	94,936

Gratuity cost

The components of gratuity cost recognized in the income statement for the quarter and half year ended September 30, 2016 and 2015 consists of the following: