# Annual Report
# 2018 - 19

**30**
years of
Sasken

A silicon valley startup to a global organisation

SASKEN


19
89

Incorporated ASIC technologies as the first commercial venture in India

Won our first purchase order for $40,000

19
89


19
90

Pioneered the development of X-Sim - a simulator for IC design services

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**1992**

Changed our name to Silicon Automation Systems (SAS)

**1993**

Our wireless journey began with first generation wireless communication systems

**1996**

Started filing for global patents

# Board of Directors

**Mr. Rajiv C. Mody**
Chairman, Managing Director & CEO

**Ms. Neeta S. Revankar**
Whole Time Director & CFO

**Mr. Bansi S. Mehta**
Director
*(Vacated his office effective April 23, 2019)*

**Mr. Bharat V. Patel**
Director

**Mr. Jyotindra B. Mody**
Director
*(Resigned effective February 15, 2019)*

**Mr. Pranabh D. Mody**
Director

**Prof. J. Ramachandran**
Director

**Mr. Sanjay M. Shah**
Director

**Mr. Sunirmal Talukdar**
Director

**Dr. G. Venkatesh**
Director

**Company Secretary**
Mr. S. Prasad

**Statutory Auditors**
M/s. B S R & Associates LLP
Chartered Accountants

**Committees of the Board**
Audit Committee
Corporate Social Responsibility Committee
Nomination and Remuneration Committee
Stakeholders Relationship Committee
Strategy, Business and Marketing Review Committee

**Bankers**
Citibank NA
Union Bank of India
Axis Bank Limited

**Registered and Corporate Office**
No. 139/25, Ring Road, Domlur
Bengaluru 560 071, India
CIN: L72100KA1989PLC014226


**Rajiv C. Mody**
Chairman, Managing Director & CEO

## Dear Shareholder,

*I vividly recall the hope and passion with which my co-founders and I embarked on this journey thirty years back, that has since shaped my life and your relationship with Sasken.*

It is my pleasure to write to you as this year marks the thirtieth anniversary of our inception. We have maintained our resolve to be tech-first and stay ahead of the technology curve. Most of you will agree that over time Sasken has been valued as a world-class player in the product engineering space. We have played a pivotal role in the end-to-end conceptualization and creation of several products which have enjoyed significant adoption by both enterprise and the end consumer. Above all, what gives my management team and all Sasians pride is that we have been able to uphold our core value of intellectual integrity.

Our business focus has been to provide product engineering and digital services to the leading adopters of embedded and digital technologies. The automotive segment has embraced these developments to deliver connected experiences for safer commutes. As the key vectors of integrated communication, autonomous driving and telematics play-out, we see significant growth opportunities in these segments. In response to this, we have set up our Detroit Development Centre in USA which is a Centre of Excellence for Automotive Electronics. Positioning this centre at the heart of the auto hub, that is Detroit, gives us the advantage of serving our Tier-1 and OEM customers on their latest platforms and products.

Android continues to exert its influence across multiple product categories and has emerged as the most adopted OS platform. As its proliferation continues unabated, we see a greater need emerging from the manufacturers of rugged terminals & computers serving enterprises. We address the imperative need to secure these devices with a dependable method to manage security upgrades. A new area for Android and your Company is the avionics market which is embracing Android for its in-flight infotainment and other applications.

At the intersection of digital technologies and smart-manufacturing, there are opportunities that we are uniquely placed to take advantage of. A case in point is the work we are executing for one of the world's largest auto ancillary manufacturer. We support their quest to build a manufacturing plant of the future by combining technologies such as IIoT, data analytics, connectivity, and machine learning.

Silicon forms the core of all smart-devices and is seeing significant upgrades to accommodate the demands of next-generation connectivity and cognition. A matter of pride for us is the work we execute for silicon platforms that power the world's premier smartwatches.

The advancements in technology, communications, and computing combined with digital have opened vistas to bring extreme precision to global positioning systems. In Japan, we have worked with platforms developed by Shizuoka University for precision tracking applications addressing the needs of automotive and other industries. We believe this will set the foundation for possible future solutions that leverage our product engineering and digital strengths.

At Sasken, some of our projects are unique, first of a kind and require integration of complex hardware and software for full product realization. We have a long-standing track record of successfully delivering multiple projects. In the course of executing such projects, it is not unlikely to experience turbulence, though such instances are few and far between. In the current fiscal, we encountered one such engineering challenge which we have successfully resolved.

For several years now, external research agencies have placed your Company, as amongst the leaders in an elite set of product engineering and digital service companies. Zinnov, an independent research company, has ranked Sasken as being an established and expansive player in product engineering. More specifically, Sasken is rated to be in the leadership zone in automotive and semiconductor segments. Everest Group, a research firm focused on strategic IT, has recognized Sasken as an Aspirant in the Digital Services arena in their latest report titled – Digital Services PEAK Matrix™ assessment and Market Trends 2019.

**DIVIDEND DATA**

The Board of Directors has recommended a final dividend of ₹ 7.50 per equity share of ₹ 10 each for the year ended March 31, 2019. This is subject to the approval of shareholders and if so approved, the total dividend for the year will amount to ₹ 12.50 per equity share including interim dividend payment of ₹ 5.00 per share declared in October 2018. We thus maintain the uninterrupted record of paying dividend since its listing in 2005.

As we operate in a high-technology arena that follows multiple s-curves and is intrinsically volatile, our revenues may tend to ebb and rise. My team and I are confident that the business transformation process that we have undertaken is well underway and will see us post better growths in the coming years.

We sincerely thank you for the support and confidence you continue to repose in us.

Thanking you,

**Rajiv C. Mody**
Chairman, Managing Director, and CEO


## 1997

Kept pace with wireless evolution from 2G to 3G

Citibank & Intel Capital invested in Silicon Automation Systems

## 1999


## 2000

Silicon Automation Systems renamed to Sasken Communication Technologies

## 2001

Moved to Sasken owned headquarters.

## 2002

Licensed complete protocol stack for 2G to multiple silicon vendors


## 2003

Contributed to standardization of 3GPP2

# Technology & Markets

*The prime mover of inclusive growth has been the forces of democratization unleashed by the constant evolution of technology. Humankind has never been connected with one another in such a symbiotic manner in the past.*

We have shaped, participated, and partnered with global hi-tech companies for three decades and learned to navigate the multiple waves of technology evolution. The last decade has been one of the fastest in terms of change and the most dynamic. The rapid pace at which silicon technologies have evolved including open source software platforms such as Android has made it possible to leverage computing and connectivity to make available a wide range of infotainment solutions. Several technologies that have caught the attention of leaders in all industry verticals include mobility, cloud computing, data analytics, security, IoT, machine learning, artificial intelligence, augmented & virtual reality, and blockchain. Our solutions leverage many of these advancements.

As in the case of human evolution, the survival of the best applies to the technology world. Many of the technologies have been on a steep development curve and are at various phases of maturity. Examined from the lens of commercial impact, some of these technologies have outshone others whose time is perhaps yet to come. However, there is little doubt that these technologies will make possible – smarter, safer and socially connected living. Data has been at the epicenter of this decade, and semiconductors & software continue to be the bedrock on which new age products are built. The forces of digitization have paved the way for digitalization and together are the genesis of the new age enterprise. Industry incumbents have accelerated their march toward embracing the virtues of being digital. The move from smart to cognition continues to spark a keen interest in investments in engineering R&D and transformative digital services.

Our single-minded focus to pursue growth opportunities in product and digital engineering services is validated by the world view forecasted by leading industry bodies and research agencies. NASSCOM, the trade body, and independent research agency – Zinnov continue to be bullish about the growth in demand for the digital and engineering R&D services. Additionally, the sectors that have been identified as leading both in terms of spend and growth of R&D have a high degree of overlap with the sectors of interest to us. Thus, our strategic focus and direction stand validated by the research findings of credible sources.

Reflecting on our long journey in this industry gives us a sense of pride as well as humility. Our journey is interspersed with moments of glory and immense learning experiences. We have been privileged to work with industry leaders to develop some cutting-edge products and services that have stood the test of time in their functionality. Staying vested in the product life-cycle has enabled us to connect directly with our customer's customer. This nexus has helped us craft products and solutions that have kept pace with the ever-evolving needs of the end consumer.

In the current year, our engineers have added to the already existing vast pool of products and services we have helped build. One significant measure of our innovative quotient is our ability to continue to develop intellectual property and invest in technologies that will shape the future. To ensure that we achieve these goals, we are amidst a transformation that is purported to enhance organizational agility and accountability. Your Company's position of being a 'Chip to Cognitive' enterprise stands validated. We will now examine each of the sector's that we operate in.

## Semiconductor

We take pride in our strong heritage in the semiconductor space. After solely focusing on this segment in the initial years, we have since capitalized on our knowledge of silicon platforms and software to help our customers accelerate product development. Our marquee semiconductor customers have benefited from our long-standing partnership as we help hasten the adoption of their semiconductor platforms to serve the needs of the consumer, automotive electronics & enterprise-grade devices and systems.

*Our deep knowledge of semiconductor platforms & engagements that start at the beginning of the silicon development cycle is valued by product companies. Combined with our software expertise, it helps catalyze product development.*

Some of our mature offerings include development, testing, and maintenance initiatives that span multiple generations of modems including the latest standards such as LTE and 5G. Many of these engagements are output based models and are executed in a total ownership mode which reflects the confidence reposed by our customers in us. Our customers value our ability to support multiple end segment initiatives. A case in point is the creation of an automotive offshore development center for a semiconductor company with an increased focus on auto-grade silicon platforms.

In the current year, we have initiated work in the area of new product introduction to support our customer's growing business in the area of smart wearables. Building on the need for safety and autonomous driving, we are engaged with silicon vendors to leverage technologies such as CV2X, telematics and computer vision.

## Automotive

The three-pronged focus for our automotive business continues to be centered on an integrated automotive cockpit, autonomous driving, and telematics. These technologies have caught the attention of every major auto OEM and tier-1 supplier and are radically changing the urban commuting landscape. We see an opportunity to consolidate our portfolio and scale our business.

In the current year, we have been able to add new accounts to our list of marquee customers which will provide us a platform to grow our business in the coming years.

On the integrated communication's front, we are engaged in multiple programs with leading tier-1 vendors across the globe. We work both on - subsystem and system level engagements. Short-range connectivity, the Android platform, passenger-friendly user interface, and wide area communications have become the core part of any modern vehicle. Our strengths in these technologies have helped us win business from leading tier-1s. As part of our work for a Tier-1 auto customer, we have focused on solutions to enhance Bluetooth connectivity for their product lines. In other engagements, we have delivered solutions centered around enhancing in-vehicle connectivity for tier-1 suppliers and have also created a test automation suite to help accelerate product development.

*Enhancing the safety of urban commute and providing a connected experience is at the heart of our automotive focus.*

Our engineering teams have been able to build and enhance algorithms addressing components of autonomous driving including collision warning, driver drowsiness detection and traffic sign recognition, which have been well received. We have been able to develop an interesting application incorporating precision tracking for the Japanese market. The automotive segment will therefore continue to be a source of growth and competitive differentiation for us.

## Industrial

In industrial we focus on two specific areas - ruggedized devices & computers and process-based manufacturing. Rugged devices have become the cornerstone for enhancing enterprise functionality and are increasingly adopted in multiple verticals. The adoption of sensors, connectivity, and computing under the umbrella of the Industrial Internet of Things(IIoT) will bring men, machine, and math together. Thus, our focus on the chip to cognitive space will make it possible to bring interesting solutions to customers in the industrial segment.

The early inroads in capitalizing our knowledge of smart devices for the ruggedized device space continues to pay dividends. We are now growing our business to provide services for the migration of legacy platforms to open source platforms and manage security which is a growing concern as data is regarded as a vital enterprise asset. The new wins in the year are from enterprise-grade smart-device manufacturers who have entrusted us to manage the security upgrade process independently. Also, we have been entrusted with the responsibility to build software for industrial devices and support our customers to obtain the necessary certifications before commercializing them. As Industry 4.0 continues to mature, many initiatives that are in the early phases of development will turn into scalable business opportunities.

*As data drives better efficiency & productivity and forms the core of industry 4.0, Sasken brings into play the possibility of moving from smart to cognition.*

### Communication & Devices

Over two decades we have seen the communication and devices space undergo an enormous change and emerge as an inseparable part of human lives. Smart devices continue to present a growth opportunity for us as the underlying core, enabling and peripheral technologies evolve at a rapid pace.

We continue to win and execute business to support leading smart device manufacturers manage their product lines often built on differing silicon platforms. We simplify the OEM's need to keep pace with the frequent software updates in the Android platform and ensure both forward and backward compatibility. Securing the data assets of an enterprise is now driving silicon platform vendors and smart/rugged device OEMs to place a greater emphasis in ensuring products are equipped with the most up-to-date vulnerability protection software.

Our large program to develop satellite terminals has progressed well and is heading towards its final phases. A program of this nature is inherently complex and has tested our engineering grit to the fullest. It's a pleasure to reflect and be reassured that our engineers are indeed capable of surmounting even the most demanding development challenges. Our engagement with a tier-1 network equipment manufacturer focused on railway signaling has made smart progress. In the year that has gone by we have successfully demonstrated end-to-end communications delivery on their next generation platforms. The technologies on which our solutions are built include the packet core and access networks supporting Long Term Evolution (LTE) standards.

*The ability to foretell the insatiable appetite for bandwidth has propelled us to embrace technologies including the packet core and access networks supporting Long Term Evolution (LTE) standards and the fifth generation (5G).*

Legacy networks will also present a growth opportunity as they need to co-exist with new overlays built using the latest technologies. This trend is expected to span across end-user segments such as public safety, commercial, and terrestrial & satellite networks. Thus, communications and devices will continue to be one of our important growth avenues.

### Digital Services

We have made significant strides in Digital in terms of building deep capabilities in our focus technology areas of platforms & application, IoT and analytics for our core verticals of industrial & manufacturing and transportation. Leading industry analysts have endorsed our capabilities in the digital arena thereby giving a greater impetus to our customer traction.

We have been chosen as the strategic digital transformation partner by our customers to help them in areas like - IoT based smart product and smart operations enablement. We help leading players in industry 4.0 to leverage the power of data and machine learning to create compelling solutions aimed at driving greater asset and revenue efficiency. We are engaged in the development of platforms addressing the needs of multi-modal transport operators to help improve the commute efficiency of passengers and the effectiveness of their business operations.

*Combining our strengths in silicon, sensors and the digital world, makes it possible for us to propose interesting solutions that will seed new digital shoots from well embedded roots.*

We have been able to position ourselves as innovation partners of enterprises invested in next-generation technologies to achieve business transformation through digitalization. We are leveraging technologies to create innovative solutions for precision tracking, inventory management and driver safety among others. Our solutions incorporate cutting edge technologies including blockchain, artificial intelligence, machine learning, and location-based & wireless technologies.

## Going Forward

In keeping with our DNA of being a tech-first company, we continue to make investments to sharpen our technical arsenal. Since inception, we have made small yet significant strides to create our portfolio of intellectual property. In the current year, we have filed for patents in the area of blockchain and its application to secure data flow in the context of the Internet of Things. Another patent that we have filed is in the area of channel (capacity) estimation for modulation schema that is used in 4G and 5G communication systems. Our ability to stay at the forefront of technology year on year speaks for the quality of our engineering talent and our resolve to continuously invest in deepening their skills.

*Our commitment to being tech-first puts us in a position to invest in the future, one that we believe will play a small yet significant role in fueling innovation.*

Our internal research and development initiatives mirror our business segmental focus and aim to create a differentiated value proposition for our customers. In the current financial year, our engineering team has worked on strengthening the security of IoT networks, applications of computer vision, blockchain and machine learning. We have built blockchain based frameworks and algorithms that enhance the security of IoT networks using state-of-the-art wait-time measurement systems. Harnessing our strengths in signal processing and multimedia, we have developed vision-based frameworks to simultaneously map and localize events of interest such as the ability to detect hazards which are extremely important in the context of autonomous driving. We have also developed solutions for traffic sign recognition using a machine learning model that can accurately detect signs in varying levels of visibility.

*Progress driven by technology has not been without problems. Our guiding principle of intellectual integrity propels us to be world-class and good corporate citizens.*

The investments we have made to develop our ability to work with future technologies such as 5G have begun to see market traction. Deeply ingrained in our DNA is a curiosity to think of possible ways in which advancements in technology can serve the interests of our customers and consumers at large. Some of the finest minds in Sasken work under the guidance of seasoned professionals to unleash the forces of creativity. Thus, your Company makes prudent investments to stay future-proofed.


**2004**

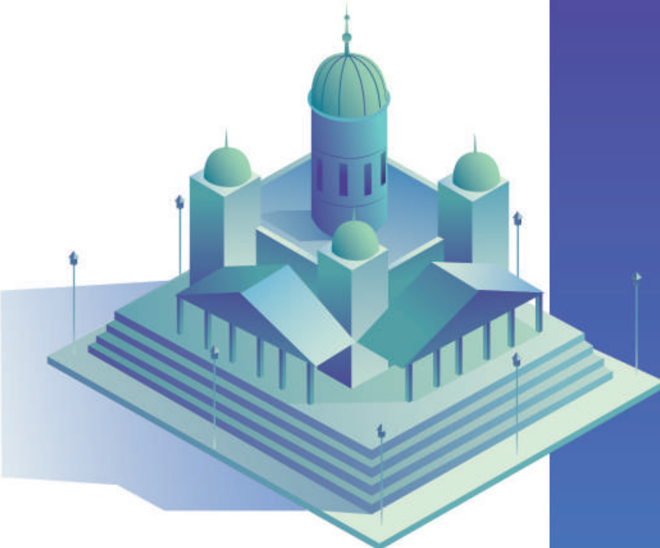
Ranked No.1 by BT-Mercer-TNS study 'The Best Companies to Work for in India'

Licensed a full suite of multimedia solutions for leading Japanese phone OEMs

**2004**

**2005**

Sasken lists on the Indian Stock Exchanges



## 2006

Acquires Botnia Hightech giving birth to operations in Finland

## 2007

Engaged with a leading satellite service provider for application framework and protocol development and later full terminal satellite design

## 2008

Commenced engagement on the Android platform for multiple services

# Sasken CSR Initiatives

*Sustainability can only be achieved by a grassroots change in the social fabric. Empowerment through education and self-reliance will accelerate inclusion.*

We continue to stand committed to the multiple social responsibility initiatives that we have undertaken in the previous years. In addition, we have embarked on some newer programs this financial year. The focus of your Company's Corporate Social Responsibilities (CSR) includes women-centric financial inclusion, renewable energy, environmental safety, folk art & culture, and more recently underprivileged children's education. In the paragraphs to follow we will highlight the progress that we have made under each of these initiatives.

## Women-Centric Financial Inclusion

Sasken's relationship with Self Employed Women's Association (SEWA) marches into the 5th year. SEWA is an Ahmedabad based organization focusing on empowering women from lower strata of society with an aim to make them self-reliant. Sasken began this engagement to develop a digital transaction-enablement platform for their path-breaking micro-banking initiatives.

*Sasken's team of engineers have been instrumental in building a technology platform that is easy to use by semi-literate women to simplify the banking process.*

The outcome of these untiring efforts has resulted in the 'm-Bachat' platform that is actively in use in 8 districts of Gujarat where SEWA operates. 'm-Bachat' serves to strengthen trust amongst all the users of this micro-banking system. The 'm-Bachat' platform's modular architecture makes it possible to cater to future needs. The solution leverages Sasken's strength in mobility, Android devices, and computing domains. The mobile application developed incorporates a simplified and intuitive user interface that can be adopted readily by women with low computer literacy.

We are pleased to bring to your attention that the 'm-Bachat' system has successfully on-boarded 30,918 members. Further, the total collection from April 2018 - March 2019, recorded in the system amounts to Rs. 150 lakhs.

**Member Management System**

In addition to addressing the digitization of the financial transactions, Sasken has moved on to address SEWA's challenges of managing its large community of members. In response to this, our engineers conceptualized and developed a comprehensive Membership Management System (MMS). The MMS system helps SEWA effectively manage its vast network of 5.5 lakh members in Gujarat. This platform will also be deployed to serve the needs of SEWA's operations in multiple States across India including Jammu & Kashmir, Uttar Pradesh, Rajasthan, Jharkhand & West Bengal. This system facilitates capturing relevant data along with photo identity of its members and is available with multi-lingual support.

These initiatives have helped SEWA reduce their operating expense and significantly increase the productivity of their workforce. The functionality of the system including real-time reconciliation and traceability through records has gone a long way to enhance the trust and transparency of the banking initiatives.

## Environmental Safety

In the previous year, we dedicated a solid waste management system to serve the needs of the citizens in the sprawling area of Domlur, where we are headquartered. The organic leaf composting unit established through our CSR initiative has been put to active use and has won critical acclaim from the residents and civic authorities. This fully functional plant serves to reduce pollution hazards as well as turn the solid waste into usable compost.

Along with the support of civic authorities, leaf waste is collected, accumulated and transported safely to the processing unit. The ultra-modern plant with an ability to process 1.25 tonnes of garden waste is now providing usable compost to the citizens of Domlur. The capacity of this plant is gradually being scaled upwards to enhance its utility.

## Education For Underprivileged Children

We believe that early intervention with a view to provide better primary education for underprivileged children is of paramount importance. Our focus has been to partner with experts and strengthen the delivery of holistic education at government schools.

We are directing our efforts to enhance the infrastructure, hygiene and education delivery. In partnership with Bal Utsav, a Bengaluru based NGO engaged in the public education sector, we have co-opted the Government High School at Agara, Bengaluru for a pilot program. The initial focus is to renovate and maintain washrooms, distribute menstrual kits every month, set up an incinerator for disposal of sanitary waste, issue school kits to all children and upgrade the basic infrastructure of classrooms.

*The focus to build inclusive growth will pay rich dividends, as close to 700 children will benefit from our intervention.*

## Folk Art & Culture

We continue to support the preservation and restoration of art and photography which captures the temporal evolution of our culture and heritage.

## Community Initiatives

During the year under review, we have made contributions both from your Company and the Sasken Foundation in multiple areas. The beneficiaries of our significant donations include the victims of flooding in the states of Karnataka and Kerala, and our brave martyrs who lost their lives in the more recent Pulwama attacks. We have also made contributions to support the scholarship awards to children adopted by a reputable NGO "Guardians of Dreams Foundation". In keeping with the needs to help our marginalized workers adopt renewable energy we have helped salt pan workers in the State of Gujarat embrace solar pumps for salt production.

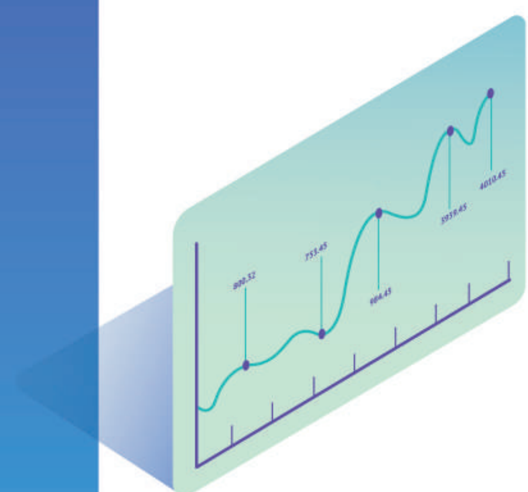
Thus, your Company takes pride in the range of its Corporate Social Responsibility initiatives and is of the belief that it will yield dividends through empowering the marginalized and helping the community embrace eco-friendly practices.

## 2012

Designed and developed In-Vehicle Infotainment systems with first-of-a-kind features for leading car brands

Built actionable insights platform to help a MVNO optimize costs

## 2012




## 2012

Diversified into Digital IT services leveraging our strengths in embedded technologies

## 2014

Sasken's commitment to social responsibility is demonstrated by building m-Bachat for SEWA (an NGO that helps uplift rural women through financial independence and inclusion)

## 2015

Powering rugged devices for logistics and mobile workforce use

## 2016

Sasken builds intelligent digital transportation systems for European multi-modal public transport operators

# Sasken People

*'Pride, Performance, Respect & Purpose'*
*Our people practices propel everyone to practice human-centricity and puts our talent as our number one priority.*

In the 30 years since our incorporation, we have held the belief that our biggest differentiator is our talent pool. Our very name Sasken stems from Silicon Automation Systems(SAS) which is our legacy and 'Ken' which derives from the Latin word for knowledge. A testimony to our belief in being a knowledge enterprise is that our talent pool is acknowledged to be amongst the best-in-class in the industry.

We continue to strengthen the pillars on which we have built our people practices. As highlighted to you in the previous years we believe in (a) The culture of Performance & Pride, (b) The culture of Proficiency & Equality, (c) The culture of Well-being and Work-Life Balance, (d) The culture of Learning and Growth and (e) The culture of Rewards & Recognitions.

*Our people strength has made it possible for us to execute programs which have resulted in launching myriad innovative products and services.*

Our people practices include recruiting, retaining and developing a talent pool that is committed to delivering our stated objective of being a tech-first company. We understand and solve customer problems that are the benchmark for product engineering companies. Our investment in creating a strong culture of learning through formal interventions and on-the-job training makes it possible for our engineering talent to remain abreast of the latest developments in technology and its applications.

The process of goal setting and performance evaluation centers around the pillars of objectivity and fairness. We follow a participative methodology that ensures that the goals we undertake are challenging yet achievable.

Continuous feedback is provided to all employees to help them build on their strengths and make progress on the identified areas of improvement. We thereby build organizational pride.

*Our knowledge enrichment platform – Mandhaara is one of a kind in the industry and provides an immersive learning experience.*

Mandhaara is a platform that brings change leaders who are accomplished and renowned in diverse fields such as art, music, sports, adventure, social rights, environmental issues, cinema, folk, theatre, and journalism, to name a few. These stalwarts share their unique stories that inspire us Sasians to tread the path of excellence.

Acknowledging that we live in a competitive era which places significant demands on our young workforce, we take care to nurture and provide multiple avenues so that every Sasian can experience a stress-free and conducive work environment. Through the year we conduct programs for the physical, financial, and mental well-being of our talent pool.

Keeping in mind the needs of the millennial and young workforce, we have instituted several programs to create and sustain a culture of appreciation. Our robust rewards and recognition programs aim to identify stellar contributions from fellow Sasians and provide the recognition due to them. Our value framework embraces a pragmatic approach to instill positive qualities in all Sasians through structured interventions. This process is further strengthened by our leaders' steadfast commitment to lead by example. Our talent pool count stood at 1,677 as of March 31, 2019. We have embarked on a drive to induct freshers and lateral recruits to address the needs of business growth.

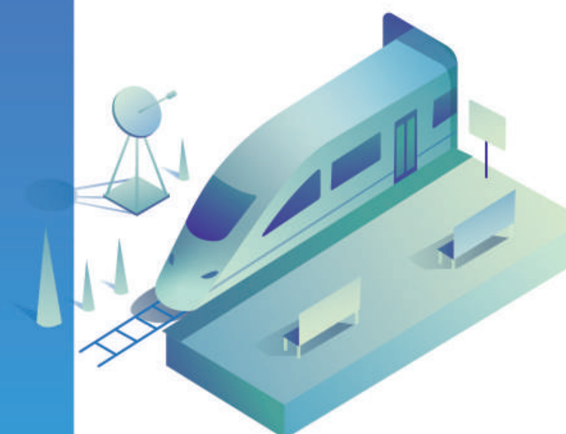
We believe that our people practices are admired by our customers and employees alike. We stand committed to adhering to these enshrined values as we prepare for the next decade of our journey.

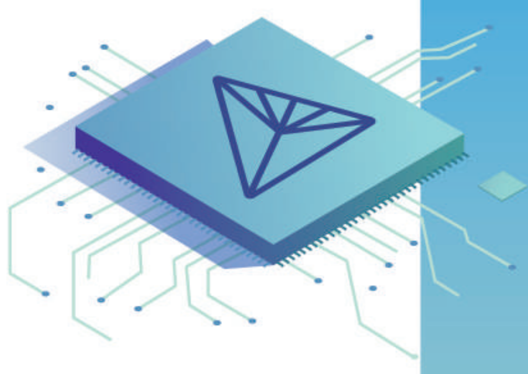
## 2016

Inducted as a member of the Google ecosystem based on our credibility and contributions to adopters of Android

## 2018

Our engineering teams demonstrated a voice and data call ready LTE-R system





## 2018

Sasken Technologies launches a new brand identity

# Board's Report

To the Members,

Your Directors have pleasure in presenting the Report on the business and operations of the Company along with the Standalone and Consolidated Audited Financial Statements for the financial year ended March 31, 2019.

## 1. FINANCIAL PERFORMANCE

The Standalone and Consolidated Financial Statements (CFS) for the financial year ended March 31, 2019 forming part of this Annual Report have been prepared in accordance with Ind AS, as summarized below:

₹ in lakhs

| Particulars | Consolidated for the year ended March 31 | | Standalone for the year ended March 31 | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | 50,431.12 | 50,302.47 | 41,467.02 | 42,139.78 |
| Profit Before Interest and Depreciation | 7,113.08 | 6,945.36 | 6,842.38 | 5,429.49 |
| Provision for Depreciation | 660.52 | 622.25 | 579.22 | 562.72 |
| Other Income | 4,602.34 | 3,642.59 | 5,265.85 | 4,862.61 |
| Net Profit Before Tax | 11,054.90 | 9,965.70 | 11,529.01 | 9,549.38 |
| Provision for Tax | 2,012.61 | 1,723.39 | 2,124.07 | 1,249.17 |
| Net Profit After Tax | 9,042.29 | 8,242.31 | 9,404.94 | 8,300.21 |
| Other Comprehensive Income for the year | 835.26 | (466.22) | 747.35 | (797.50) |
| Total Comprehensive Income for the year | 9,877.55 | 7,776.09 | 10,152.29 | 7,502.71 |
| Balance of Profit brought forward | 57,822.84 | 51,444.34 | 57,614.29 | 51,131.16 |
| Balance available for appropriation | 66,865.13 | 59,686.61 | 67,019.23 | 59,431.37 |
| Dividend (Interim & Final) on equity shares | (1,625.46) | (1,711.01) | (1,625.46) | (1,711.01) |
| Dividend tax | (151.62) | (115.54) | (151.62) | (115.54) |
| Transfer to General Reserve | (19.85) | (46.69) | - | - |
| Transfer to Retained earnings | 53.07 | 9.47 | 53.07 | 9.47 |
| Surplus carried to Balance Sheet | 65,121.26 | 57,822.84 | 65,295.22 | 57,614.29 |

On a consolidated basis, your Company's revenues from operation for the FY 2018 - 19 have increased by 0.26% in rupee terms from ₹50,302.47 lakhs in FY 2017 - 18 to ₹50,431.12 lakhs in FY 2018 - 19. The net profits increased from ₹8,242.31 lakhs in FY 2017 - 18 to ₹9,042.29 lakhs during the year, an increase of 9.70%. This has translated to a Basic Earnings per Share of ₹52.92 in FY 2018 - 19 vs. ₹48.17 in FY 2017 - 18.

## 2. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of your Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report.

## 3. DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹7.50 per equity share of ₹10 each for the year under review. During the year, your Company declared an interim dividend of ₹5.00 per equity share in October 2018. This aggregates to a total dividend of ₹12.50 per equity share.

A note on transfer of shares and unclaimed dividends to Investor Education and Protection Fund has been stated in the General Shareholder Information, forming part of this Annual Report.

## 4. BUYBACK OF SHARES

The Board at its meeting held on April 23, 2019 approved a proposal for buyback of up to 19,98,678 fully paid up equity shares of face value of ₹10 each representing 11.68% of the total number of equity shares of the Company, at a price of up to ₹850 per equity share, for a total consideration not exceeding ₹16,988.76 lakhs on proportionate basis through the tender offer route, subject to approval of the members of the Company by postal ballot / e - voting and also such other approvals, permissions and sanctions as may be required under applicable Regulatory provisions.

## 5. BUSINESS OUTLOOK, ECONOMIC & REGULATORY SCENARIO AND OPPORTUNITIES

Your Company has been operating at the forefront of high technology that is characterized by constant evolution. Our work in product engineering and digital services centers around silicon platforms, operating systems, connectivity, computing, communications, security, machine learning, artificial intelligence, mobility, analytics and the cloud. Some of these technologies have been around longer and are nearing maturity, while others continue to evolve. Through judicious investments in learning & development and engagement with pioneers in the industry, we ensure that the Company stays ahead of the technology curve.

Given the pace of technological developments, it is imperative that companies partner with independent global service providers. Collaboration has helped accelerate innovation and reduce time to market resulting in the launch of new products and solutions that are truly game - changing. This trend is expected to continue for the foreseeable future due to the hyper - competitive nature of the industry.

Our stated strategy continues to be two - fold - expand our competencies in product engineering services and widen our capabilities in digital services. The combination of our two strengths gives us highly differentiated abilities that are hard to replicate. Our expertise in delivering complex engineering projects combined with knowledge of hardware, software, mechanical design, RF, industrial design and UX, makes us an ideal partner across the product development life - cycle.

After hitting a growth trajectory in fiscal 18, our growth for the year in consideration is muted as we have embarked on a transformation journey to focus on winning sustainable and scalable business. We are confident in our ability to be a differentiated provider of product engineering services including the necessary digital solutions. We have further expanded our existing global development centres across India, China and Finland with the establishment of an Automotive Centre of Excellence in Detroit, USA. In the current year, we have invested in suitable development interventions to build our strengths in technologies such as blockchain, artificial intelligence, machine learning, 5G and data - analytics which continue to progress as we move from 'smart' to 'cognition'.

As indicated in the previous years, global corporate Engineering Research & Development Services (ER&D) spend continues to see significant growth. The consensus estimates by leading consultancy firms put global corporate engineering and ER&D spend to be in the range of $1.2 trillion for the year 2018. Close to 80% of this spend is accounted for by the top 1,000 global corporations. More specifically, segments such as automotive, consumer electronics, semiconductors and software continue to be the forerunners in investments in ER&D. After the initial wave of digitization, industries are now rapidly moving toward this. Digital engineering in conjunction with product engineering will continue to be the prime mover of innovation across most industry segments.

The Android ecosystem has expanded and is now embraced by a wider spectrum of industry verticals. Multiple Android - based applications effectively address the needs of consumer electronics, industrial, automotive, enterprise and avionics amongst other industries. Wireless communications, both personal and wide area, make it possible to transport vast amounts of data cost - effectively with minimal latency. Also, developments in silicon & software platforms, computing, sensors and the cloud is truly making the era of 'chip to cognition' come to fruition.

More specifically, the areas of interest to your Company include developments in the adoption of open source platforms by enterprises. As data continues to take center-stage, securing data assets of the ecosystem that rely on Android presents a significant business opportunity. In the communication and connectivity areas, we make judicious investments to stay at the forefront of standards such as Bluetooth, NFC, RFID, 4G - LTE, 5G, DSRC and CV2X. The natural evolution of legacy wireless systems across both terrestrial and satellite communication systems to embrace the latest standards provides us with opportunities across the product and technology development lifecycle.

Additionally, certain segments such as automotive are making considerable investments to progress towards safer and autonomous modes of driving. In this industry, technologies such as short - range wireless, signal processing, sensor fusion and image processing will continue to be mission critical.

Therefore, we believe that the addressable market opportunities for your Company will remain significant and we are committed to making a concerted effort to thrive in this environment.

## 6. SHARE CAPITAL

The present authorized share capital of your Company stands at ₹55,00,00,000 comprising of 5,50,00,000 equity shares of face value ₹10 each.

The issued, subscribed and paid–up capital of the Company stands at 1,71,10,114 equity shares of ₹10 each as at March 31, 2019.

Details of the amount to be carried to reserve are forming part of the financial statements.

### 6.1. Employees Stock Option Scheme (ESOS)

Your Company continues the philosophy of encouraging senior leaders in the Company to be partners in the growth of the organization.

In Financial Year 2016-17, your Company had formulated a new Scheme i.e. Sasken Employees' Share Based Incentive Plan 2016 (Incentive Plan 2016) under the SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations), enabling your Company to grant options up to a maximum of 8,85,900 of Stock Appreciation Rights/Restricted Stock Units/other Stock Based Instruments, as may be formulated by SEBI from time to time, in any combination and in accordance with the applicable provisions of law.

The aforesaid scheme was implemented in compliance with SBEB Regulations, as amended and the requirements specified under Regulation 14 of the SBEB Regulations are available on the Company's website at www.sasken.com/investors.

## 7. DEPOSITS

Your Company has neither accepted nor renewed any deposit during the year. As such, no amount of principal and/or interest is outstanding as on the Balance Sheet date.

## 8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 (the Act) are given in the notes to the Financial Statements.

## 9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure A.

## 10. RISK MANAGEMENT POLICY, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are also discussed in the meetings of the Audit Committee and the Board of your Company.

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested by Statutory as well as internal Auditors. Significant audit observations and actions taken thereon are reported to the Audit Committee.

The key business risks identified by your Company and mitigation plans are detailed in the Management Discussion and Analysis Report.

## 11. CORPORATE SOCIAL RESPONSIBILITY

Your Company has in place a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. The details of the CSR Policy and the Annual Report on CSR activities as prescribed under the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014, is annexed herewith as Annexure B.

The focus of your Company's CSR includes women-centric financial inclusion, renewable energy, environmental safety, folk art & culture and more recently underprivileged children's education. In the paragraphs to follow we have highlighted the progress that we have made under each of these initiatives.

### WOMEN-CENTRIC FINANCIAL INCLUSION

Sasken's relationship with Self Employed Women Association (SEWA) marches into the 5$^{th}$ year. SEWA is an Ahmedabad based organization focusing on empowering women from lower strata of society with an aim to make them self-reliant. Sasken began this engagement to develop a digital transaction-enablement platform for their path-breaking micro-banking initiatives. Sasken's teams of engineers have been instrumental in building a technology platform that is easy to use by semi-literate women to simplify the banking process.

The outcome of these untiring efforts has resulted in the 'm-Bachat' platform that is actively in use in 8 districts of Gujarat where SEWA operates. 'm-Bachat' serves to strengthen trust amongst all the users of this micro-banking system. The 'm-Bachat' platform's modular architecture makes it possible to cater to future needs. The solution leverages Sasken's strength in mobility, Android devices and computing domains. The mobile application developed incorporates a simplified and intuitive user interface that can be adopted readily by women with low computer literacy.

We are pleased to bring to your attention that the 'm-Bachat' system has successfully on-boarded 30,918 members. Further, the total collection from April 2018 - March 2019, recorded in the system amounts to ₹150 lakhs.

EDUCATION FOR UNDERPRIVILEGED CHILDREN

We believe that early intervention with a view to providing better primary education for the underprivileged is of paramount importance. Our focus has been to partner with experts and strengthen the delivery of holistic education at government schools.

We are directing our efforts to enhance the infrastructure, hygiene and education delivery. In partnership with Bal Utsav, a Bengaluru based NGO engaged in the public education sector, we have co-opted the government high school of Agara, Bengaluru for a pilot program. The initial focus is to renovate and maintain washrooms, distribute menstrual kit every month, set up an incinerator for disposing of sanitary waste, issue school kits to all children and upgrade the basic infrastructure of classrooms.

We believe this initiative will pay rich dividends, as close to 700 children will benefit from our intervention.

## 12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism / whistle blower policy for Directors and employees to report their genuine concerns, which is reviewed and updated from time to time. The said policy is available on the Company's website (www.sasken.com / investors).

## 13. SEXUAL HARASSMENT REDRESSAL COMMITTEE

Your Company has complied with the applicable provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, details of which is provided under the Corporate Governance Report forming part of the Board Report.

## 14. DIRECTORS

Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Mr. Jyotindra B. Mody, a Non –Executive Director, resigned from the Board of your Company effective February 15, 2019.

Further, Mr. Bansi S. Mehta, a Non-Executive Independent Director of the Company and Chairman of the Audit Committee of the Board, has vacated his office on April 23, 2019 in accordance with Section 167(1)(b) of the Act, being unable to attend any meetings of the Board of Directors held during the period of twelve months.

Your Company places on record its appreciation for the valuable services and guidance rendered by Mr. Jyotindra B. Mody and Mr. Bansi S. Mehta during their tenure.

In accordance with the provisions of the Act and in terms of the Articles of Association of the Company, Dr. G. Venkatesh is liable to retire by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offer himself for re-appointment.

Members of the Company approved appointment of Mr. Bharat V. Patel, Prof. J. Ramachandran and Mr. Sanjay M. Shah at the AGM held on September 22, 2014 for a term of up to 5 years effective from the date of meeting. The term of aforesaid re-appointment is expiring on September 21, 2019 and Board has recommended to the shareholders for approving their re-appointment for another term of up to five years.

The term of office of the Whole time Directors is expiring on March 31, 2020 and Board has recommended to the shareholders for approving their re-appointment for another term of up to five years.

The detailed note, profile and explanatory statement for the aforesaid re-appointments is provided in the Notice of the 31st AGM.

### 14.1. Board Evaluation

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually and its Committees.

The Nomination & Remuneration Committee has laid down the evaluation framework for assessing the performance of Directors comprising of the following key areas:

- Attendance in meetings of the Board and its Committees.
- Quality of contribution to Board deliberations.
- Strategic perspectives or inputs regarding future growth of Company and its performance.
- Providing perspectives and feedback going beyond information provided by the management.
- Commitment to shareholder and other stakeholder interests.

### 14.2. Board independence

Definition of 'Independent Director' is referred in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, the following Directors are Independent:

- Mr. Bharat V. Patel
- Prof. J. Ramachandran
- Mr. Sanjay M. Shah
- Mr. Sunirmal Talukdar

### 14.3. Nomination & Remuneration Policy

Your Company has a Nomination & Remuneration policy for selection and appointment of Directors, Senior Management and fixing their remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(4) of the Act. The said policy and the composition of the Nomination & Remuneration Committee have been stated in the Corporate Governance Report.

### 14.4. Meetings of the Board and its Committees

The details of (a) the meetings of the Board and its Committees held during the year; and (b) composition and terms of reference of the Committees are detailed in the Corporate Governance Report.

### 14.5. Code of conduct

The Board has approved a Code of Business Conduct (Code) which is applicable to the Members of the Board and insiders. The Code of Business has been posted on the Company's website (www.sasken.com/investors). The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

The Board Members and the Senior Management personnel have confirmed compliance with the Code.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134(3)(c) of the Act that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended March 31, 2019;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- proper internal financial controls to be followed by the Company were in place and that such internal financial controls were adequate and were operating effectively with no material defects; and
- Systems to ensure compliance with the provisions of all applicable laws were in place, adequate and operating effectively.

## 16. SUBSIDIARY COMPANIES & JOINT VENTURES

There has been no change in the nature of business of the subsidiaries, during the year under review. In accordance with Section 129(3) of the Act, your Company has prepared a CFS of your Company and all its subsidiary companies, which is forming part of the Annual Report. The CFS also reflects the contribution of subsidiary companies to the overall performance of the Company. A statement containing salient features of the Financial Statements of the subsidiary companies is also included in the Annual Report.

In accordance with third proviso of Section 136(1) of the Act, the Annual Report of the Company, containing therein its standalone and CFS will be placed on the Company's website (www.sasken.com/investors). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary Companies have been placed on the Company's website (www.sasken.com/investors). Members interested in obtaining a copy of the audited annual accounts of the subsidiary Companies may write to the Company Secretary at the Company's registered office address.

The audit committee reviews the CFS of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board.

Your Company does not have any material unlisted Indian subsidiary companies. The policy for determining 'material subsidiaries' has been disclosed on Company's website (www.sasken.com / investors).

## 17. AUDITORS

### 17.1. Statutory Auditors and Statutory Auditors' Report

As per the provisions of Section 139 of the Act, M/s. B S R & Associates LLP, Chartered Accountants (ICAI Firm Registration No.116231 W/W - 100024), were appointed as Statutory Auditors of your Company, to hold office until the conclusion of the 34th AGM.

As required under Regulation 33 of the Listing Regulations, Statutory Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There are no qualifications, reservations or adverse remarks made by Statutory Auditors, in their Report.

### 17.2. Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and Rules, Regulation 24A of the Listing Regulations and other applicable provisions framed thereunder, as amended, your Company appointed Mr. G. Shanker Prasad, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Practicing Company Secretary has submitted his Report on the Secretarial Audit conducted by him which is annexed herewith as Annexure C.

There are no qualifications, reservations or adverse remarks in his Report.

## 18. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company is committed towards maintaining high standards of Governance. The Report on Corporate Governance as stipulated under Schedule V of the Listing Regulations, Shareholders Information together with a Corporate Governance Compliance Certificate from Mr. G. Shanker Prasad, Practicing Company Secretary confirming compliance, forms an integral part of this Report which is annexed herewith as Annexure D.

## 19. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Schedule V of the Listing Regulations, is forming part of this Annual Report.

## 20. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. None of the Directors has any pecuniary relationships or transactions with the Company.

Your Company has in place a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. This policy has been approved by the Board and is available on the Company's website (www.sasken.com / investors).

Since there have been no materially significant contracts / arrangements / transactions with related parties, disclosure under Form No. AOC - 2 is not applicable.

## 21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are certain on - going litigations / disputes in the normal course of business. However, there are no significant and / or material orders passed by the Regulators / Courts having a material impact on the operations of the Company during the year under review.

## 22. PATENTS

Your Company has always encouraged its employees to generate intellectual property in terms of patents to derive benefits from innovations.

Your Company has filed for two patents in this year at Indian PTO. One is a patent on a System and Method for Internet of Things Security using Blockchain and the other one is on a System and Method for channel estimation for OFDM based wireless communication systems for 4G and 5G.

A total of 56 patents have been granted to your Company till now.

## 23. QUALITY CERTIFICATIONS

ISO 14001:2015

Your Company is certified for ISO 14001:2015 (Environment Management System Standard). Your Company is committed to contribute towards environment management, being a responsible corporate member of the communities in which it operates. This reaffirms your Company as a responsible corporate citizen.

ISO / IEC 27001:2013

Your Company is certified for ISO / IEC 27001:2013 (Information Security Management System Standard). This is important for assuring our stakeholders (like Customers, Partners, Vendors, Investors and Employees) of our commitment in protecting their information assets and Intellectual Properties (IPs), as well as sensitizing all employees about importance of confidentiality, integrity and availability of information assets of our stakeholders.

ISO 9001:2015

Your Company is certified for ISO 9001:2015 (Quality Management System (QMS) Standard). It helps us to establish a process framework in organization based on Plan - Do - Check - Act lifecycle and provides guidance on implementation of checks and measures to help promise quality in all our deliverables to customers (new and existing), vendors, shareholders and interested parties including regulatory bodies across various geographies in which we operate. It also helps meet statutory, regulatory and compliance requirements applicable to Sasken and its affiliate companies.

CMMI - Dev - V1.3 - ML3

On delivery excellence, your Company leverages industry best practices and standards to establish and continuously improve delivery systems and processes. Your Company has established a delivery platform called Sasken Delivery Platform (SDP). SDP is an integrated project management platform for project managers, team members and other stakeholders. Your Company's QMS has been formally assessed at Maturity Level 3 of the CMMI - Dev - V1.3. Sasken's processes are also compliant to requirements of technology vertical specific standards like TL9000 R5.5/5.0 and Automotive SPICE v2.5.

## 24. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India forms part of this Annual Report.

## 25. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT - 9 is provided as Annexure E and also available on the website of the Company (www.sasken.com/investors).

## 26. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure F1.

A statement containing the names of top ten employees in terms of remuneration drawn and the name of every employee employed throughout the Financial Year was in receipt of remuneration of ₹102 lakhs or more, or if employed for part of the year and in receipt of ₹8.50 lakhs or more per month, pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure F2.

## 27. ACKNOWLEDGEMENTS

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Your Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board of Directors

Bengaluru
April 23, 2019

Rajiv C. Mody
Chairman & Managing Director

Annexure A

## Conservation of energy, technology absorption and foreign exchange earnings and outgo

### A) Conservation of Energy - Environmental Management System (EMS)

We strive to continue saving energy for the next generations and believe that Eco - Sustainability is the key important factor for an organization and have built into our Facilities Services program.

Your Company with its focus on concentrating towards managing the environmental system has made this its DNA by being environmentally responsible in its workplace. Our employees being important stakeholders have been acting as major 'Change Agents' in supporting initiatives such as:

- 100% compliance to all applicable legislations;
- Creating awareness on the consumption of environment's resources through various campaigns;
- Recycling and re-using resources in business operations;
- Promoting environment friendly products;
- Using water recycling plant;
- Continuously monitored metrics on power and water consumption;
- Regular energy audits to find gaps if any and take improvement steps; and
- Having its own Dual - filter RO water system in corporate office ensuring complete elimination of purchasing bottled waters, thereby reducing 3.5 tonnes of $CO_2$ emission to the environment.

As a result of continued awareness and proactive approach which was well established since last couple of years, electricity consumption of your Company in FY 2018 - 19 was pegged at 1.2 Kwh per square feet.

Effective July, 2018, your Company has implemented, sourcing of Alternative renewable energy (WIND). On an average, we source 3,00,000 (three lakh) units of power every month from Wind Source, thereby cutting down 200 tons of $CO_2$ emission every month.

There is a plan towards replacing all lighting to LED based, thereby saving the electricity consumption month on month. The work has already started on this Project.

Your Company's commitment to continuous improvement on environmental performance is integrated into its programs. This is driven by commitment of team members and strong support from management.

Your Company's philosophy is "Every drop counts, every tree is precious and every watt is valuable". We continue to pledge to take the initiative forward and make a significant difference.

### B) Research & Development

Research and Development in your Company are closely aligned to the 5 business lines: Semiconductors, Communications, Industrial, Automotive and Digital.

In this financial year, your Company has developed offerings to help Sasken stay ahead in the areas of IoT security, computer vision and machine learning. In the IoT security, Sasken has developed many components for Blockchain solution including a new algorithm for permissioned Blockchain framework called Proof - of - Coordinated - Wait - Time (PoCWT). In the computer vision area, your Company has developed a robust Vision based Simultaneous Localization and Mapping (Visual SLAM) solution and a pot hole detection solution for Advanced Driver Assistance Systems (ADAS). Visual SLAM solution consists of a method for tracking, localization and mapping based on images. The pot hole detection solution, for badly maintained roads, involves image processing techniques and our solution is integrated with forward collision warning solution for ADAS.

Your Company has also developed a Traffic Sign Recognition (TSR) solution using a cascaded network by training with 45 traffic signs. A novel method is developed for localising and reading multiple one dimensional bar codes present in an image using state of the art line detection algorithm. The solution is resistant to blur as well as illumination changes.

In the area of machine learning, your Company has done work on applications of speech to text conversion techniques using machine learning as well as applications of reinforced learning for machines to understand speech, learn and take necessary actions. In the area of predictive analytics, your Company has developed a robust technique for predicting remaining useful life of air craft engines.

### C) Technology Absorption

In this financial year, our development and engineering teams have continued to work on the evolution of wireless communication standards and adjacent areas such as V2X. This experience has proven to be valuable in seeding work for customer specific projects in the area of 4G. The work done as part of Computer Vision project on driver behaviour monitoring and forward collision warning solution for ADAS is being used to develop a driver assistance solution for a customer. A team is also helping another customer develop computer vision based solutions.

## D) Foreign Exchange Earnings and Outgo

₹ in lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Foreign exchange earnings | 34,576.49 | 33,122.37 |
| Foreign exchange expenditure | 10,525.79 | 11,474.91 |

Annexure B

## Annual Report on Corporate Social Responsibility (CSR) activities

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web - link to the CSR policy and projects or programs:

   Kindly refer the Company's website: www.sasken.com/investors.

2. The Composition of the CSR Committee:
   - Mr. Rajiv C. Mody, Chairman
   - Mr. Sanjay M. Shah, Member
   - Ms. Neeta S. Revankar, Member

3. Average net profit of the Company for last three financial years:

   ₹16,360.50 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

   ₹327.21 lakhs

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year - ₹327.21 lakhs

   b. Total amount spent during the financial year - ₹327.31 lakhs

   c. Amount unspent, if any - Nil

   d. Manner in which the amount spent during the financial year is detailed below:

₹ in lakhs

| Sl. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (a) Local area or other (b) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise for the year | Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Self Employed Women Association (SEWA) | Women Empowerment | a. Other<br>b. State: Gujarat District: Anand and others | 100.00 | 102.57 | 465.06 | Directly |
| 2 | Liza's Home | Helping a Trust who takes care of special children | a. Local Area<br>b. State: Karnataka District: Bengaluru | 1.00 | 1.00 | 1.00 | Directly |
| 3 | Guardians of Dreams Foundation | Promoting education | a. Others<br>b. State: Tamil Nadu District : Chennai | 25.00 | 12.63 | 12.63 | Directly |
| 4 | Child empowerment foundation of India - Bal Utsav | Promoting education | a. Local Area<br>b. State: Karnataka District: Bengaluru | 40.00 | 16.32 | 16.32 | Directly |

₹ in lakhs

| Sl. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (a) Local area or other (b) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise for the year | Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 5 | Contribution to CM's Relief Fund of Karnataka and Kerala | Contribution to CM's Relief Fund for Natural Calamities | CM's Relief Fund of Karnataka and Kerala | 12.23 | 12.20 | 12.20 | Directly |
| 6 | Art and Photography Foundation | Protection of works of art and culture | a. Local Area<br>b. State: Karnataka District: Bengaluru | 250.00 | 176.38 | 426.38 | Directly |
| 7 | Bharat Ke veer- Pulwama Victims | For the benefit of armed forces veterans and their dependents | Ministry of Home Affairs, Government of India | 6.22 | 6.21 | 6.21 | Directly |
| | | Total | | 434.45 | 327.31 | 939.80 | |
| 1 | Setting up and running of Waste Composting Plant | Ensuring Environmental Sustainability | a. Local Area<br>b. State: Karnataka District: Bengaluru | - | 22.90 | - | Through Sasken Foundation |
| 2 | Providing Solar Pumps to salt workers in Gujarat | Rural Development | a. Other<br>b. State: Gujarat | - | 45.00 | - | Through Sasken Foundation |
| 3 | Child Empowerment Foundation of India - Bal Utsav | Promoting education | a. Local Area<br>b. State: Karnataka District: Bengaluru | - | 16.32 | - | Through Sasken Foundation |
| 4 | National Centre for Promotion of Employment for Disabled People | Promoting employment of disabled people | a. Other<br>b. State: Delhi | - | 5.00 | - | Through Sasken Foundation |
| 5 | Ramakrishna Ashram | Contribution to Kerala Flood Relief Fund | a. Other<br>b. State: Kerala | - | 10.00 | - | Through Sasken Foundation |

Details of implementing agency:

Your Company has formed a Trust under the name and style Sasken Foundation exclusively for undertaking CSR activities of your Company.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

   Not Applicable

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the CSR Committee

Bengaluru
April 23, 2019

Rajiv C. Mody
Chairman

Annexure C

## Form No. MR-3
## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31$^{ST}$ MARCH, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,
**Sasken Technologies Limited,**
Bengaluru.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sasken Technologies Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31$^{st}$ March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder; and the applicable provisions of Companies Act, 1956;

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable).

(vi) Other Laws as applicable to the company, as per para I of Annexure hereto.

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

- (a) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (b) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent and Women Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at the Board and Committee meetings were taken unanimously and the related discussions were duly recorded in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**G. Shanker Prasad**
ACS No.: 6357
CP No.: 6450

Place : Bengaluru
Date : 16.04.2019

This report is to be read with my letter of even date (Para II) of the Annexure and forms an integral part of the report.

### Para I of ANNEXURE

(The other laws as may be applicable to the Company referred to in Para (vi) of the report including corresponding State Laws, wherever applicable, and the relevant regulations thereunder.)

A. Environmental Laws

1 The Water (Prevention & Control of Pollution) Act, 1974
2 Air (Prevention & Control of Pollution) Act, 1981
3 The Hazardous Waste (Management, Handling & Trans boundary Movement) Rules, 2016
4 E-Waste (Management) Rules, 2016
5 The Batteries (Management & Handling) Rules, 2016
6 Motor Vehicles Act, 1988
7 Plastic Waste Management Rules, Amended in 2018.

B. Employment Laws

1 Industrial Disputes Act, 1947
2 The Payment of Wages Act, 1936
3 The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
4 The Employee Pension Scheme, 1955
5 The Payment of Bonus Act, 1965
6 The Payment of Gratuity Act, 1972
7 The Contract Labour (Regulation and Abolition) Act, 1970
8 The Maternity Benefit Act, 1961
9 The Employees' Compensation Act, 1923
10 Equal Remuneration Act, 1976
11 The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
12 The Employees State Insurance Act, 1948 and Rules made there under
13 The Karnataka Shops & Commercial Establishments Act, 1961
14 The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

C. Sectorial Law

Information Technology Act, 2000
Special Economic Zone Act, 2005

### Para II of ANNEXURE

To,
The Members,
Sasken Technologies Limited, Bengaluru

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

1 The maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2 I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3 I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4 Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5 The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6 The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**G. Shanker Prasad**
ACS No.: 6357
CP No.: 6450

Place : Bengaluru
Date : 16.04.2019

Annexure D

## REPORT ON CORPORATE GOVERNANCE

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. It has a strong legacy of fair, transparent and ethical governance practices. Our actions are governed by our values and principles, which are reinforced at all levels within the Company.

Your Company's work environment is empowered by "IRISE" which stands for Integrity, Respect for individual, Innovation, cuStomer centricity and Excellence. These values are an integral part of the management system and results in enhancing the trust of internal and external stakeholders. These have also been the guiding force for whatever we do and shall continue to be so in the years to come.

Your Company has a Code of Conduct, the governing principle for its Directors, Employees and also a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders. Your Company is also having (a) CSR Policy; (b) Policy on Material Subsidiaries; (c) Policy on Related Party Transactions; (d) Vigil Mechanism / Whistle Blower Policy; and (e) familiarization program imparted to Independent Directors, etc. The said policies are available on the website of your Company at www.sasken.com/investors.

Your Company is in compliance with Corporate Governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended and Secretarial Standards issued by The Institute of Company Secretaries of India as of March 31, 2019 and presents the following Report.

### Board of Directors

The Board of Directors (Board) determines the purpose and values of the Company. The primary role of the Board is that of trusteeship so as to protect and enhance stakeholders' value through the strategic supervision of the Company and its subsidiaries, exercising their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders.

They ensure that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. They identify key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

The Board has an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. As on March 31, 2019, the Board comprised of nine directors out of which seven are Non-Executive Directors (including five Independent Directors) and two are Executive Directors out of which one is a woman Director.

The Chairman of the Board is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for achieving long-term benefit to the Company and all its stakeholders.

The Chairman, Executive Director and senior management personnel are accountable for achieving targets as well as transparent scrutiny of means and ends. They make periodic presentations to the Board on their responsibilities, performance, action taken during each quarter as well as representations required under the Company's Code of Conduct.

No Director of the Company is a member in more than 10 committees or acts as Chairperson of more than 5 committees across all listed companies, in which he / she is a director. The names and categories of Directors on the Board, their other directorships and shareholding in the Company are given below:

| Name | DIN | Category | Shareholding as at March 31, 2019 | No. of Directorships held* | | Committees~ | |
|---|---|---|---|---|---|---|---|
| | | | | Public | Private | Chairman | Member |
| Mr. Rajiv C. Mody** | 00092037 | Executive | 15,56,570 | 2 | - | - | - |
| Mr. Bansi S. Mehta@ | 00035019 | Independent | 5,929 | 5 | - | 1 | 4 |
| Mr. Bharat V. Patel | 00060998 | Independent | 10,000 | 3 | - | 1 | 3 |
| Mr. Jyotindra B. Mody#** | 00034851 | Non-Executive | 7,36,612 | 3 | - | - | - |
| Prof. J. Ramachandran | 00004593 | Independent | - | 4 | 1 | - | 4 |
| Mr. Pranabh D. Mody** | 00035505 | Non-Executive | 3,18,506 | 3 | - | - | 1 |
| Mr. Sanjay M. Shah | 00375679 | Independent | 5,901 | - | 3 | - | - |
| Mr. Sunirmal Talukdar | 00920608 | Independent | - | 3 | 2 | 2 | - |
| Dr. G. Venkatesh | 00092085 | Non-Executive | 2,33,628 | - | 2 | - | - |
| Ms. Neeta S. Revankar | 00145580 | Executive | 1,29,742 | - | - | - | - |

* Does not include directorships in Sasken Technologies Limited, foreign bodies corporate and companies incorporated under Section 8 of the Companies Act, 2013 (Act) / Section 25 of the Companies Act, 1956.

** Promoter

\# Resigned from the Board effective February 15, 2019.

@ Vacated his office effective April 23, 2019 pursuant to Section 167(1)(b) of the Act.

~ Denotes chairmanship and membership in Audit and Stakeholders Relationship Committee of public limited companies other than Sasken Technologies Limited.

There is no inter-se relationship between the Directors.

The Board meets at least once in every quarter and / or whenever necessary for update and to review the business performance and financial results. The Board / its Committee review the Company's annual financial plan. On an ongoing basis during the year, the Board monitors the performance of the Company as against its annual financial plan as well as resource allocation decisions made during the period. The Board also evaluates the Company's strategy and assesses progress against agreed milestones.

Independent Directors of your Company are independent of the Management and have complied with the applicable conditions of the Listing Regulations.

The Company Secretary in consultation with the Chairman and CFO drafts the agenda for each meeting, along with notes and circulate the same in advance to the Board members. All material information is incorporated in the agenda facilitating meaningful and focused discussions during the meeting. Where it is not practicable to attach any document in the agenda, the same is tabled at the meeting. Every board member is free to suggest items for inclusion in the agenda. The directors are provided free access to office and employees of the Company. Management is encouraged to invite the Company personnel to any Board meeting at which their presence and expertise would help the Board to have a full understanding of the matters being considered.

During the year 2018-19, the Board met on five occasions, i.e. on April 20, 2018, July 18, 2018, October 23, 2018, January 21, 2019 and March 20, 2019. The maximum gap between two meetings was not more than one hundred and twenty days. Quorum was present at all the meetings. To ensure timely resolution of issues, decisions were also taken through circulation.

Apart from the above, the Independent Directors had a separate meeting as required under Schedule IV of the Act on April 22, 2019.

Details of (a) Directors attendance in Board Meeting and (b) sitting fees paid to them for attending Board / Committee meetings are as follows:

| Name | No. of Board meetings during 2018-19 | | Whether attended last AGM held on July 18, 2018 | Sitting fee (In ₹ lakhs)* |
|---|---|---|---|---|
| | Held | Attended | | |
| Mr. Rajiv C. Mody | 5 | 5 | Yes | - |
| Mr. Bansi S. Mehta | 5 | 0 | No | 0.20 |
| Mr. Bharat V. Patel | 5 | 4 | No | 2.20 |
| Mr. Jyotindra B. Mody** | 4 | 1 | No | 0.20 |
| Prof. J. Ramachandran | 5 | 5 | Yes | 2.60 |
| Mr. Pranabh D. Mody | 5 | 4 | Yes | 1.40 |
| Mr. Sanjay M. Shah | 5 | 4 | Yes | 1.00 |
| Mr. Sunirmal Talukdar | 5 | 5 | Yes | 1.80 |
| Dr. G. Venkatesh | 5 | 5 | Yes | 1.40 |
| Ms. Neeta S. Revankar | 5 | 5 | Yes | - |

* *Represents sitting fee paid for attending Board and other Committee meetings.*

** *Information relates to meetings held till the date of his resignation i.e. up to February 15, 2019.*

As required under Part C, Clause 2(c) of Schedule V of Listing Regulations, name of other listed entities in which Director of your Company is also a director and the category of his directorship(s) is provided below:

| Name | Name of the Listed entity | Category |
|---|---|---|
| Mr. Rajiv C. Mody | J B Chemicals and Pharmaceuticals Limited | Independent Director |
| | Centum Electronics Limited | Independent Director |
| Mr. Bansi S. Mehta | Pidilite Industries Limited | Independent Director |
| | Procter & Gamble Hygiene and Healthcare Ltd | Independent Director |
| | Century Enka Limited | Independent Director |
| | Gillette India Limited | Independent Director |
| | Atul Limited | Non-Executive Director |
| Mr. Bharat V. Patel | Aditya Birla Fashion and Retail Limited | Independent Director |
| Mr. Jyotindra B. Mody | J B Chemicals and Pharmaceuticals Limited | Chairman - Executive Director |
| Prof. J. Ramachandran | Reliance Communications Limited | Independent Director |
| | Redington (India) Limited | Chairman - Independent Director |
| Mr. Pranabh D. Mody | J B Chemicals and Pharmaceuticals Limited | Executive Director |
| Mr. Sunirmal Talukdar | India Carbon Limited | Independent Director |
| | Clariant Chemicals (India) Limited | Independent Director |

As required under Part C Clause 2(h) of Schedule V of Listing Regulations, the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:

Your Company is engaged in the highly skilled, technology intensive niche area (as more fully detailed in the "Technology & Markets" section in the first few pages of the Annual Report). The Board of your Company thus aptly consists of optimum number of Directors who have specialised and decades of relevant rich expertise in the field of Technology & Research, Management, Strategy, Sales & Marketing, Finance, Taxation, Entrepreneurship, etc., thereby able to function effectively.

As required under Part C Clause 10(i) of Schedule V of Listing Regulations, Mr. G. Shanker Prasad, Practising Company Secretary has issued a certificate to the effect that none of the Directors of your Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

As required under Part C Clause 10(k) of Schedule V of Listing Regulations, the details of fees paid by your Company and its subsidiaries, on a consolidated basis, to the statutory auditors and entities in the network firm / network entity of which the statutory auditors is a part, are provided in the Notes to Financial Statements forming part of this Report.

### Tenure

Except Mr. Rajiv C. Mody and Independent Directors, all other Directors of your Company are liable to retire by rotation. One-third of the said Directors are liable to retire every year and if eligible, offer themselves for re-appointment. The Board has the power to determine the tenure of the Executive Directors.

### Profile

The profile of Directors who are being appointed / re-appointed at the ensuing Annual General Meeting (AGM) is given in annexure forming part of the Notice convening the said meeting. Profile of Directors is also available on the Company's website (www.sasken.com/investors).

### Remuneration

Nomination & Remuneration Committee determines the compensation payable to Executive Directors, within the overall limits approved by the Members and in accordance with provisions of the Act. The elements of remuneration package of Executive, Non-Executive / Independent Directors are provided hereunder:

(i) Elements of remuneration package of Executive Directors:

The remuneration of the Executive Directors is divided into two parts viz. Fixed Pay and Variable Performance Pay (VPP). Fixed pay is determined by the Nomination & Remuneration Committee within the limits approved by the Members. VPP is based upon percentage of net profits of the Group as determined by Committee. The Committee reviews performance of the Executive Directors on the basis of achieving set targets.

Contribution towards provident and superannuation funds is as per the Company's policy and forms part of the fixed pay. Among Executive Directors, Ms. Neeta S. Revankar is eligible for stock options. Mr. Rajiv C. Mody being Promoter Director is not eligible for stock options.

(ii) Elements of remuneration package to Non-Executive / Independent Directors:

The Members at the AGM held on September 22, 2014, have approved payment of commission on net profits to the Non-Executive Directors at the rate not exceeding 1% of the net profits of the Company in any financial year as computed under the applicable provisions of the Act and such commission be allocated amongst them in such manner as may be decided by the Board of Directors within the limits specified therein.

The Board took into consideration the attendance and contribution made by Non-Executive Directors at Board and certain Committee Meetings, time spent by them other than at the Board / Committee meetings while arriving at the commission payable to them for the year ended March 31, 2019. Independent Directors are not eligible for stock options and no Stock Option was granted to Non-Executive Directors during the year. The following table shows the remuneration paid / payable to the Directors for the year 2018-19:

(₹ in lakhs)

| Name | Fixed Remuneration | Variable Performance Pay | Commission |
|---|---|---|---|
| Mr. Rajiv C. Mody | 170.00 | - | - |
| Mr. Bansi S. Mehta | - | - | 3.00 |
| Mr. Bharat V. Patel | - | - | 12.00 |
| Prof. J. Ramachandran | - | - | 24.00 |
| Mr. Sunirmal Talukdar | - | - | 18.00 |
| Mr. Sanjay M. Shah | - | - | 8.00 |
| Mr. Jyotindra B. Mody | - | - | - |
| Mr. Pranabh D. Mody | - | - | - |
| Dr. G. Venkatesh | - | - | 10.00 |
| Ms. Neeta S. Revankar | 130.00 | - | - |

### Board Committees

The Board committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas / activities which concern the Company and need a closer review. Committees are set up by the Board to carry out the roles and responsibilities as defined in their Charter. These Committees prepare the groundwork for decision making and minutes of Committee meetings are placed at subsequent meeting of the Board. As of March 31, 2019, your Company has the following committees of the Board:

(a) Audit Committee
(b) Corporate Social Responsibility Committee
(c) Nomination and Remuneration Committee
(d) Stakeholders Relationship Committee
(e) Strategy, Business and Marketing Review Committee

### Audit Committee

This Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications, independence and performance; (4) the Company's internal accounting and financial controls; and (5) Internal Controls over Financial Reporting (ICFR).

Mr. Bansi S. Mehta was the Chairman of this Committee until his vacation of office on April 23, 2019. Consequently, Mr. Sunirmal Talukdar was appointed as the Chairman of this Committee effective April 23, 2019. Prof J. Ramachandran, Mr. Pranabh D. Mody and Mr. Bharat V. Patel are members of the Committee.

The terms of reference are as follows:

1. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. To recommend the appointment, remuneration and terms of appointment of auditors of the company;
3. To approve the payment to statutory auditors for any other services rendered by them;
4. To review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgment by management;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions; and
   (g) Modified opinion(s) in the draft audit report.
5. To review with the management, the quarterly financial statements before submission to the Board for approval;
6. To review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. To approve the transactions and any subsequent modification to transactions of the Company with related parties;
9. To scrutinize inter-corporate loans and investments;
10. To valuate undertakings or assets of the Company, wherever it is necessary;
11. To evaluate internal financial controls and risk management systems;
12. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. To discuss with internal auditors for any significant findings and follow up there on;
15. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. To approve the appointment of Chief Financial Officer (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The Committee met four times during the year, i.e. on April 19, 2018, July 17, 2018, October 22, 2018 and January 20, 2019. The maximum gap between the two meetings was not more than one hundred and twenty days. Minutes of the Committee's meetings were placed before the Board for information at its subsequent quarterly meetings. Quorum was present at all the meetings.

Details of attendance at the Committee meetings are given below:

| Name | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Bansi S. Mehta | 4 | 1 |
| Prof. J. Ramachandran | 4 | 4 |
| Mr. Pranabh D. Mody | 4 | 2 |
| Mr. Sunirmal Talukdar | 4 | 4 |
| Mr. Bharat V. Patel | 4 | 4 |

Mr. Rajiv C. Mody, Chairman & Managing Director, Ms. Neeta S. Revankar, Whole Time Director & CFO, Statutory Auditors and Internal Auditors of the Company are permanent invitees to the Audit Committee meetings.

Mr. S. Prasad, Company Secretary acts as Secretary to the Committee.

### Corporate Social Responsibility Committee

Mr. Rajiv C. Mody chairs the Committee. Mr. Sanjay M. Shah and Ms. Neeta S. Revankar are members of the Committee.

The objective, vision and mission of the Corporate Social Responsibility (CSR) Policy are as follows:

1. Aligning with its vision, your Company through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth of the society and community, in fulfilment of its role as Socially Responsible Corporate, with environmental concern.
2. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
3. To directly or indirectly take up programs that benefit the communities in & around its work centres and over a period of time, in enhancing the quality of life & economic well being of the local populace.
4. To generate, through its CSR initiatives, a community goodwill for Sasken and help reinforce a positive & socially responsible image of Sasken as a corporate entity.

   The said Policy is made available on the Company's website, www.sasken.com/investors.

The Committee met four times during the year, i.e. on May 10, 2018, October 18, 2018, October 29, 2018 and February 26, 2019. The minutes of the meetings are placed before the Board for its information at its subsequent quarterly meeting. Quorum was present at all the meetings. To ensure timely resolution of issues, decisions were also taken through circulation.

Details of attendance at the Committee meetings are given below:

| Name | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Rajiv C. Mody | 4 | 3 |
| Mr. Sanjay M. Shah | 4 | 4* |
| Ms. Neeta S. Revankar | 4 | 4 |

** Out of the above, he participated in 2 meetings over phone.*

### Nomination and Remuneration Committee

Prof. J. Ramachandran chairs the Committee. Mr. Pranabh D. Mody and Mr. Bharat V. Patel are the members of the Committee.

The objective and purpose of Nomination & Remuneration policy, including its terms of reference are as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Oversee the identification of persons who are qualified to become a Director and who may be appointed in accordance with the criteria laid down in the Nomination and Remuneration policy of the Company.
3. Recommend to the Board, appointment and removal of Director.
4. To device a Policy on Board Diversity.
5. To work with the Chairperson to plan for CEO / Managing Director's succession including plans for interim succession in the event of an unexpected occurrence or a planned transition and submit to the Board to nominate potential successors to CEO.
6. Guide and review the remuneration of Directors & Key Managerial Personnel ensuring a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
7. Guide and review Remuneration Policy of the Company including Sales Incentive Plan, Variable Pay, Restricted Stock Units / stock option plans, etc.
8. Delegate such activities to the CEO / Managing Director as the Committee deems necessary and to review the actions taken by the person on such activities.

The Committee met two times during the year, i.e. on June 13, 2018 and July 17, 2018. Minutes of the Committee's meetings were placed before the Board for its information at its subsequent quarterly meeting. Quorum was present at all the meetings. To ensure timely resolution of issues, decisions were also taken through circulation.

Details of the attendance at the Committee meetings are given below:

| Name | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Prof. J. Ramachandran | 2 | 2 |
| Mr. Pranabh D. Mody | 2 | 1 |
| Mr. Bharat V. Patel | 2 | 2 |

### Stakeholders Relationship Committee

The Committee looks into various issues relating to Investor Grievances including transfer and transmission of shares, issue of duplicate share certificates, non-receipt of dividend / Annual Report, etc. To expedite transfer of shares in physical segment, transmission and issue of duplicate share certificates, authority has been delegated to the Company Secretary.

Prof. J. Ramachandran chairs the Committee. Mr. Rajiv C. Mody and Dr. G. Venkatesh are the members of the Committee.

The Committee met four times during the year i.e. April 20, 2018, July 18, 2018, October 23, 2018 and January 21, 2019 to deliberate on the aforesaid matters. Minutes of the Committee's meetings were placed before the Board for its information at its subsequent quarterly meeting. Quorum was present at all the meetings.

Details of the attendance at the Committee's meetings are given below:

| Name | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Prof. J. Ramachandran | 4 | 4 |
| Mr. Rajiv C. Mody | 4 | 4 |
| Dr. G. Venkatesh | 4 | 4 |

The shares of the Company are traded on the Stock Exchanges only in electronic form and are automatically transferred on delivery in electronic form.

As on March 31, 2019, there were no shares pending for transfer. Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received, pending and resolved are given in the "General Shareholder Information" section of the Annual Report.

Mr. S. Prasad, Company Secretary acts as the Compliance Officer.

### Strategy, Business and Marketing Review Committee

The main objectives of this Committee are, among other things, to review the Strategic Business Plans and Annual Business Plans of the Company.

Prof. J. Ramachandran Chairs the Committee. Mr. Pranabh D. Mody, Mr. Bharat V. Patel and Mr. Sunirmal Talukdar are members of the Committee.

Terms of reference are as follows:

1. Assist the Board by analysing and reviewing with the Senior Leadership Team the Strategic Business Plans and Annual Business Plans;
2. Recommend to the Board the adoption of such plans as the Senior Leadership would prepare in consultation with the Committee from time to time;
3. Bring to bear on such plans the best business practices followed by leading companies across the globe relevant to the Company's businesses;
4. Validate on behalf of the Board proposals for (i) new business venture, (ii) any investment in capital of any entity beyond ₹5.00 crores, (iii) any mergers, acquisitions, demergers, (iv) forming new Joint Ventures or wholly owned subsidiary companies and (v) investing in any existing Joint Venture any sum beyond the Board approved limit;
5. Review on an ongoing basis the Capital Budgets and Annual Operating Plans at the end of each half year;
6. Be an aid to the Board in reviewing the performance of the Company, its subsidiaries and joint venture companies for the purposes of Quarterly Business Results;
7. Review with the Senior Management Team on a half yearly basis marketing channels engaged by the Company and advise improvements thereon; and
8. Serve in an advisory capacity on matters of importance on Strategy, Business and Marketing aspects.

The Committee met two times during the year i.e. September 11, 2018 and March 20, 2019 to deliberate on the aforesaid matters. Minutes of the Committee's meetings were placed before the Board for its information at its subsequent quarterly meetings. Quorum was present at both the meetings.

Details of the attendance at the Committee's meetings are given below:

| Name | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Prof. J. Ramachandran | 2 | 2 |
| Mr. Bharat V. Patel | 2 | 1 |
| Mr. Pranabh D. Mody | 2 | 0 |
| Mr. Sunirmal Talukdar | 2 | 1 |

### Sexual Harassment Redressal Committee

An Internal Complaints Committee (ICC) is constituted as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. The Committee serves to resolve employee grievances related to sexual harassment and any other form of harassment at the workplace. The Committee comprises senior employees of the Company including representatives from HR, other locations, a counselor and a chairperson.

The chairperson of the Committee is a woman employee holding a senior management position. The members of the Committee comprise not less than 50% woman members. One member of the team, at all times, is from a third party such as an NGO or any other individual / body of social standing competent to deal with the issue of harassment.

The meetings are held as and when required and a minimum of 3 members are required to be present to discuss the issues tabled. Terms of reference are as follows:

1. To resolve employee grievances related to sexual harassment and any other forms of harassment at the workplace.
2. Assisting the aggrieved to get appropriate information, support, and assistance in resolving the said grievance.
3. Preventing victimization for having raised a complaint or on account of being associated with a grievance.
4. Working towards closing the grievance as soon as possible after conducting the required inquiry and providing necessary resolution.

During the year under review, no complaint was received or pending for resolution. To sensitize the employees about the measures taken to ensure a safe workplace and that all employees particularly women employees feel secure at the workplace, the Company had conducted regular awareness sessions for leaders, Managers, and all the employees through an ICC and external consultant. Close to seven formal training sessions and open awareness programs have been conducted in the year in consideration.

Apart from the above initiatives, any new entrant such as employees, contractors, trainees, and consultants working from our premises are mandated to go through the e-learning modules on addressing Sexual Harassment to build awareness and compliance. All employees, consultants, and contractors are mandated to go through sexual harassment e-learning sessions once a year. Training for contract staff has been provided in vernacular to ensure better understanding. The committee members have been supported through training and participation in conferences held on the subject of Prevention of Sexual Harassment at the workplace. Awareness campaigns have been conducted round the year through the use of electronic and conventional media at all our facilities.

## Annexure to Board's Report *(Contd.)*

Our Company would continue to ensure that all employees are treated equally and there is no discrimination or harassment of any nature at the workplace.

### Annual General Meeting

Details of last three Annual General Meetings of the Company are given below:

| Year | Venue | Date & Time |
|---|---|---|
| 2018 | Registered office of the Company | July 18, 2018 - 10.00 a.m. |
| 2017 | Registered office of the Company | July 18, 2017 - 10.00 a.m. |
| 2016 | Registered office of the Company | July 20, 2016 - 4.00 p.m. |

All Directors, except three attended the last AGM held on July 18, 2018.

No Special Resolution was passed during the last three Annual General Meetings stated above.

### Extraordinary General Meeting

No Extraordinary General Meeting of the members was held during the year 2018-19.

### Postal Ballot

**Approval for continuation of Directorship of Mr. Bansi S. Mehta as Non-Executive Independent Director of the Company for the remaining period of his present tenure:**

| | |
|---|---|
| Date of Postal Ballot Notice: January 21, 2019 | Voting period: February 26, 2019 to March 27, 2019 |
| Date of declaration of result: March 28, 2019 | Date of shareholders' approval: March 27, 2019 |

Your Company sought approval of the shareholders by way of Special Resolution under Regulation 17(1A) of the Listing Regulations, for continuation of directorship of Mr. Bansi S. Mehta (DIN: 00035019), aged 83 years, Non-Executive Independent Director of the Company, till the completion of his present tenure.

Mr. Gopalakrishnaraj H. H., Practicing Company Secretary was appointed as the Scrutinizer for conducting the postal ballot process. Based on his report, the results were announced on March 28, 2019 that the aforesaid Special Resolution was passed with requisite majority. Accordingly, the voting results were communicated to Stock Exchanges; uploaded on Company and Karvy Fintech Private Limited (the service provider) websites.

Voting result:

| No. of valid votes polled | Votes cast in favour | | Votes cast against | |
|---|---|---|---|---|
| | No. of votes | % | No. of votes | % |
| 69,89,686 | 68,88,986 | 98.56 | 1,00,700 | 1.44 |

### Proposed Postal Ballot

The Board at its meeting held on April 23, 2019 approved a proposal for buyback of up to 19,98,678 fully paid up equity shares of face value of ₹10 each representing 11.68% of the total number of equity shares of the Company, at a price of up to ₹850 per equity share, for a total consideration not exceeding ₹16,988.76 lakhs on proportionate basis through the tender offer route, subject to approval of the members of the Company by postal ballot / e-voting.

The process of obtaining shareholder's approval through postal ballot is in progress.

### Procedure for Postal Ballot

In compliance with Section 108, 110 and other applicable provisions of the Act, read with the applicable Rules framed thereunder, your Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, your Company has engaged the services of Karvy Fintech Private Ltd.

Postal ballot notice and form are dispatched along with postage-prepaid business reply envelope to registered members / beneficiaries. The same is also sent through e-mail to members who have opted for receiving communication through electronic mode. Your Company also publishes notice in a national and vernacular daily declaring the results as mandated by the Act and applicable Rules framed thereunder.

Voting rights are reckoned on the paid-up value of shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical ballot are requested to return the duly completed and signed postal ballot form to the Scrutinizer on or before the close of voting period as mentioned in the postal ballot notice. Those using the e-voting option are requested to vote before the close of business hours on or before the last date of e-voting as mentioned in the postal ballot notice.

The Scrutinizer completes his scrutiny and submits his report to the Chairman / authorized person of the Company. Thereafter, the results are announced by the Chairman / authorized person of the Company. The results are displayed on Company's website, www.sasken.com, Karvy's (service provider) website i.e. https://evoting.karvy.com and communicated to the stock exchanges.

The last date for the receipt of postal ballot forms / e-voting is deemed to be the date on which the resolution have been passed, if approved with requisite majority.

### Other Disclosures

1. Reconciliation of share capital audit:

   A Practicing Company Secretary carried out a share capital audit at the end of each quarter to reconcile the (a) total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL); (b) total issued and (c) listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

2. Related Party Transactions:

   During the year under review, the Audit Committee in its meeting held on April 19, 2018 had accorded omnibus approval for executing transactions between the Company and its wholly owned subsidiaries on an arm's length basis. The said approval was granted up to March 31, 2019 and details of transactions executed under such approval were placed before the committee at its each subsequent meeting along with certificate from an Independent Chartered Accountant certifying that the transactions were in ordinary course of business and on an arm's length basis.

   All related party transactions entered during the financial year were on an arm's length basis and were in the ordinary course of business. None of the Directors has any pecuniary relationships or transactions with the Company.

   Since there have been no materially significant contracts / arrangements / transactions with related parties, disclosure under Form AOC-2 is not applicable.

3. There are no non-compliances by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
4. Your Company has complied with the requirements of the Stock Exchanges and SEBI on matters relating to Capital Markets, as applicable from time to time.
5. Your Company has a vigil mechanism / whistle blower policy in place since June, 2004 and is revised from time to time incorporating regulatory changes. The said mechanism / policy is available on the Company's website (www.sasken.com/investors). We confirm that no employee of your Company has been denied access to the Audit Committee in respect of any incident covered by the vigil mechanism / whistle blower Policy.
6. The terms and conditions of appointment of independent directors are disclosed on your Company's website (www.sasken.com /investors).
7. Your Company has complied with items C & E of discretionary requirements specified in Part E of Schedule II of Listing Regulations.

### Means of communication:

Following information is displayed at Company's website www.sasken.com from time to time:

1. Financial results at the end of each quarter
2. Relevant Press Releases
3. Company Presentations
4. Shareholding Pattern
5. Annual Report
6. Change in Directors
7. Announcements, Notice of the Board Meeting, advertisements, etc.

The quarterly audited financial results are published in The Hindu Business Line (National daily) and in Kannada Prabha (Kannada daily). The last four quarterly results were published in the above dailies on April 21, 2018, July 19, 2018, October 24, 2018 and January 22, 2019.

All material information about your Company are promptly uploaded on www.sasken.com, communicated to Stock Exchanges where your Company's shares are listed and released to wire services and the Press as information to public at large. The Stock Exchanges disseminate our communication on their websites, viz. www.bseindia.com and www.nseindia.com.

### Code of Conduct

Members of the Board and Senior Management personnel have affirmed compliance with your Company's Code of Conduct in respect of the last financial year.

Bengaluru
April 23, 2019

Rajiv C. Mody
Chairman & Managing Director

Annexure D

## General Shareholder Information

### Forthcoming Annual General Meeting

The next Annual General Meeting (AGM) of your Company will be held on Thursday, July 18, 2019 at 10.00 a.m. at the Registered Office of the Company at 139/25, Ring Road, Domlur, Bengaluru - 560 071.

As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the AGM Notice.

### Tentative Calendar for the financial year April 1, 2019 to March 31, 2020:

| Quarter ending | Likely Board Meeting Schedule |
|---|---|
| June 30, 2019 | Second fortnight of July 2019 |
| September 30, 2019 | Second fortnight of October 2019 |
| December 31, 2019 | Second fortnight of January 2020 |
| March 31, 2020 | Second fortnight of April 2020 |
| **Year ending March 31, 2020** | **Likely Shareholder Meeting Schedule** |
| Annual General Meeting | During July - September 2020 |

### Financial Year of the Company

Your Company follows the period of April 1 to March 31, as the Financial Year.

**Book closure date:** Saturday, July 13, 2019 for determining the list of members who are eligible for final dividend on Equity shares, if declared at the AGM.

**Dividend disbursement date:** On or before Wednesday, July 31, 2019 to the shareholders whose names are recorded in the Register of Members as at Friday, July 12, 2019 as under:

i) To Beneficial Owners in respect of shares held in electronic form as per the data as made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours on Friday, July 12, 2019; and

ii) To Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company and/or Registrar and Share Transfer Agent as of the close of business hours on Friday, July 12, 2019.

### Listing on Stock Exchange

Your Company's equity shares are listed on the following stock exchanges:

- BSE Limited (BSE): Scrip Code 532663
- National Stock Exchange of India Limited (NSE): Scrip Code SASKEN

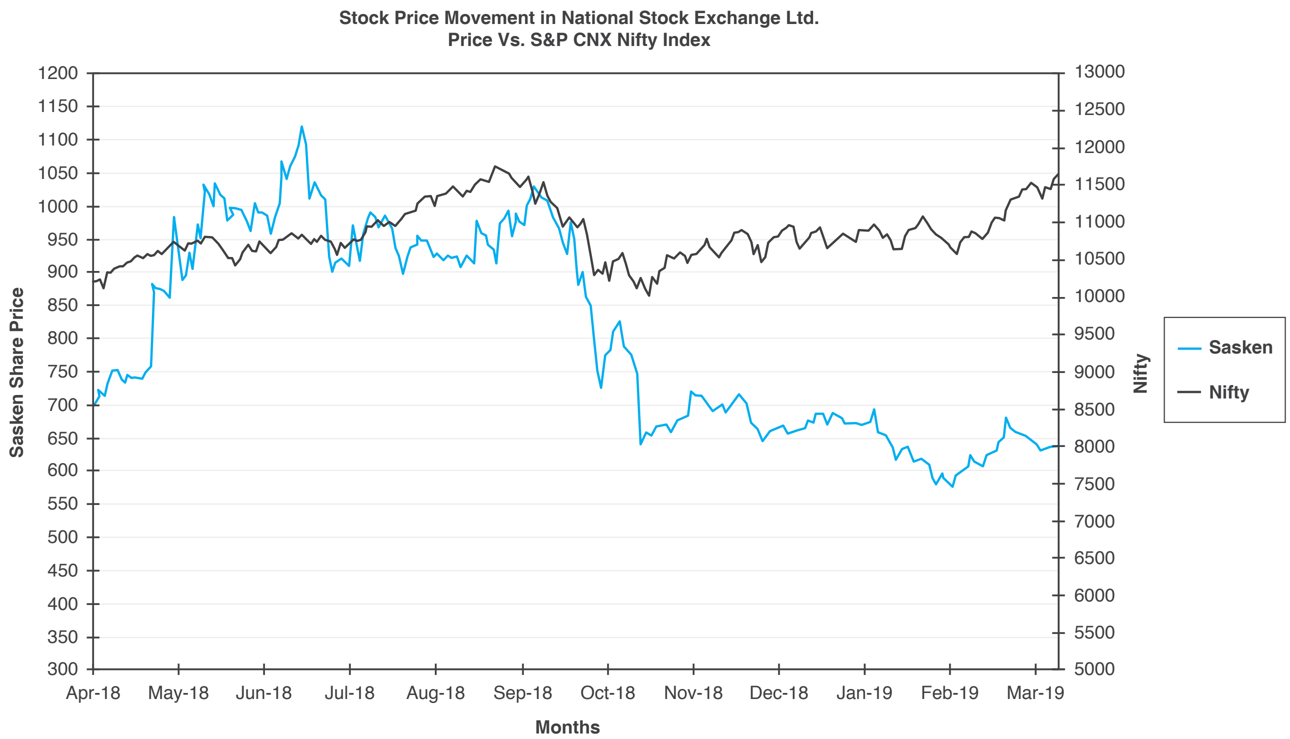
ISIN: INE231F01020.

Listing fees for the year 2019-20 have been paid to both the Stock Exchanges.

### Stock Market Data

The monthly high and low stock quotations during the financial year 2018-19 and performance in comparison to broad based indices are given below:

| Financial Year | Price @ NSE during each month (in ₹) | | CNX Nifty Index during each month | | Price @ BSE during each month (in ₹) | | S&P BSE Sensitive Index (Sensex) during each month | |
|---|---|---|---|---|---|---|---|---|
| Month | High | Low | High | Low | High | Low | High | Low |
| Apr - 18 | 1000.00 | 692.45 | 10759.00 | 10111.30 | 1000.00 | 693.00 | 35213.30 | 32972.56 |
| May - 18 | 1083.85 | 871.00 | 10929.20 | 10417.80 | 1075.00 | 870.00 | 35993.53 | 34302.89 |
| Jun - 18 | 1149.00 | 820.00 | 10893.25 | 10550.90 | 1140.00 | 860.00 | 35877.41 | 34784.68 |
| Jul - 18 | 1026.00 | 883.75 | 11366.00 | 10604.65 | 1027.75 | 880.00 | 37644.59 | 35106.57 |
| Aug - 18 | 1036.95 | 898.50 | 11760.20 | 11234.95 | 1035.00 | 890.00 | 38989.65 | 37128.99 |
| Sep - 18 | 1050.00 | 860.30 | 11751.80 | 10850.30 | 1049.95 | 860.35 | 38934.35 | 35985.63 |
| Oct - 18 | 920.00 | 600.00 | 11035.65 | 10004.55 | 914.00 | 611.85 | 36616.64 | 33291.58 |
| Nov - 18 | 748.90 | 655.00 | 10922.45 | 10341.90 | 751.35 | 654.20 | 36389.22 | 34303.38 |
| Dec - 18 | 731.00 | 640.00 | 10985.15 | 10333.85 | 720.55 | 638.00 | 36554.99 | 34426.29 |
| Jan - 19 | 699.00 | 607.05 | 10987.45 | 10583.65 | 700.10 | 611.00 | 36701.03 | 35375.51 |
| Feb - 19 | 648.95 | 571.10 | 11118.10 | 10585.65 | 645.00 | 571.45 | 37172.18 | 35287.16 |
| Mar - 19 | 688.95 | 607.35 | 11630.35 | 10817.00 | 696.55 | 607.80 | 38748.54 | 35926.94 |




### Details for correspondence:

| Company | Registrar and Share Transfer Agent (RTA)<br>(For share transfers and other communication relating to share certificates, dividend, change of address, transfer of shares, unclaimed dividends, etc.) |
|---|---|
| The Company Secretary,<br>Sasken Technologies Limited,<br>139/25, Ring Road, Domlur, Bengaluru - 560 071.<br>**Tel:** +91 80 6694 3000<br>**Fax:** +91 80 3981 3329 / 2535 1309<br>**E-mail:** investor@sasken.com; cosec@sasken.com | Karvy Fintech Private Limited<br>Karvy Selenium, Tower B, Plot 31 & 32, Gachibowli,<br>Financial District, Nanakramguda, Serilingampally Mandal,<br>Hyderabad – 500 032<br>**Tel:** +91 40 6716 2222; **Toll Free No.:** 1-800-3454-001<br>**Fax:** +91 40 2342 0814<br>**Contact Person:** Mr. Ganesh Chandra Patro, Senior Manager<br>**E-mail:** einward.ris@karvy.com |

### Office Location

Location of Company's offices are given on the inside cover page of the Annual Report and are also available on your Company's website.

### Distribution of Shareholding as at March 31, 2019

| No. of equity shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---|---|---|---|---|
| 1 - 5,000 | 22,507 | 99.17 | 28,92,373 | 16.90 |
| 5,001 - 10,000 | 80 | 0.35 | 5,86,653 | 3.43 |
| 10,001 - 20,000 | 40 | 0.18 | 5,81,519 | 3.40 |
| 20,001 - 30,000 | 18 | 0.08 | 4,28,478 | 2.50 |
| 30,001 - 40,000 | 5 | 0.02 | 1,77,173 | 1.04 |
| 40,001 - 50,000 | 7 | 0.03 | 3,20,659 | 1.87 |
| 50,001 - 1,00,000 | 12 | 0.05 | 7,93,452 | 4.64 |
| 1,00,001 & Above | 27 | 0.12 | 1,13,29,807 | 66.22 |
| Total | 22,696 | 100.00 | 1,71,10,114 | 100.00 |

### Shareholding Pattern as at March 31, 2019

| Category | No. of shares | % |
|---|---|---|
| Promoters & Promoter Group | 72,55,395 | 42.40 |
| Public Shareholding: | | |
| Financial Institutions / Banks / NBFCs & Mutual Funds | 1,45,554 | 0.85 |
| Foreign Portfolio Investors | 30,77,033 | 17.98 |
| Bodies Corporate | 6,03,874 | 3.53 |
| Trust | 250 | 0.00 |
| Non-Resident Indians / Foreign Nationals | 11,64,207 | 6.80 |
| Directors & Relatives (other than Promoter Directors) | 3,90,753 | 2.28 |
| Investor Education and Protection Fund | 16,471 | 0.10 |
| Indian Public & Others | 43,91,051 | 25.66 |
| Non - Promoters & Non - Public shareholding: | | |
| Sasken Employees Welfare Trust | 65,526 | 0.38 |
| **Total** | **1,71,10,114** | **100.00** |

Details of complaints:

| Description | Received | Cleared |
|---|---|---|
| Non - receipt of Dividend / Dematerialization of shares, etc. | 29 | 29 |

There were no valid requests pending for share transfers as at March 31, 2019.

### Details of Shares transferred to Investor Education and Protection Fund (IEPF) Authority:

Pursuant to Section 124(6) of the Companies Act, 2013 (Act) read with Rule 6 of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, where shareholders have not claimed dividend on shares held for a continuous period of seven years, your Company is mandated to transfer such shares to the Authority. Your Company has (a) communicated to the concerned shareholders individually whose shares were liable to be transferred to IEPF for taking appropriate actions; (b) published a notice in a national and vernacular daily; (c) uploaded details of such holder on the website of your Company; and (d) sent reminders to shareholders having unclaimed dividend requesting them to claim said unclaimed dividend and assisted shareholders who have responded to us in claiming the same.

Your Company had transferred 4,376 shares held under 69 Folios to the designated IEPF Authority Demat Account held with CDSL. Details of shares transferred to IEPF Authority during the year are as under:

| Shares held in | Number of Folios | Number of shares |
|---|---|---|
| CDSL | 27 | 1,129 |
| NSDL | 35 | 1,545 |
| Physical | 7 | 1,702 |
| Total | 69 | 4,376 |

Detailed description of shares transferred to IEPF along with procedure for claiming refund of shares and unclaimed dividend from the IEPF Authority is uploaded on the website of your Company (www.sasken.com). Shareholders may also contact Company Secretary of the Company or RTA for claiming the same.

In FY 2018-19, your Company received a request for claiming of 675 shares from one of the shareholders. Your Company submitted the same with other applicable requirements to the IEPF Authority and the shares were transferred back to the Demat account of the shareholder by the IEPF Authority.

### Other information useful for Shareholders

(a) During the year, your Company has received and processed one request for transfer of shares in physical segment. As mandated by the Listing Regulations, your Company has designated investor@sasken.com as the exclusive E-mail ID for redressal of investor complaints. Investors are urged to make use of this facility.

(b) Members may note that as per the requirement of Regulation 40(9) of the Listing Regulations, your Company has obtained half - yearly certificates from Practicing Company Secretary for due compliance of share transfer formalities and filed the same with the Stock Exchanges.

(c) Dematerialization requests duly completed in all respects are normally processed within 7 days from the date of their receipt.

(d) Pursuant to SEBI circular dated April 20, 2018 shareholders whose ledger folios do not have or having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the same to the RTA or the Company for registration in the folio.

(e) In view of amendments to the Listing Regulations vide SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, effective April 1, 2019, requests for effecting transfer of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository, except in case of transmission or transposition of shares.

(f) Shareholders holding shares in physical form are requested to notify the Company in writing, any change in their address and Bank Account details under the signature of sole / first joint holder. Beneficial owners of shares in electronic form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their Depository Participants (DP) as the same are maintained by the DP.

(g) SEBI has mandated submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to furnish their PAN details to their DP, if not already provided. Members holding shares in physical form are required to mandatorily submit the following to RTA.

   a. copy of their PAN, if not already provided; and
   b. copy of the PAN card of the transferee(s), members, surviving joint holder(s) / legal heir(s) while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

### National Automated Clearing House / Mandates / Bank Details

Reserve Bank of India has introduced National Automated Clearing House through which the Banks are able to make the dividend payout almost instantly into the bank accounts of shareholders. Shareholders are requested to update their 15 digit core banking account number with RTA (for shares held in physical form) or to their respective DPs (for shares held in electronic form), so that the dividends when declared and paid by the Company will be directly credited to their account. This will mitigate the chances of possible delays / loss in transit while sending the dividend warrant / cheques by post.

### Unclaimed dividends and transfer of shares to IEPF

(a) Unclaimed dividends

Pursuant to the provisions of the Act read with Rules framed thereunder, any dividend amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of seven (7) years from the date of its transfer to the said account has to be transferred to IEPF administered by the Central Government. As regards the unclaimed (a) final dividend for the year 2010-11; and (b) interim dividend for the year 2011-12 have been transferred to IEPF within the statutory time period.

Members who have not encashed dividends on or after Final Dividend 2011–12 declared on July 23, 2012 may please submit details of such unclaimed dividend in the form available on your Company's website (www.sasken.com/investors) and send it to the RTA along with the following documents for processing the said claim:

1) Self - attested copy of address ID proof viz. Aadhaar card / Passport / Driving License / Bank Passbook (If it is a Passbook, please ensure that your photograph is affixed, name and address is clearly mentioned on it and duly certified by the issuing Bank);
2) Self - attested copy of PAN card;
3) Cancelled cheque leaf with your name printed on the face of cheque OR Bank Passbook (wherein your account number, IFSC / MICR, name and address are clearly mentioned);

(b) Transfer of shares to IEPF

Pursuant to Section 124 of the Act read with Rules framed thereunder, shares of the Company in respect of which dividend amounts have remained unpaid / unclaimed for seven (7) consecutive years or more are required to be transferred to IEPF.

Thus, underlying shares of which dividend amounts have remained unclaimed from final dividend for the year 2011-12 onwards for seven (7) consecutive years or more will be transferred to IEPF.

Details of such members and shares due for transfer to IEPF are available on Company's website (www.sasken.com/investors). Your Company will be (a) communicating details thereof to the concerned shareholders individually whose shares are liable to be transferred to IEPF for taking appropriate actions; (b) publishing a notice in a national and vernacular daily and (c) uploading the details of such shareholders on the website of the Company.

### Procedure for claiming refund of shares and unclaimed dividend from the IEPF Authority i.e. after shares / unclaimed dividend are transferred by the Company

Once shares / unclaimed dividends are transferred by the Company to the IEPF Authority, members may still claim refund of shares and unclaimed dividends from IEPF by making an application to them in Form IEPF-5 available on www.iepf.gov.in. The provisions of the Act relating to IEPF, IEPF Rules and notifications are available on the aforesaid website.

### Dematerialization of shares

Equity Shares of your Company can be traded on Stock Exchanges only in electronic form. As of March 31, 2019, about 99% of the shares of your Company are held in electronic form. Considering the advantages of scrip-less trading including enhanced marketability of shares, shareholders holding shares in physical form are requested to dematerialize their shareholding and thereafter update their bank account with their respective DPs to enable us to serve and communicate better. Your company had sent reminders to Physical shareholders to dematerialize their share on September 12, 2018, November 17, 2018 and February 14, 2019.

### Outstanding GDRs / ADRs / Warrants / Convertible Instruments

The Company has not issued GDRs or ADRs. There are no outstanding warrants or any convertible instruments.

### General

(a) Non-resident shareholders are requested to notify at the earliest:
- change in their residential status on return to India for permanent settlement;
- particulars of their NRE Bank Account with a bank in India, if not furnished earlier;
- E-mail address, if any, to the Company / RTA.

(b) In case of loss / misplacement of share certificates, investors should immediately lodge a FIR / Complaint with the police and inform the Company / RTA along with a copy of FIR / acknowledged copy of complaint.

(c) Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to write to the Company for consolidation of such Folio(s) with the relevant share certificates.

(d) Nomination in respect of shares – Section 72 of the Act provides facility for making nominations by shareholders in respect of their holding of all securities. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining Succession Certificate / Probate of the Will, etc. It would therefore be in the best interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Please write to the Company Secretary for a nomination form.

(e) Shareholders holding shares in electronic form are advised to contact their DP for making nominations.

(f) Some of the shareholders have not yet exchanged their old share certificates for the new ones, necessitated on the consolidation of share capital processed by the Company in July 2004 (i.e. consolidation of two old shares of ₹5 each into one new share of ₹10). Such holders are advised to send the old share certificates immediately. If the share certificates are brought in-person for exchange, the new share certificates will be provided on the spot. If the share certificates are sent by post, the new share certificates will be sent through Registered Post immediately on receipt of old share certificates. It is needless to mention that the old share certificate(s) cannot be submitted for dematerialization.

(g) Shareholders are requested to quote and register their e-mail IDs, telephone / fax numbers for receiving prompt communication and notification from the Company / RTA.

(h) Shareholders are informed that by the operation of the Act, a notice may be sent through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator (URL) for accessing such notice. Shareholders are advised to update their e-mail IDs with their DPs. All future communication of the Company to shareholders who have registered their e-mail IDs with their DPs or Company will be sent only by way of e-mail. Shareholders are requested to check their e-mails at regular intervals. Such communication will also be made available on the Company's website (www.sasken.com).

(i) Shareholders are also informed that under the Act, the Company's obligation shall be satisfied when it transmits the e-mail and the Company shall not be held responsible for a failure in transmission beyond its control. If a member entitled to receive notice fails to provide or update relevant e-mail address to the Company or to the DP as the case may be, the Company shall not be in default for not delivering notice via e-mail.

(j) Register e-mail address:

Many of the shareholders have supported us in our green initiative by registering their e-mail address with the Company / DP. We look forward for continued support from shareholders, who have not so far updated, by registering their e-mail address with the Company / DPs. This will help them in receiving all communications from the Company electronically at their registered e-mail addresses on time and avoid loss due to postal delay / non-receipt. This will also save a lot of paper, reduce carbon footprint and save enormous amount of postage expenses to your Company.

Shareholders holding shares in (a) Electronic Form are requested to update their e-mail address with their respective DPs; and (b) Physical Form are requested to send an e-mail to cosec@sasken.com/einward.ris@karvy.com to know the process for updation of particulars in Folio.

(k) We solicit suggestions for improving our investor services.

## CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

To,

The Members,
Sasken Technologies Limited,
Bengaluru.

I have examined all the relevant records of Sasken Technologies Limited ('the Company') for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year ended 31st March, 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with:

- All the Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the mandatory conditions of Corporate Governance stipulated therein.
- Items C & E of Discretionary requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company during the year ended March 31, 2019.

Place : Bengaluru
Date : 16.04.2019

**G. Shanker Prasad**
ACS No.: 6357
CP No: 6450

Annexure E

## Form No. MGT - 9
## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

### I. REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| CIN | L72100KA1989PLC014226 |
| Registration Date | February 13, 1989 |
| Name of the Company | Sasken Technologies Limited |
| Category / Sub - Category of the Company | Company limited by shares / Indian Non-Government Company |
| Address of the Registered office and contact details | 139/25, Ring Road, Domlur, Bengaluru – 560 071, India.<br>Tel: +91 80 6694 3000;<br>Fax: +91 80 3981 3329/2535 1309<br>E-mail: investor@sasken.com |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar and Share Transfer Agent, if any | Karvy Fintech Private Limited<br>(Unit: Sasken Technologies Limited)<br>Karvy Selenium, Tower- B, Plot No. 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad, 500 032.<br>Tel: +91 40 6716 2222<br>Toll Free No.: 1-800-3454-001<br>Fax: +91 40 2343 1551<br>Contact Person: Mr. Ganesh Chandra Patro, Senior Manager<br>E-mail: einward.ris@karvy.com |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

**All the business activities contributing 10% or more of the total turnover of the Company:**

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Computer programming, consultancy and related activities | 620 | 100 |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. No. | Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section under Co. Act, 2013 |
|---|---|---|---|---|---|
| 1 | Sasken Inc.<br>3601, Algonquin Road #812/815, Rolling Meadows, Illionois- 60008, USA | Not Applicable | Subsidiary | 100 | 2(87) |
| 2 | Sasken Finland Oy.<br>Vissavedentie 1, P.O. Box 29, FI-69601 Kaustinen, Finland | - do - | Subsidiary | 100 | 2(87) |
| 3 | Sasken Communication Technologies (Shanghai) Co. Ltd.<br>Unit 122302, unit 2, 20th Floor, Building 3, Yard 1, Futong East Street, Chaoyang District, Beijing, China | - do - | Subsidiary | 100 | 2(87) |
| 4 | Sasken Communication Technologies Mexico S.A. de C.V<br>DFK Gonzalez y Asociados, Rio Mississippi #303 Ote, Col. Del Valle San Pedro Garza Garcia, N.L. Mexico | - do - | Subsidiary | 100 | 2(87) |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category - wise shareholding

| Category of Shareholder | No. of shares held at the beginning of the year i.e. April 1, 2018 | | | | No. of shares held at the end of the year i.e. March 31, 2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| (A) Promoter and Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual / HUF | 30,74,403 | - | 30,74,403 | 17.97 | 25,31,849 | - | 25,31,849 | 14.80 | (3.17) |
| (b) Central Government / State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) Bodies Corporate | 15,10,821 | - | 15,10,821 | 8.83 | 15,10,821 | - | 15,10,821 | 8.83 | 0.00 |
| (d) Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| (e) Others | - | - | - | - | - | - | - | - | - |
| **Sub-Total A(1):** | **45,85,224** | **-** | **45,85,224** | **26.80** | **40,42,670** | **-** | **40,42,670** | **23.63** | **(3.17)** |
| (2) Foreign | | | | | | | | | |
| (a) Individuals (NRIs / Foreign Individuals) | 26,71,646 | - | 26,71,646 | 15.61 | 32,12,725 | - | 32,12,725 | 18.78 | 3.16 |
| (b) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (c) Institutions | - | - | - | - | - | - | - | - | - |
| (d) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (e) Others | - | - | - | - | - | - | - | - | - |
| **Sub-Total A(2):** | **26,71,646** | **-** | **26,71,646** | **15.61** | **32,12,725** | **-** | **32,12,725** | **18.78** | **3.16** |
| **Total A=A(1)+A(2)** | **72,56,870** | **-** | **72,56,870** | **42.41** | **72,55,395** | **-** | **72,55,395** | **42.40** | **(0.01)** |
| **(B) Public Shareholding** | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds / UTI | 21,900 | - | 21,900 | 0.13 | 1,35,102 | - | 1,35,102 | 0.79 | 0.66 |
| (b) Financial Institutions / Banks | 14,101 | - | 14,101 | 0.08 | 4,302 | - | 4,302 | 0.03 | (0.06) |
| (c) Central Government / State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) Insurance Companies | - | - | - | - | - | - | - | - | - |
| (f) Foreign Institutional Investors & Portfolio Investors | 30,47,267 | - | 30,47,267 | 17.81 | 30,77,033 | - | 30,77,033 | 17.98 | 0.17 |
| (g) Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (i) Others | - | - | - | - | - | - | - | - | - |
| **Sub-Total B(1)** | **30,83,268** | | **30,83,268** | **18.02** | **32,16,437** | | **32,16,437** | **18.80** | **0.78** |
| (2) Non-Institutions | | | | | | | | | |
| (a) Bodies Corporate | 6,91,128 | - | 6,91,128 | 4.04 | 6,03,874 | - | 6,03,874 | 3.53 | (0.51) |
| (b) Individuals | | | | | | | | | |
| (i) Individuals Holding Nominal Share Capital Upto ₹2 lakhs | 32,94,156 | 1,46,359 | 34,40,515 | 20.11 | 31,57,591 | 1,15,572 | 32,73,163 | 19.13 | (0.98) |
| (ii) Individuals Holding Nominal Share Capital In Excess of ₹2 lakhs | 14,71,658 | - | 14,71,658 | 8.60 | 15,70,458 | - | 15,70,458 | 9.18 | 0.58 |
| (c) NBFC's registered with RBI | 27,917 | - | 27,917 | 0.16 | 6,150 | - | 6,150 | 0.04 | (0.13) |

| Category of Shareholder | No. of shares held at the beginning of the year i.e. April 1, 2018 | | | | No. of shares held at the end of the year i.e. March 31, 2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| (d) Others | | | | | | | | | |
| Clearing Members | 12,102 | - | 12,102 | 0.07 | 3,709 | - | 3,709 | 0.02 | (0.05) |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 10,07,933 | 95,753 | 11,03,686 | 6.45 | 10,68,604 | 95,603 | 11,64,207 | 6.80 | 0.35 |
| Trusts | 10,200 | - | 10,200 | 0.06 | 250 | - | 250 | 0.00 | (0.06) |
| Investor Education & Protection Fund Authority | 12,770 | - | 12,770 | 0.07 | 16,471 | - | 16,471 | 0.10 | 0.02 |
| (e) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Sub-Total B(2): | 65,27,864 | 2,42,112 | 67,69,976 | 39.57 | 64,27,107 | 2,11,175 | 66,38,282 | 38.80 | (0.77) |
| Total B=B(1)+B(2): | 96,11,132 | 2,42,112 | 98,53,244 | 57.59 | 96,43,544 | 2,11,175 | 98,54,719 | 57.60 | 0.01 |
| Total (A+B): | 1,68,68,002 | 2,42,112 | 1,71,10,114 | 100.00 | 1,68,98,939 | 2,11,175 | 1,71,10,114 | 100.00 | 0.00 |
| (C) Shares Held By Custodians for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C): | 1,68,68,002 | 2,42,112 | 1,71,10,114 | 100.00 | 1,68,98,939 | 2,11,175 | 1,71,10,114 | 100.00 | 0.00 |

ii. Shareholding of Promoters & Promoters Group

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year i.e. April 1, 2018 | | | Shareholding at the end of the year i.e. March 31, 2019 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | Dhirumati Jhaverchand Jhaveri | 8,00,000 | 4.68 | - | 8,00,000 | 4.68 | - | 0.00 |
| 2 | Jyotindra B. Mody | 7,36,612 | 4.31 | - | 7,36,612 | 4.31 | - | 0.00 |
| 3 | Rajiv C. Mody as Karta of HUF | 5,40,079 | 3.16 | - | - | 0.00 | - | (3.16) |
| 4 | Sejal Pranabh Mody | 3,72,231 | 2.18 | - | 3,72,231 | 2.18 | - | 0.00 |
| 5 | Pranabh Dinesh Mody | 3,18,506 | 1.86 | - | 3,18,506 | 1.86 | - | 0.00 |
| 6 | Bharati S. Mody | 1,43,854 | 0.84 | - | 1,44,154 | 0.84 | - | 0.00 |
| 7 | Purvi Uday Asher | 60,077 | 0.35 | - | 60,077 | 0.35 | - | 0.00 |
| 8 | Mahendrakumar Jayantilal Jhaveri | 21,353 | 0.12 | - | 21,353 | 0.12 | - | 0.00 |
| 9 | Uday M. Asher | 11,570 | 0.07 | - | 11,595 | 0.07 | - | 0.00 |
| 10 | Deepali Shirish Mody | 10,662 | 0.06 | - | 10,662 | 0.06 | - | 0.00 |
| 11 | Dinesh B. Mody | 7,802 | 0.05 | - | 7,802 | 0.05 | - | 0.00 |
| 12 | Hiralaxmi H. Desai | 6,958 | 0.04 | - | 6,958 | 0.04 | - | 0.00 |
| 13 | Dipak Harkisan Desai | 6,443 | 0.04 | - | 6,443 | 0.04 | - | 0.00 |
| 14 | Jinali Pranabh Mody | 6,236 | 0.04 | - | 6,236 | 0.04 | - | 0.00 |
| 15 | Rupa M. Udani | 5,500 | 0.03 | - | 5,500 | 0.03 | - | 0.00 |
| 16 | Dhimant Harkisan Desai | 5,143 | 0.03 | - | 5,143 | 0.03 | - | 0.00 |
| 17 | Dhruv Mahendra Jhaveri | 5,000 | 0.03 | - | 5,000 | 0.03 | - | 0.00 |
| 18 | Malti Mahendra Jhaveri | 5,000 | 0.03 | - | 5,000 | 0.03 | - | 0.00 |
| 19 | Asha Dipak Desai | 3,350 | 0.02 | - | 2,350 | 0.01 | - | (0.01) |
| 20 | Dinesh Bhagwanlal Mody | 2,452 | 0.01 | | 2,452 | 0.01 | - | 0.00 |
| 21 | Khyati Dhruv Jhaveri | 2,000 | 0.01 | - | - | 0.00 | - | (0.01) |
| 22 | Shirish B. Mody | 1,500 | 0.01 | - | 1,500 | 0.01 | - | 0.00 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year i.e. April 1, 2018 | | | Shareholding at the end of the year i.e. March 31, 2019 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 23 | Bharat P. Mehta | 1,250 | 0.01 | - | 1,250 | 0.01 | - | 0.00 |
| 24 | Dr. Dilip S. Mehta | 400 | 0.00 | - | 400 | 0.00 | - | 0.00 |
| 25 | Kantaben Vinaychandra Gosalia* | 400 | 0.00 | - | - | 0.00 | | 0.00 |
| 26 | Nisha Divyesh shah | 0 | 0.00 | - | 600 | 0.00 | - | 0.00 |
| 27 | Kumud D. Mody | 25 | 0.00 | - | 25 | 0.00 | - | 0.00 |
| 28 | Pallavi Bharat Mehta | 0 | 0.00 | - | - | 0.00 | - | 0.00 |
| 29 | Niranjana Sanghvi | 0 | 0.00 | - | - | 0.00 | - | 0.00 |
| 30 | Lekar Pharma Limited | 7,22,552 | 4.22 | - | 7,22,552 | 4.22 | - | 0.00 |
| 31 | Dinesh Mody Ventures LLP | 1,34,284 | 0.78 | - | 1,34,284 | 0.78 | - | 0.00 |
| 32 | Kumud Mody Ventures LLP | 1,34,284 | 0.78 | - | 1,34,284 | 0.78 | - | 0.00 |
| 33 | Shirish Mody Enterprises LLP | 1,34,284 | 0.78 | - | 1,34,284 | 0.78 | - | 0.00 |
| 34 | Bharati Mody Ventures LLP | 1,31,017 | 0.77 | - | 1,31,017 | 0.77 | - | 0.00 |
| 35 | Ifiunik Pharmaceuticals Ltd. | 1,16,000 | 0.68 | - | 1,16,000 | 0.68 | - | 0.00 |
| 36 | Unique Pharmaceuticals Labs Ltd. | 71,000 | 0.41 | - | 71,000 | 0.41 | - | 0.00 |
| 37 | Synit Drugs Pvt. Ltd. | 52,500 | 0.31 | - | 52,500 | 0.31 | - | 0.00 |
| 38 | J. B. Mody Enterprises LLP | 14,835 | 0.09 | - | 14,835 | 0.09 | - | 0.00 |
| 39 | Namplas Chemicals Pvt. Ltd. | 65 | 0.00 | - | 65 | 0.00 | - | 0.00 |
| 40 | Ansuya Mody Enterprises LLP | - | 0.00 | - | - | 0.00 | - | 0.00 |
| 41 | Rajiv C. Mody | 15,56,570 | 9.10 | - | 15,56,570 | 9.10 | - | 0.00 |
| 42 | Sakhee R. Mody | 3,97,223 | 2.32 | - | 3,97,223 | 2.32 | - | 0.00 |
| 43 | Naman R. Mody | 3,97,223 | 2.32 | - | 9,38,302 | 5.48 | - | 3.16 |
| 44 | Arti R. Mody | 2,49,469 | 1.46 | - | 2,49,469 | 1.46 | - | 0.00 |
| 45 | Nilima Rajesh Doshi | 71,161 | 0.42 | - | 71,161 | 0.42 | - | 0.00 |
| | Total | 72,56,870 | 42.41 | - | 72,55,395 | 42.40 | - | (0.01) |

** On death of Kantaben Vinaychandra Gosalia, one of the members of Promoter Group, her shares were transmitted to Ms. Nisha Divyesh Shah. Pursuant to Regulation 31A(6) of SEBI Listing Regulations, she is reclassified as Member of Promoter Group on account of aforesaid transmission.*

### iii. Change in Promoters' Shareholding

| Sl. No. | Shareholder's Name | Date* | Reason | Shareholding at the beginning of the year i.e. April 1, 2018 | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the Company |
| 1 | Asha Dipak Desai | 01-Apr-18 | At the beginning of the year | 3,350 | 0.02 | 3,350 | 0.02 |
| | | 18-May-18 | Off Market sale to another member of promoter Group | | | 1,000 | (0.01) |
| | | 31-Mar-19 | At the end of the year | | | 2,350 | 0.01 |
| 2 | Rajiv C Mody (as a karta of HUF) | 01-Apr-18 | At the beginning of the year | 5,40,079 | 3.16 | 5,40,079 | 3.16 |
| | | 26-Oct-18 | Off market inter-se transfer | | | 5,40,079 | 3.16 |
| | | 31-Mar-19 | At the end of the year | | | 0 | 0.00 |
| 3 | Khyati Dhruv Jhaveri | 01-Apr-18 | At the beginning of the year | 2,000 | 0.01 | 2,000 | 0.01 |
| | | 31-Jan-19 | Market sale | | | 2,000 | 0.01 |
| | | 31-Mar-19 | At the end of the year | | | 0 | 0.00 |

| Sl. No. | Shareholder's Name | Date* | Reason | Shareholding at the beginning of the year i.e. April 1, 2018 | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the Company |
| 4 | Naman R Mody | 01-Apr-18 | At the beginning of the year | 3,97,223 | 2.32 | 3,97,223 | 2.32 |
| | | 18-May-18 | Off Market purchase | | | 1,000 | 0.01 |
| | | 26-Oct-18 | Off Market inter-se transfer | | | 5,40,079 | 3.16 |
| | | 31-Mar-19 | At the end of the year | | | 9,38,302 | 5.48 |
| 5 | Kantaben Vinaychandra Gosalia | 01-Apr-18 | At the beginning of the year | 400 | 0.00 | 400 | 0.00 |
| | | 28-Dec-18 | Transmission of shares | | | 400 | 0.00 |
| | | 31-Mar-19 | At the end of the year | | | 0 | 0.00 |
| 6 | Nisha Divyesh Shah | 01-Apr-18 | At the beginning of the year | 200 | 0.00 | 200 | 0.00 |
| | | 28-Dec-18 | Transmission of shares | | | 400 | 0.00 |
| | | 31-Mar-19 | At the end of the year | | | 600 | 0.00 |

* *Date(s) indicated here were of the week(s) in which the transactions executed*

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

| Sl. No. | Name* | Shareholding at the beginning of the year i.e. April 1, 2018 | | Cumulative Shareholding at the end of the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of the total shares of the Company | No. of Shares | % of the total shares of the Company |
| 1 | Gothic Corporation | 0 | 0.00 | 9,76,166 | 5.71 |
| 2 | Atyant Capital India Fund I | 7,20,106 | 4.21 | 7,20,106 | 4.21 |
| 3 | Vanderbilt University A/C Vanderbilt University-Atyant Capital Management Ltd. | 4,60,988 | 2.69 | 4,60,988 | 2.69 |
| 4 | Bipin Amritlal Turakhia | 4,30,145 | 2.51 | 4,30,145 | 2.51 |
| 5 | Nirav Shirish Mody | 3,30,015 | 1.93 | 3,30,015 | 1.93 |
| 6 | The Duke Endowment | 0 | 0.00 | 3,10,053 | 1.81 |
| 7 | Gothic Hsp Corporation | 0 | 0.00 | 3,09,544 | 1.81 |
| 8 | Badruddin Agarwala | 2,44,092 | 1.43 | 2,44,092 | 1.43 |
| 9 | Employees' Retirement Plan of Duke University | 0 | 0.00 | 1,86,652 | 1.09 |
| 10 | Durriyah Khorakiwala | 1,13,188 | 0.66 | 1,13,188 | 0.66 |
| | **Total** | **22,98,534** | **13.43** | **40,80,949** | **23.85** |

** The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.*

v. Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Name | Shareholding at the beginning of the year i.e. April 1, 2018 | | Shareholding at the end of the year i.e. March 31, 2019 | |
|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 1 | Mr. Rajiv C. Mody | 15,56,570 | 9.10 | 15,56,570 | 9.10 |
| 2 | Mr. Bansi S. Mehta | 5,929 | 0.03 | 5,929 | 0.03 |
| 3 | Mr. Bharat V. Patel | 2,051 | 0.01 | 10,000 | 0.06 |
| 4 | Mr. Jyotindra B. Mody* | 7,36,612 | 4.31 | 7,36,612 | 4.31 |

| Sl. No. | Name | Shareholding at the beginning of the year i.e. April 1, 2018 | | Shareholding at the end of the year i.e. March 31, 2019 | |
|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 5 | Prof. J. Ramachandran | - | - | - | - |
| 6 | Mr. Pranabh D. Mody | 3,18,506 | 1.86 | 3,18,506 | 1.86 |
| 7 | Mr. Sanjay M. Shah | 5,901 | 0.03 | 5,901 | 0.03 |
| 8 | Mr. Sunirmal Talukdar | - | - | - | - |
| 9 | Dr. G. Venkatesh | 2,33,628 | 1.37 | 2,33,628 | 1.37 |
| 10 | Ms. Neeta S. Revankar | 1,29,742 | 0.76 | 1,29,742 | 0.76 |
| 11 | Mr. S. Prasad | 4,729 | 0.03 | 4,729 | 0.03 |
| | **Total** | **29,93,668** | **17.50** | **30,01,617** | **17.54** |

** Resigned from the Board effective February 15, 2019.*

vi. Change in Directors and Key Managerial Personnel's Shareholding

| Sl. No. | Shareholder's Name | Date | Reason | Shareholding at the beginning of the year i.e. April 1, 2018 | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. Bharat V. Patel | 01-Apr-18 | At the beginning of the year | 2,051 | 0.01 | 2,051 | 0.01 |
| | | 20-Apr-18 | Revocation of 7,949 shares | | 0.00 | 7,949 | 0.05 |
| | | 31-Mar-19 | At the end of the year | 10,000 | 0.06 | 10,000 | 0.06 |

vii. INDEBTEDNESS:

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

| | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | None | | | |
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year<br>• Addition<br>• Reduction | None | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | None | | | |
| Total (i+ii+iii) | | | | |

### viii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole Time Director and / or Manager:

Amount in ₹ lakhs

| Sl. No. | Particulars of Remuneration | Rajiv C. Mody | Neeta S. Revankar | Total Amount |
|---|---|---|---|---|
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income - tax Act, 1961 | 170.00 | 130.00 | 300.00 |
| | (b) Value of perquisites under Section 17(2) of the Income - tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission (as % of profit / others) | - | - | - |
| 5 | Others | - | - | - |
| | Total (A) | 170.00 | 130.00 | 300.00 |
| | Ceiling as per the Act (@ 10% of net profits calculated under Section 198 of the Companies Act, 2013) | | | 940.49 |

#### B. Remuneration to other Directors:

Amount in ₹ lakhs

| Sl. No. | | Particulars of Remuneration | Fee for attending Board / Committee Meetings | Commission | Others | Total Amount |
|---|---|---|---|---|---|---|
| (i) | | Independent Directors | | | | |
| | 1 | Mr. Bansi S Mehta | 0.20 | 3.00 | - | 3.20 |
| | 2 | Mr. Bharat V Patel | 2.20 | 12.00 | - | 14.20 |
| | 3 | Prof. J. Ramachandran | 2.60 | 24.00 | - | 26.60 |
| | 4 | Mr. Sanjay M. Shah | 1.00 | 8.00 | - | 9.00 |
| | 5 | Mr. Sunirmal Talukdar | 1.80 | 18.00 | - | 19.80 |
| | | **Total (i)** | **7.80** | **65.00** | **-** | **72.80** |
| (ii) | | Non-Executive Directors | | | | |
| | 1 | Dr. G. Venkatesh | 1.40 | 10.00 | - | 11.40 |
| | 2 | Mr. J. B. Mody | 0.20 | 0.00 | - | 0.20 |
| | 3 | Mr. Pranabh D. Mody | 1.40 | 0.00 | - | 1.40 |
| | | **Total (ii)** | **3.00** | **10.00** | **-** | **13.00** |
| | | **Total (B)=(i + ii)** | **10.80** | **75.00** | **-** | **85.80** |
| | | Ceiling as per the Act (@ 1% of net profits calculated under Section 198 of the Companies Act, 2013) | | | | 94.04 |
| | | **Total Managerial Remuneration (A + B)** | | | | **385.80** |
| | | **Overall ceiling as per the Act (@ 11% of net profits calculated under Section 198 of the Companies Act, 2013)** | | | | **1,034.54** |

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Amount in ₹ lakhs

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | |
|---|---|---|---|
| | | S. Prasad | Total |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income - tax Act, 1961 | 33.35 | 33.35 |
| | (b) Value of perquisites under Section 17(2) of the Income - tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of the Income - tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission (as % of profit / others) | - | - |
| 5 | Others | - | - |
| | **Total** | **33.35** | **33.35** |

ix. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

Annexure F1

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 (Act) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) are given below:

i. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

| Name | Designation | Ratio |
|---|---|---|
| Mr. Rajiv C. Mody | Chairman & Managing Director | 18.13 |
| Mr. Bansi S. Mehta** | Independent Director | - |
| Mr. Bharat V. Patel | Independent Director | - |
| Mr. Jyotindra B. Mody* | Non - Executive Director | - |
| Ms. Neeta S. Revankar | Whole Time Director & CFO | 13.86 |
| Mr. Pranabh D. Mody | Non - Executive Director | - |
| Prof. J. Ramachandran | Independent Director | - |
| Mr. Sanjay M. Shah | Independent Director | - |
| Mr. Sunirmal Talukdar | Independent Director | - |
| Dr. G. Venkatesh | Non - Executive Director | - |
| Mr. S. Prasad | Associate Vice President & Company Secretary | 3.59 |

* *resigned from the Board effective February 15, 2019.*

** *vacated his office effective April 23, 2019 pursuant to Section 167(1)(b) of the Act.*

ii. **The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:**

| Name | Designation | % Increment |
|---|---|---|
| Mr. Rajiv C. Mody | Chairman & Managing Director | (59.26) |
| Mr. Bansi S. Mehta | Independent Director | - |
| Mr. Bharat V. Patel | Independent Director | - |
| Mr. Jyotindra B. Mody | Non - Executive Director | - |
| Ms. Neeta S. Revankar | Whole Time Director & CFO | (47.45) |
| Mr. Pranabh D. Mody | Non - Executive Director | - |
| Prof. J. Ramachandran | Independent Director | - |
| Mr. Sanjay M. Shah | Independent Director | - |
| Mr. Sunirmal Talukdar | Independent Director | - |
| Dr. G. Venkatesh | Non - Executive Director | - |
| Mr. S. Prasad | Associate Vice President & Company Secretary | (6.45) |

iii. The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of the employees in the financial year was increased by 7.28%. The calculation of % Increase in Median Remuneration is done based on comparable employees.

iv. The number of permanent employees on the rolls of the Company:

There were 1,677 permanent employees on rolls as on March 31, 2019.

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

   The employees have got an average increase of 6.76% whereas Key Managerial Personnel have seen an average decrease of 52.43% in remuneration of FY 2019 over FY 2018. The decrease is mainly on foregoing of variable pay which is linked to profits of the Company.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:
   Yes, it is as per the total rewards philosophy of the Company.

vii. Other Notes
   1. Remuneration means Total salary (fixed + variable pay) at target 100%; excludes gratuity, stock options and insurance premiums but includes Company contribution of PF.
   2. Salaries denominated other than in Indian rupees are converted to Indian rupee based on exchange rate as on March 31, 2019.

Annexure F2

The information required under Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Statement showing the names of top ten employees in terms of remuneration drawn and employees who were in receipt of ₹102 lakhs or more, if employed throughout the year or ₹8.50 lakhs or more per month, if employed for a part of the financial year:

| Employee Name | Designation | Educational Qualification | Age (in years) | Experience (in years) | Date of Joining | Total remuneration paid during the year (₹) | Previous Employment and Designation |
|---|---|---|---|---|---|---|---|
| Rajiv C. Mody | Chairman & Managing Director | BE, MS | 61 | 30 | 15 - Jul - 89 | 3,10,78,004 | VLSI Technology Inc. - Senior Software Engineer |
| Neeta S. Revankar | Whole Time Director & CFO | FCA, FCS | 52 | 28 | 03-Apr-95 | 2,00,38,996 | Microland Ltd. - Manager Corporate Planning |
| Arif Khan | Sr. VP & Head - Staffing | MBA | 43 | 21 | 01-Sep-17 | 1,44,04,766 | Harman Connected Services Corporation India Pvt Ltd. - Senior Director – Talent Acquisition |
| Ashwin Ramachandra | Vice President & Head - ER&D | M.Tech | 47 | 24 | 07-Mar-97 | 99,16,175 | Texas Instruments (I) Ltd. - Software Design Engineer |
| Krishna Kumar | Vice President & Head - Global Delivery | BE, MS | 47 | 24 | 16-Sep-16 | 90,92,261 | Symphony Limited - VP Engineering |
| Narendra Khandekar* | Senior Vice President | MS, MBA | 53 | 28 | 20-Feb-17 | 85,84,008 | Intel Technology India Pvt Ltd. - Sr. Director |
| Priyaranjan | Vice President & Head-Business Operations | ACA | 42 | 17 | 03-Jan-11 | 83,62,841 | Nokia Siemens Networks Pvt Ltd. – R&D Controller |
| Srinivasa Prasad* | Vice President & Head- Communication and Consumer Business | PGDBA | 48 | 27 | 06-Mar-95 | 73,95,372 | ITI Ltd. - Technician |
| Satish Burli | Vice President – Technology & Solutions | M.Tech | 47 | 23 | 01-Dec-17 | 72,35,715 | Asarva Chips & Technologies Pvt Ltd. - Vice President |
| Manish Dhanake | Associate Vice President - Engineering | M.Tech | 45 | 21 | 21-Dec-16 | 61,73,293 | Samsung - India - Group Engineering Manager |

** Employed for part of / joined during the Financial Year.*

Notes:

1) Total remuneration includes salary, allowances, perquisites, if any, incentives and Company's contribution to Provident and other funds.
2) The nature of employment is contractual in all the above cases.
3) None of the above mentioned employees is a relative of any director of the Company.
4) In terms of the proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India not being directors or their relatives, drawing more than ₹60 lakhs per financial year or ₹5 lakhs per month, as the case may be, have not been included in the above statement.
5) None of the employees who are in receipt of remuneration in excess of that drawn by the Managing Director or Whole Time Director, holds by himself or along with his spouse and dependent children more than two percent of the equity shares of the Company.

## The Year at a Glance - Consolidated (Non GAAP)

| For the year | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | ₹ Crores | Million US $ | ₹ Crores | Million US $ |
| Export Sales | 323.97 | 47.02 | 309.99 | 47.02 |
| Domestic Sales | 180.34 | 26.17 | 193.03 | 29.28 |
| Total Sales | 504.31 | 73.20 | 503.02 | 76.30 |
| Other Income and Exchange Gain / (Loss) | 46.02 | 6.68 | 36.43 | 5.53 |
| Profit Before Interest, Taxes, Depreciation and Amortisation (PBIDTA) | 71.13 | 10.32 | 69.45 | 10.54 |
| PBIDTA as a Percentage of Revenue | 14.1% | 14.1% | 13.8% | 13.8% |
| Profit before exceptional items | 110.55 | 16.04 | 99.66 | 15.12 |
| Exceptional items | - | - | - | - |
| Profit / (Loss) Before Taxes (PBT) | 110.55 | 16.04 | 99.66 | 15.12 |
| Profit / (Loss) After Tax (PAT) | 90.42 | 13.12 | 82.42 | 12.50 |
| Earnings Per Share ... Basic (in ₹ / US $)[1] | 52.92 | 0.77 | 48.17 | 0.73 |
| Earnings Per Share ... Diluted (in ₹ / US $)[1] | 52.92 | 0.77 | 48.17 | 0.73 |
| Equity Dividend Percentage (including Interim Dividends)* | 95% | 95% | 100% | 100% |
| Equity Dividend Amount (including Interim Dividends)* | 16.25 | 2.36 | 17.11 | 2.60 |
| Investment in Fixed Assets (Gross) | 58.48 | 8.46 | 49.94 | 7.66 |
| PBT as a Percentage of Average Net Worth | 17% | 17% | 17% | 17% |
| PAT as a Percentage of Average Net Worth | 14% | 14% | 14% | 14% |
| Revenue Per Person Year[2] | 0.28 | 0.04 | 0.26 | 0.04 |
| | | | | |
| At the end of the year | | | | |
| Total Assets | 697.98 | 100.94 | 621.02 | 95.29 |
| Fixed Assets (net) | 40.51 | 5.86 | 37.27 | 5.72 |
| Working Capital | 144.72 | 20.93 | 117.18 | 17.98 |
| Investment | 510.05 | 73.76 | 459.23 | 70.47 |
| Other Assets | 2.69 | 0.39 | 7.34 | 1.13 |
| | | | | |
| Net Worth | 697.98 | 100.94 | 621.02 | 95.29 |

[1] Face value of ₹10 per share

[2] Quarterly average of all employees including the support staff, numbers are in ₹ Crores & US $ Million.

* Final dividend for the year ended 31-Mar-19 will be appropriated from the Profit and Loss Account at the time of declaration and payment

Notes : To facilitate comparison figures in US $ have been arrived at by converting Rupee figures as follows:

- at the average conversion rate for all revenue items.
- at the closing rate for all balance sheet items.

# Financial Performance - A Seven Year Snapshot

In Retrospect - Consolidated (Non GAAP)

Amount in ₹ crores

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17* | 2017-18* | 2018-19* |
|---|---|---|---|---|---|---|---|
| **(1) Revenue Account** | | | | | | | |
| Sales / Revenue | 474.83 | 458.03 | 428.01 | 483.17 | 467.28 | 503.02 | 504.31 |
| PBIDTA | 41.91 | 53.39 | 32.25 | 47.17 | 49.97 | 69.45 | 71.13 |
| Depreciation & Amortization | 19.41 | 12.54 | 11.20 | 6.60 | 6.61 | 6.22 | 6.61 |
| PBIT & Exceptional Item | 22.50 | 40.85 | 21.05 | 40.57 | 43.35 | 63.23 | 64.53 |
| Other Income | 17.64 | 31.53 | 21.94 | 16.20 | 32.77 | 36.43 | 46.02 |
| Interest | 0.41 | 0.20 | 0.14 | 0.19 | - | - | - |
| Exceptional Income / (expenses) | - | - | 173.33 | 232.94 | 20.25 | - | - |
| Profit / (Loss) Before Tax (PBT) | 39.73 | 72.17 | 216.18 | 289.53 | 96.38 | 99.66 | 110.55 |
| Income Tax (Including withholding taxes and FBT) | 7.77 | 20.70 | 96.62 | 83.23 | 11.69 | 17.23 | 20.13 |
| Profit / (Loss) After Tax (PAT) | 31.96 | 51.47 | 119.56 | 206.29 | 84.69 | 82.42 | 90.42 |
| Other Comprehensive gain / (loss) | - | - | - | - | (2.34) | (4.66) | 8.35 |
| Total Comprehensive Income | - | - | - | - | 82.35 | 77.76 | 98.78 |
| Equity Dividend Amount (including Interim Dividends) | 15.41 | 67.98 | 57.58 | 55.06 | 4.43 | 17.11 | 16.25 |
| | | | | | | | |
| **(2) Capital Account** | | | | | | | |
| Share Capital | 20.96 | 21.28 | 21.34 | 17.72 | 17.11 | 17.11 | 17.11 |
| Share Application Money (incl share warrants) | 0.30 | 3.61 | - | - | - | - | - |
| Reserves and Surplus | 398.31 | 382.70 | 425.60 | 481.29 | 544.42 | 603.91 | 680.87 |
| Loan Funds | 2.34 | 1.23 | 1.11 | 1.19 | - | - | - |
| Gross Block (Incl. Cap Work in Progress & Capital Advances) | 491.64 | 531.49 | 435.72 | 464.29 | 43.48 | 49.96 | 59.34 |
| Net Block (Incl. Cap Work in Progress & Capital Advances) | 122.99 | 126.87 | 42.67 | 40.49 | 37.90 | 37.27 | 40.51 |
| Investment | 139.14 | 133.51 | 195.15 | 351.46 | 374.27 | 459.23 | 510.05 |
| Deferred Tax Asset | 10.89 | 11.18 | 12.76 | 11.40 | 2.93 | 7.34 | 2.69 |
| Net Current Assets | 148.89 | 137.26 | 197.48 | 96.85 | 146.43 | 117.18 | 144.72 |
| | | | | | | | |
| **(3) Other Information** | | | | | | | |
| Total number of Shareholders | 30,977 | 28,191 | 28,410 | 25,458 | 23,793 | 20,993 | 22,696 |

## Financial Performance - A Seven Year Snapshot *(Contd.)*

In Retrospect - Consolidated (Non GAAP)

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17* | 2017-18* | 2018-19* |
|---|---|---|---|---|---|---|---|
| **(4) Ratios** | | | | | | | |
| **(a) Profitability / Efficiency** | | | | | | | |
| Sales / Total Income (%) | 96% | 94% | 95% | 97% | 93% | 93% | 92% |
| PBIDTA / Total Income (%) | 9% | 11% | 7% | 9% | 10% | 13% | 13% |
| EBITDA / Sales | 9% | 12% | 8% | 10% | 11% | 14% | 14% |
| PBIT & Exceptional Items / Total Income (%) | 5% | 8% | 5% | 8% | 9% | 12% | 12% |
| PBT / Total Income (%) | 8% | 15% | 48% | 58% | 19% | 18% | 20% |
| PAT / Total Income (%) | 6% | 11% | 27% | 41% | 17% | 15% | 16% |
| Return on Average Net Worth (%) (PAT / Average Net Worth)(%) | 8% | 12% | 28% | 44% | 16% | 14% | 14% |
| Return on Average Capital Employed (pre-tax) (PBT+ Interest) / (Average Capital Employed)(%) | 10% | 17% | 51% | 61% | 18% | 17% | 17% |
| Return on Average Capital Employed (post-tax) (PAT+ Interest) / (Average Capital Employed)(%) | 8% | 12% | 28% | 44% | 16% | 14% | 14% |
| Sales to Average Net Working Capital | 3.2 | 3.2 | 2.6 | 3.3 | 3.8 | 3.8 | 3.7 |
| Total Revenues to Average Total Assets | 1.1 | 1.1 | 0.9 | 0.7 | 0.9 | 0.9 | 0.8 |
| Fixed Assets Turnover | 3.9 | 3.6 | 10.6 | 7.9 | 8.0 | 8.8 | 8.6 |
| **(b) Liquidity** | | | | | | | |
| Net Working Capital to Total Assets | 0.4 | 0.4 | 0.4 | 0.2 | 0.3 | 0.2 | 0.2 |
| Average Collection Period (Days) | 73 | 72 | 60 | 61 | 61 | 55 | 55 |
| Current Ratio | 2.8 | 2.6 | 2.8 | 1.7 | 1.7 | 1.6 | 2.8 |
| **(c) Leverage** | | | | | | | |
| Debt-Equity Ratio | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest Cover | 54.4 | 201.7 | 151.8 | 214.8 | - | - | - |
| Total Assets / Net Worth | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| **(d) Growth** | | | | | | | |
| Growth in Sales (%) | (9)% | (4)% | (7)% | 13% | (3)% | 8% | 0% |
| Growth in PBITDA (%) | (45)% | 27% | (40)% | 46% | 6% | 39% | 2% |
| Net profit Growth (%) | (50)% | 61% | 132% | 73% | (59)% | (3)% | 10% |

* Figures for the FY 2016-17, 2017-18 and 2018-19 are as per the Ind AS. Figures for the earlier years are as per erstwhile AS.

# Independent Auditors' Report

## To the Members of Sasken Technologies Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the Standalone Financial Statements of Sasken Technologies Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2019, and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition - Fixed Price Development Contracts

#### See note 28 to the Standalone Financial Statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company engages in fixed-price development contracts, where revenue is recognized using percentage of completion computed as per the input method based on management's estimate of contract costs.<br><br>We identified revenue recognition from fixed price development contracts as a Key Audit Matter (KAM) considering -<br>• there is an inherent risk around the accuracy of revenues given the customized nature of these contracts and significant involvement of IT systems;<br>• application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligations; and<br>• these contracts may involve onerous obligations that require critical estimates to be made by management. | In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient and appropriate audit evidence:<br>- evaluated and tested the design and operating effectiveness of internal controls relating to recording of costs incurred and estimation of costs required to complete the performance obligations;<br>- selected a sample of contracts and tested that the revenue is recognized in accordance with the accounting standard, by evaluating management's identification of performance obligation, transaction price, and method of revenue recognition;<br>- selected a sample of contracts and performed a retrospective review of costs incurred with estimated costs to identify any significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract;<br>- reviewed the contract assets and unbilled revenues to identify possible delays in achieving milestones, which require change in estimated costs to complete the remaining performance obligations;<br>- reviewed contract margins to determine creation of onerous provision for contracts with low or negative margins; and<br>- performed analytical procedures and test of details to verify reasonableness of costs incurred and estimated to complete performance obligations. |

### Evaluation of tax litigations and contingencies

See note 34 to the Standalone Financial Statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company operates under several tax laws and regulations and is subject to periodic challenges by tax authorities on a range of tax matters during the normal course of business including indirect tax matters. These involve significant management judgment, including consultations with specialists, to determine the possible outcome of the litigations, consequently having an impact on related accounting and disclosures in the financial statements. | In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient and appropriate audit evidence:<br>We along with our internal tax experts -<br>- read and analyzed select key correspondences, external legal opinions / consultations by management and relevant legal precedence and other rulings;<br>- discussed with appropriate senior management and evaluated management's key underlying assumptions in estimating the tax provisions;<br>- assessed management's estimate of the possible outcome of the disputed cases; and<br>- assessed the adequacy of Company's accruals and disclosures in relation to taxes. |

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its Standalone Financial Statements - Refer Note 34 to the Standalone Financial Statements;

ii. The Company did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31 March 2019;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and

iv. The disclosures in the Standalone Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* B S R & Associates LLP
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
*Partner*
Membership No. 211386

Bengaluru
23 April 2019

## Annexure A to the Independent Auditors' Report

The Annexure A referred to in the Independent Auditors' Report to the Members of Sasken Technologies Limited ("the Company") on the Standalone Financial Statements for the year ended 31 March 2019. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the current year, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a service company and accordingly, it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has granted unsecured loans to two parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans had been granted to the companies listed in the register maintained under Section 189 of the Act are not prejudicial to the company's interest.

(iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made. Further there are no guarantees and security given in respect of which provisions of Section 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of duty of customs and value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of income tax and service tax have not been deposited by the Company on account of disputes:

| Name of the Statute | Nature of Dues | Amount disputed (₹ In lakhs) | Amount paid under protest (₹ In lakhs) | Period to which amount relates (Assessment year) | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income - tax Act, 1961 | Income tax and Interest | 21.72 | 21.72 | 1999 - 00 and 2000 - 01 | Supreme Court |
| Income - tax Act, 1961 | Income tax | 3.96 | 0.91 | 2004 - 05 | Income Tax Appellate Tribunal |
| Income - tax Act, 1961 | Income tax and interest | 70.31 | - | 2005 - 06 | High Court of Karnataka |
| Income - tax Act, 1961 | Income tax and interest | - | 333.27 | 2006 - 07 | CIT (Appeals) |
| Income - tax Act, 1961 | Income tax and interest | 532.31 | - | 2006 - 07 | High Court of Karnataka |
| Income - tax Act, 1961 | Interest | 15.78 | - | 2008 - 09 | CIT (Appeals) |
| Income - tax Act, 1961 | Income tax and interest | 24.35 | 24.35 | 2009 - 10 and 2010 - 11 | High Court of Karnataka |
| Income - tax Act, 1961 | Income tax and interest | 210.11 | 210.11 | 2011 - 12 | Income Tax Appellate Tribunal |
| Income - tax Act, 1961 | Income tax and interest | 508.27 | - | 2011 - 12 | CIT (Appeals) |

## Annexure A to the Auditors' Report *(Contd.)*

| Name of the Statute | Nature of Dues | Amount disputed (₹ In lakhs) | Amount paid under protest (₹ In lakhs) | Period to which amount relates (Assessment year) | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income - tax Act, 1961 | Income tax and interest | 55.59 | 11.12 | 2014 - 15 | CIT (Appeals) |
| Income - tax Act, 1961 | Income tax and interest | 6,818.49 | - | 2016 - 17 | CIT (Appeals) |
| Income - tax Act, 1961 | Income tax and interest | 0.26 | - | 2016 - 17 | CIT (Appeals) to be filed |
| Canadian Income tax Laws | Income tax | 158.46 | - | 2001 - 02 to 2008 - 09 | Canadian Revenue Agency |
| Canadian Income tax Laws | Income tax and interest | 3.50 | 3.50 | 2011 - 12 and 2012 - 13 | Canadian Revenue Agency |
| Service Tax Rules, 1994 | Service tax and penalty | 2,592.94 | - | 2006 - 07 and 2007-08 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax and penalty | 114.60 | - | 2007 - 08 and 2008 - 09 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax and penalty | 123.84 | - | 2010 - 11 and 2011 - 12 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax and penalty | 42.80 | - | 2011 - 12 to 2013 - 2014 | Commissioner (Appeals) |
| Service Tax Rules, 1994 | Service tax and penalty | 16.17 | - | 2009 - 10 to 2013 - 14 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax | 64.04 | - | July 2014 - June - 2018 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax | 16.63 | - | Oct - 2012 - June 2018 | CESTAT, Bengaluru |
| Service Tax Rules, 1994 | Service tax | 35.89 | - | April - 2016 - June 2018 | CESTAT, Bengaluru |

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non - cash transactions with directors or persons connected with it. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934.

*for* B S R & Associates LLP
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
*Partner*
Membership No. 211386

Bengaluru
23 April 2019

# Annexure B to the Independent Auditors' Report on the Standalone Financial Statements

## Report on the internal financial controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

### Opinion

We have audited the internal financial controls with reference to the financial statements of Sasken Technologies Limited ('the Company') as of 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's responsibility for internal financial controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the financial statements.

### Meaning of internal financial controls over financial statements

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

### Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

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

*for* B S R & Associates LLP
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
*Partner*
Membership No. 211386

Bengaluru
23 April 2019

# Standalone Balance Sheet

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| Non - current assets | | | |
| Property, plant and equipment | 4 | 3,713.14 | 3,498.79 |
| Capital work - in - progress | | 85.92 | 2.41 |
| Intangible assets | 5 | 17.86 | 35.33 |
| Financial assets | | | |
| Investments | 6 | 45,264.89 | 47,744.75 |
| Other financial assets | 7 | 287.61 | 287.97 |
| Deferred tax assets | 25 | 339.78 | 940.20 |
| Long term loan | | 460.80 | - |
| Income tax assets | 25 | 5,374.55 | 5,814.63 |
| Other non - current assets | 8 | 17.22 | 97.75 |
| Total non - current assets | | 55,561.77 | 58,421.83 |
| Current assets | | | |
| Financial assets | | | |
| Investments | 9 | 8,107.87 | 979.01 |
| Trade receivables | 10 | 7,330.31 | 7,139.43 |
| Cash and cash equivalents | 11 | 423.36 | 1,442.48 |
| Other bank balances | 12 | 0.45 | 1.42 |
| Unbilled receivables (previous year unbilled revenue) | | 1,450.09 | 2,006.72 |
| Derivative assets | | 940.86 | 1.50 |
| Other financial assets | 13 | 1,199.08 | 502.76 |
| Contract assets | | 1,318.79 | - |
| Other current assets | 14 | 1,929.30 | 717.92 |
| Total current assets | | 22,700.11 | 12,791.24 |
| TOTAL ASSETS | | 78,261.88 | 71,213.07 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 15 | 1,711.01 | 1,711.01 |
| Other equity | | 68,466.54 | 60,035.80 |
| Total equity | | 70,177.55 | 61,746.81 |
| Liabilities | | | |
| Non - current liabilities | | | |
| Provisions | 16 | 711.37 | 811.77 |
| Total non - current liabilities | | 711.37 | 811.77 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 17 | | |
| Total outstanding dues to micro and small enterprises | | 32.27 | 11.92 |
| Total outstanding dues to creditors other than micro and small enterprises | | 1,539.36 | 1,512.59 |
| Other financial liabilities | 18 | 1,506.88 | 2,249.06 |
| Derivative liabilities | | - | 126.01 |
| Deferred revenue | | 354.86 | 1,118.51 |
| Other current liabilities | 19 | 1,032.36 | 921.16 |
| Provisions | 20 | 911.13 | 913.70 |
| Income tax liabilities | 25 | 1,996.10 | 1,801.54 |
| Total current liabilities | | 7,372.96 | 8,654.49 |
| TOTAL EQUITY AND LIABILITIES | | 78,261.88 | 71,213.07 |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

## Standalone Statement of Profit and Loss

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Revenue from operations | 21 | 41,467.02 | 42,139.78 |
| Other income | 22 | 5,265.85 | 4,862.61 |
| Total income | | 46,732.87 | 47,002.39 |
| | | | |
| EXPENSES | | | |
| Employee benefits expense | 23 | 27,790.08 | 29,978.65 |
| Depreciation and amortization expense | 4, 5 | 579.22 | 562.72 |
| Other expenses | 24 | 6,834.56 | 6,911.64 |
| Total expenses | | 35,203.86 | 37,453.01 |
| | | | |
| Profit before income tax | | 11,529.01 | 9,549.38 |
| | | | |
| Tax expense | | | |
| Current income taxes | 25 | 1,924.13 | 1,476.56 |
| Deferred taxes | 25 | 331.43 | (227.39) |
| Minimum Alternate Tax Credit entitlement | | (131.49) | - |
| | | 2,124.07 | 1,249.17 |
| | | | |
| Profit for the year | | 9,404.94 | 8,300.21 |
| | | | |
| Other comprehensive income / (losses) | | | |
| Items that will not be reclassified subsequently to the Statement of Profit and Loss | | | |
| Remeasurement of defined benefit liability | 30 | 81.27 | 14.32 |
| Income tax relating to items that will not be reclassified subsequently to profit and loss | 25 | (28.20) | (4.85) |
| Net other comprehensive gain that will not to be reclassified subsequently to profit and loss | | 53.07 | 9.47 |
| Items that will be reclassified subsequently to the Statement of Profit and Loss | | | |
| Effective portion of gains / (losses) on hedging instruments in cash flow hedges | 32 | 288.27 | (119.01) |
| Effective portion of losses / (gains) on hedging instruments in cash flow hedges reclassified to Statement of Profit and Loss | 32 | 778.30 | (1,112.49) |
| Income tax relating to items that will be reclassified to profit and loss | 25 | (372.29) | 424.52 |
| Net other comprehensive income / (losses) that will be reclassified subsequently to profit and loss | | 694.28 | (806.97) |
| Other comprehensive income / (losses) for the year, net of income tax | | 747.35 | (797.50) |
| | | | |
| Total comprehensive income for the year | | 10,152.29 | 7,502.71 |
| | | | |
| Earnings per share (EPS) | | | |
| (Equity share of par value ₹10 each) | | | |
| Basic and Diluted EPS | 26 | 54.97 | 48.51 |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

## Standalone Statement of changes in Equity

A. Equity Share Capital

Amount in ₹ lakhs

| Balance as at April 1, 2017 | Changes in equity share capital during the year | Balance as at March 31, 2018 |
|---|---|---|
| 1,711.01 | - | 1,711.01 |

| Balance as at April 1, 2018 | Changes in equity share capital during the year | Balance as at March 31, 2019 |
|---|---|---|
| 1,711.01 | - | 1,711.01 |

B. Other equity

| Particulars | Attributable to the owners of the Company | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | Items of OCI | | |
| | Capital reserve | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Cash flow hedging reserve | Remeasurement of defined benefit liability | |
| Balance as at April 1, 2017 | 132.00 | 1,315.58 | - | 1,056.29 | 51,131.16 | 724.61 | - | 54,359.64 |
| Profit for the period | - | - | - | - | 8,300.21 | - | - | 8,300.21 |
| Other comprehensive loss (net of taxes) | - | - | - | - | - | (806.97) | 9.47 | (797.50) |
| Dividends paid (including dividend distribution tax thereon) | - | - | - | - | (1,826.55) | - | - | (1,826.55) |
| Transferred to retained earnings | - | - | - | - | 9.47 | - | (9.47) | - |
| Balance as at March 31, 2018 | 132.00 | 1,315.58 | - | 1,056.29 | 57,614.29 | (82.36) | - | 60,035.80 |

| Particulars | Attributable to the owners of the Company | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | Items of OCI | | |
| | Capital reserve | Capital redemption reserve | Share based payment reserve | General reserve | Retained earnings | Cash flow hedging reserve | Remeasurement of defined benefit liability | |
| Balance as at April 1, 2018 | 132.00 | 1,315.58 | - | 1,056.29 | 57,614.29 | (82.36) | - | 60,035.80 |
| Profit for the period | - | - | - | - | 9,404.94 | - | - | 9,404.94 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | 694.28 | 53.07 | 747.35 |
| Dividends paid (including dividend distribution tax thereon) | - | - | - | - | (1,777.08) | - | - | (1,777.08) |
| Share based payment reserve | - | - | 55.53 | - | - | - | - | 55.53 |
| Transferred to retained earnings | - | - | - | - | 53.07 | - | (53.07) | - |
| Balance as at March 31, 2019 | 132.00 | 1,315.58 | 55.53 | 1,056.29 | 65,295.22 | 611.92 | - | 68,466.54 |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

## Standalone Statement of Cash Flow

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 11,529.01 | 9,549.38 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 579.22 | 562.72 |
| Interest income | (1,389.01) | (825.59) |
| Dividend income | (1,866.51) | (1,976.42) |
| Gain on sale of investments | (24.12) | (137.94) |
| Gain on fair valuation of investments | (1,769.15) | (1,843.49) |
| Profit on sale of property, plant and equipment | (37.73) | (18.07) |
| Write back of provisions | (33.63) | - |
| ESOP compensation cost | 55.53 | - |
| Exchange differences on translation of assets and liabilities | (52.31) | (13.43) |
| Reversal of allowance for expected credit losses on financial assets | (14.63) | 10.55 |
| In-effective portion of changes in fair value of cash flow hedges | 1.21 | (4.21) |
| | | |
| Changes in assets and liabilities: | | |
| Decrease/(increase) in trade receivables, contract assets and unbilled revenue | (838.59) | 236.17 |
| (Increase)/decrease in loans, other financial assets and other assets | (1,573.74) | (94.98) |
| (Decrease)/increase in trade payables and deferred revenue | (716.53) | 882.49 |
| (Decrease)/increase in provisions, other financial liabilities (current) and other current liabilities | (643.06) | 475.73 |
| | | |
| Cash generated from operating activities | 3,205.97 | 6,802.91 |
| Income taxes paid | (1,289.49) | (1,087.67) |
| | | |
| Net cash generated from operating activities (A) | 1,916.48 | 5,715.24 |
| | | |
| Cash flows from investing activities | | |
| Interest received | 594.61 | 825.92 |
| Dividends received | 1,750.03 | 1,880.26 |
| Proceeds from sale of property, plant and equipment | 37.73 | 20.70 |
| Purchase of property, plant and equipment | (801.80) | (437.56) |
| Investment in subsidiaries | (1,039.70) | 0.60 |
| Payments to acquire financial assets (mutual funds) | (26,087.87) | (28,954.64) |
| Proceeds from sale of investments (mutual funds) | 24,388.33 | 22,986.66 |
| Net cash used in investing activities (B) | (1,158.67) | (3,678.06) |
| | | |
| Cash flows from financing activities | | |
| Dividend paid during the period | (1,777.08) | (1,826.55) |
| Net cash used in financing activities (C) | (1,777.08) | (1,826.55) |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | (1,019.27) | 210.63 |
| Cash and cash equivalents at the beginning of the period | 1,442.48 | 1,230.90 |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 0.15 | 0.95 |
| Cash and cash equivalents at the end of the period (Refer note 11) | 423.36 | 1,442.48 |

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Notes to the Standalone Financial Statements

## 1. Company overview

Sasken Technologies Limited ("Sasken" or "the Company") is a specialist in Product Engineering and Digital Transformation providing concept-to-market, chip-to-cognition R&D services to global leaders in Semiconductor, Automotive, Industrials, Smart Devices & Wearables, Enterprise Grade Devices, SatCom, and Transportation industries. For over 30 years and with multiple patents, Sasken has transformed the businesses of over a 100 Fortune 500 companies, powering over a billion devices through its services and IP.

Established in 1989, Sasken employs around 2000 people, operating from state-of-the-art centers in Bengaluru, Pune, Chennai and Hyderabad (India), Detroit (USA), Kaustinen and Tampere (Finland), and Beijing, Shanghai (China). Sasken also has its presence across Germany, Japan, UK, and USA. Sasken has been listed in the National Stock Exchange of India Ltd., and BSE Ltd., since its initial public offering in 2005.

On December 23, 2016, the shareholders had approved changing the name of the Company to "Sasken Technologies Limited" and the change was made effective February 14, 2017, on receipt of necessary approvals.

## 2. Basis of preparation

### A. Basis of preparation

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, (the 'Act') read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

Accounting policies have been applied consistently to all periods presented in these financial statements, except for the adoption of new accounting standards and amendments to the existing accounting standards, effective as of April 1, 2018, as disclosed in note 3.

The financial statements correspond to the classification provisions contained in Ind AS 1,"Presentation of Financial Statements". For clarity, various items are aggregated in the Statements of Profit and Loss and Balance Sheet. These items are disaggregated separately in the notes to the standalone financial statements, where applicable.

### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts included in these financial statements are reported in INR (in lakhs), except share and per share data, unless otherwise stated.

### C. Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis of accounting, except for the following material items which have been measured at fair value as required by relevant Ind AS:

| Items | Measurement basis |
|---|---|
| Derivative financial instruments | Fair value |
| Investments classified as fair value through profit or loss | Fair value |
| Net defined benefit (asset) / liability | Fair value of plan assets less present value of defined benefit obligations |
| Stock options | Fair value |

### D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### Assumptions and estimation uncertainties

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are included in the following notes:

(a) Revenue recognition:

The Company uses the percentage of completion i.e. input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

(b) Impairment testing (non-financial assets):

Investments in subsidiaries and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less costs to sell. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

(c) Income taxes:

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(d) Deferred taxes:

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

(e) Defined benefit plans and compensated absences

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

(f) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

(g) Other estimates:

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of the highly probable cash flow forecast transaction.

E. Measurement of fair values:

Some of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. Significant accounting policies

### (a) Property, plant and equipment (including intangible assets)

#### *i. Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation / Amortization and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

#### *ii. Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the incremental future economic benefits associated with the expenditure will flow to the Company.

#### *iii. Depreciation and amortization*

Based on an independent assessment, management has estimated the useful lives of the following classes of assets, which are lower than or equal to those indicated in Schedule II of the Companies Act, 2013. Management believes this best represents the period over which they expect to use these assets. Depreciation is provided using the straight line method (SLM), over the estimated useful life of the asset, as follows:

| Assets block | Estimated useful life | Useful life as per Schedule II |
|---|---|---|
| Buildings | 20 | 60 |
| Computers | 3 | 3 |
| Electrical fittings | 5 | 10 |
| Furniture and fixtures | 10 | 10 |
| Office equipment | 5 | 5 |
| Plant and equipment | 5 | 15 |

Leasehold improvements are amortized over the shorter of estimated useful life of the assets or the related lease term. Freehold land is not depreciated.

Assets with unit value of ₹5,000 or less are depreciated entirely in the year of acquisition.

Intangible assets are amortized over the estimated useful life (3 to 5 years), on a straight line basis.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work - in-progress.

### (b) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

### (c) Revenue

The Company derivies revenues from rendering software services, installation and commissioning services and maintenance services.

Effective April 1, 2018, the Company has adopted Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the standalone Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have material impact on the financial statements of the Company.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

#### *i. Time and Material contracts*

Revenue and costs relating to time and material contracts are recognized as and when the services are rendered.

#### *ii. Fixed-price contracts*

Revenue from fixed price service contracts and customized technology developments is recognized based on the percentage of completion method (POC) of accounting with contract cost incurred determining the degree of completion of the performance obligation. Revenue from maintenance contracts is recognized ratably over the term of the maintenance arrangement.

The solutions offered by the Company may include supply of third-party software. In such cases, revenue for supply of such third party software are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

#### *iii. Others*

Revenue from royalty is recognized when the later of the following events occurs;

a) the subsequent sale or usage occurs; or

b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Deferred revenue ("contract liability") is recognized when there is billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income is recognized as it accrues in the Statement of Profit and Loss using effective interest rate method. Dividend income is recognized when the right to receive the dividend is established.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by geography and nature of services.

Use of significant judgements in revenue recognition:

The Company's contracts with customers include promises to transfer services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct service promised in the contract.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

## (d) Foreign currency

### *i. Foreign currency transactions*

*Initial recognition*

Transactions in foreign currency are translated into the reporting currency by applying to the foreign currency amount, the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date, of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/(losses), net within results of operating activities, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

### *ii. Foreign operations*

The assets and liabilities of foreign operations are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

## (e) Financial instruments

### *(i) Recognition and initial measurement*

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

*ii. Classification and subsequent measurement*

*Financial assets:*

On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |

*Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

*Financial assets:*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities:*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv. Derivative financial instruments and hedge accounting

The Company is exposed to foreign exchange risk from monetary assets, liabilities and forecasted cash flows denominated in foreign currencies. The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counter party is a bank.

Derivatives are initially measured at fair value. Attributable transaction costs are recognized in Statement of Profit and Loss as cost.

Subsequent to initial recognition, derivative financial instruments are measured as described below:

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in other equity under cash flow hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, is expired, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

### (f) Impairment

#### i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible defaults over the expected life of a financial instrument.

#### ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. Impairment losses are recognized in the Statement of Profit and Loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

### (g) Equity

#### i. Share capital and share premium

The authorized share capital of the Company as of March 31, 2019 and March 31, 2018 is ₹5,500 lakhs i.e. 550 lakh equity shares of ₹10 each, par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholders' meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

ii. Capital reserve

Capital reserve amounting to ₹132 lakhs (March 31, 2018: ₹132 lakhs) is not freely available for distribution.

iii. Capital redemption reserve

Capital redemption reserve amounting to ₹1,315.58 lakhs (March 31, 2018: ₹1,315.58 lakhs) is not freely available for distribution.

iv. Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes and is available for dividend distribution.

v. General reserve

General reserve comprises of the Company's undistributed earnings after taxes and is available for dividend distribution.

vi. Other comprehensive income

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and remeasurement gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

(a) Cash flow hedging reserve

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized in other comprehensive income (net of taxes), and presented within equity as cash flow hedging reserve.

(b) Remeasurement gains / losses

Remeasurement gains / losses on defined benefit plans are recognized in other comprehensive income (net of taxes) and presented in within equity.

(h) Employee benefits

(a) Post-employment and pension plans

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

All remeasurement gains or losses are immediately recognized in other comprehensive income, net of taxes and permanently excluded from profit or loss. Further, the profit or loss will not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income, net of taxes. The Company has the following employee benefit plans:

i. Gratuity

The Company provides for gratuity, a defined benefit plan covering all eligible employees. The plan provides a lump sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company.

The Company contributes to gratuity funds maintained by third parties, such as insurance companies and mutual funds. The amount of contribution is determined based upon remeasurement valuations as at the period end using the projected unit credit method. Provision is made for the shortfall between the remeasurement valuation carried out as at balance sheet date as per projected unit credit method and the fair value of the plan assets with the third parties, such as insurance companies and mutual funds.

Remeasurements of the net defined benefit liability, which comprise remeasurement gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI, net of taxes. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

ii. Provident fund

Employees in India are eligible to receive Provident Fund benefits through a defined benefit plan in which the employees and the employer make monthly contributions to the plan. A portion of the contribution is made to the approved Provident Fund Trust managed by the Company while the remainder of the contribution is made to the Government administered pension fund. The Provident Fund Trust guarantees a specified rate of return on such contributions. The contributions made to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the Trust's assets based on the Government specified rate of return. The contributions made to the Government administered Pension Fund is accounted for as a defined contribution plan as the company has no obligation other than to make such contributions.

iii. Pension

In case of Germany branch, pension contributions are made as per the local laws and regulations. The Company provides for these pension benefits, a defined benefit plan, covering all eligible employees. The plan provides for various pension benefits to eligible employees at retirement or on termination of employment based on earnings of the respective employee and the years of employment with the Company. The Company contributes to a reinsured support fund maintained by an external agency. The contributions made by the employer are charged to the Statement of Profit and Loss on accrual basis. Provision is made for the shortfall between the remeasurement valuation carried out as at the year end are based on the projected unit credit method and the plan assets.

For other overseas branches, social security contributions are made as per the respective local laws and regulations. The same is charged to the Statement of Profit and Loss on an accrual basis. There are no obligations beyond the respective entity's contributions.

Remeasurements of the net defined benefit liability, which comprise remeasurement gains and losses are recognized in OCI.

iv. Superannuation

The Company contributes to a superannuation scheme, a defined contribution plan maintained by an insurance company. Such contributions are charged to the Statement of Profit and Loss on an accrual basis. The Company has no other obligations beyond its monthly contributions.

b) Short - term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

c) Compensated absences

The Company's employees are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on remeasurement valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

Accumulated leaves, which are expected to be utilised within the next twelve months and not eligible to be carried forward to future years, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. These amounts are charged to the Statement of Profit and Loss.

### (i) Income taxes

Income tax comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date and applicable for the period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or to realize the asset and settle the liability simultaneously.

#### ii. Deferred tax

Deferred tax is recognized using the balance sheet approach in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets, whether unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specifi ed period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, in accordance with the provisions of the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and disclosed as part of "Deferred tax assets" in the Balance Sheet. The company reviews the MAT credit at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### (j) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) and buy back of shares. Shares bought back are considered to have been bought back at the beginning of the year, irrespective of the date of buy back.

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

### (k) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value 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.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. A contingent asset is neither recognized nor disclosed in the financial statements.

### (l) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprise of cash at bank and in hand and short term investments with an original maturity value of three months or less. The Cash Flow Statement is prepared under the indirect method.

### (m) Stock compensation expense

Measurement and disclosure of the employee share-based payment plans is done in accordance Ind AS 102 share based payments. The Company accounts for stock compensation expense based on the fair value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The accounting value of the options outstanding net of the deferred compensation expense is reflected as employee stock options outstanding.

## 3a. Recent Indian Accounting Standards (Ind AS)

### Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

### Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

### Ind AS 116 - Accounting for leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognizes right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases using the modified retrospective approach with the lease liability being recognized at the date of initial application. The lease liability is measured at the present value of the remaining lease payments discounted using lease incremental borrowing rate at the date of initial application. Under the option given in para C8(b)(ii), the right-of-use asset is recognized at the date of initial application . The ROU asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Balance Sheet immediately before the date of initial application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided in the Standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from April 1, 2019, the Company will recognize new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) Depreciation for the right-to-use asset, and b) Interest Expense on Lease Liability.

On preliminary assessment, for leases other than short-term leases and leases of low value assets, the Company does not expect the adoption of this standard to have a significant impact on its financial statements.

## 4. Property, plant and equipment

Amount in ₹ lakhs

| Particulars | Freehold Land | Buildings | Leasehold Improvements | Computers | Electrical Fittings | Furniture and Fixtures | Office Equipment | Plant and Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | |
| As at April 1, 2017 | 2,287.67 | 847.35 | 130.01 | 521.15 | 86.35 | 132.32 | 176.34 | 75.61 | 4,256.80 |
| Additions | - | 14.17 | - | 216.07 | 4.69 | 1.31 | 96.96 | 2.49 | 335.69 |
| Disposals | - | - | - | (82.70) | - | (0.63) | (21.54) | (0.70) | (105.57) |
| As at March 31, 2018 | 2,287.67 | 861.52 | 130.01 | 654.52 | 91.04 | 133.00 | 251.76 | 77.40 | 4,486.92 |
| As at April 1, 2018 | 2,287.67 | 861.52 | 130.01 | 654.52 | 91.04 | 133.00 | 251.76 | 77.40 | 4,486.92 |
| Additions | - | - | 10.69 | 433.42 | 23.05 | 76.42 | 134.80 | 99.68 | 778.06 |
| Disposals | - | (13.61) | (14.90) | (0.70) | - | (21.42) | (1.86) | - | (52.49) |
| As at March 31, 2019 | 2,287.67 | 847.91 | 125.80 | 1,087.24 | 114.09 | 188.00 | 384.70 | 177.08 | 5,212.49 |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2017 | - | 168.06 | 31.22 | 194.09 | 35.37 | 54.47 | 42.98 | 33.83 | 560.02 |
| Depreciation for the year | - | 180.39 | 19.41 | 220.66 | 21.31 | 21.28 | 38.14 | 32.49 | 533.68 |
| Disposals | - | - | - | (82.70) | - | (0.63) | (21.54) | (0.70) | (105.57) |
| As at March 31, 2018 | - | 348.45 | 50.63 | 332.05 | 56.68 | 75.12 | 59.58 | 65.62 | 988.13 |
| As at April 1, 2018 | - | 348.45 | 50.63 | 332.05 | 56.68 | 75.12 | 59.58 | 65.62 | 988.13 |
| Depreciation for the year | - | 170.06 | 16.68 | 241.25 | 15.68 | 18.58 | 61.44 | 26.92 | 550.61 |
| Disposals | - | (6.40) | (13.14) | (0.70) | - | (19.01) | (0.13) | - | (39.39) |
| As at March 31, 2019 | - | 512.11 | 54.17 | 572.60 | 72.36 | 74.69 | 120.89 | 92.54 | 1,499.35 |
| **Net carrying amount** | | | | | | | | | |
| As at March 31, 2018 | 2,287.67 | 513.07 | 79.38 | 322.47 | 34.36 | 57.88 | 192.18 | 11.78 | 3,498.79 |
| As at March 31, 2019 | 2,287.67 | 335.80 | 71.64 | 514.64 | 41.73 | 113.31 | 263.81 | 84.54 | 3,713.14 |

## 5. Intangible assets

Amount in ₹ lakhs

| Particulars | Computer Software | Total |
|---|---|---|
| Gross carrying amount | | |
| As at April 1, 2017 | 64.30 | 64.30 |
| Additions | 48.73 | 48.73 |
| Disposals | (0.75) | (0.75) |
| As at March 31, 2018 | 112.28 | 112.28 |
| As at April 1, 2018 | 112.28 | 112.28 |
| Additions | 11.14 | 11.14 |
| Disposals | - | - |
| As at March 31, 2019 | 123.42 | 123.42 |
| Accumulated amortization | | |
| As at April 1, 2017 | 48.66 | 48.66 |
| Amortization for the year | 29.04 | 29.04 |
| Disposals | (0.75) | (0.75) |
| As at March 31, 2018 | 76.95 | 76.95 |
| As at April 1, 2018 | 76.95 | 76.95 |
| Amortization for the year | 28.61 | 28.61 |
| Disposals | - | - |
| As at March 31, 2019 | 105.56 | 105.56 |
| Net carrying amount | | |
| As at March 31, 2018 | 35.33 | 35.33 |
| As at March 31, 2019 | 17.86 | 17.86 |

## 6. Investments

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Non - current investments | | |
| Investments in subsidiary companies | 4,426.88 | 3,387.18 |
| Investments in joint ventures | - | - |
| Preference securities | 500.00 | 500.00 |
| Tax free bonds | 5,416.07 | 5,424.96 |
| Fixed maturity plans | 16,074.53 | 23,979.19 |
| Arbitrage funds | 15,406.02 | 14,453.42 |
| Equity linked funds | 3,441.39 | - |
| Others | - | - |
| Total | 45,264.89 | 47,744.75 |
| Non - current investments | | |
| Investment in subsidiary companies | | |
| Sasken Communication Technologies Mexico, S.A. de C.V., Mexico | | |
| 9,600 (March 31, 2018: 9,600) equity shares of Mexican Peso 500 each, fully paid up | 176.75 | 176.75 |
| Less: Provision for diminution in value of investment | (176.75) | (176.75) |
| | - | - |
| Sasken Communication Technologies (Shanghai) Co. Ltd., China towards equity capital, fully paid up | 706.96 | 706.96 |
| Less: Provision for diminution in value of investment | (282.48) | (282.48) |
| | 424.48 | 424.48 |

6. Investments *(Contd.)*

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Sasken Finland Oy | | |
| 20,197 (March 31, 2018: 20,197) equity shares of EUR 1 each, fully paid up | 17,843.13 | 17,843.13 |
| Less: Provision for diminution in value of investment | (16,418.52) | (16,418.52) |
| | 1,424.61 | 1,424.61 |
| Sasken Inc., USA | | |
| 61,887,680 (March 31, 2018: 36,054,347) equity shares of USD 0.01 each, fully paid up | 6,883.93 | 5,844.23 |
| Less: Provision for diminution in value of investment | (4,306.14) | (4,306.14) |
| | 2,577.79 | 1,538.09 |
| Total | 4,426.88 | 3,387.18 |
| Investments in joint ventures | | |
| TACO Sasken Automotive Electronics Ltd. (Refer note 6 (A) below) | | |
| 52,00,403 (March 31, 2018: 52,00,403) equity shares of ₹10 each, fully paid up | 520.04 | 520.04 |
| Less: Provision for diminution in value of investment | (520.04) | (520.04) |
| | - | - |
| Investment in joint ventures (Refer note 6 (A) below) | | |
| TACO Sasken Automotive Electronics Ltd. | | |
| 24,78,000 (March 31, 2018: 24,78,000) redeemable preference shares of ₹10 each, fully paid up | 247.80 | 247.80 |
| Less: Provision for diminution in value of investment | (247.80) | (247.80) |
| | - | - |
| Investment in unquoted preference shares at amortized cost | | |
| Axiom Research Labs Private Ltd. | | |
| 424 (March 31, 2018: 424) preference shares of ₹10 each, fully paid up | 237.06 | 237.06 |
| Less: Provision for diminution in value of investment | (237.06) | (237.06) |
| | - | - |
| Tata Capital Limited | | |
| 50,000 (March 31, 2018: 50,000) 8.33% fully paid non-convertible Cumulative Redeemable non-participating Preference shares ("CRPS") of ₹1,000 each, fully paid up | 500.00 | 500.00 |
| Total | 500.00 | 500.00 |

6(A) TACO Sasken Automotive Electronics Limited ("TSAE") (formerly known as TACO Sasken Automotive Electronics Private Limited)

The Company has a 50% interest in a joint venture company, TACO Sasken Automotive Electronics Limited (formerly known as TACO Sasken Automotive Electronics Private Limited) ("TSAE") in Pune. The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies.

Considering the closure of operations of TSAE, the Company does not expect any dividend on liquidation and hence a provision for diminution in the value of investments in TSAE amounting to ₹767.84 lakhs (March 31, 2018: ₹767.84 lakhs) has been recorded to the extent of 100% of the carrying value of the investment.

Investment in quoted tax free bonds at amortized cost

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| 60,400 (March 31, 2018: 60,400) 7.28% IRFC tax free bonds of ₹1,000 each - 15 Years | 604.00 | 604.00 |
| 1,00,000 (March 31, 2018: 1,00,000) 7.34% IRFC tax free bonds of ₹1,026.80 each - 15 Years | 1,021.89 | 1,023.63 |
| 32,000 (March 31, 2018: 32,000) 7.35% IRFC tax free bonds of ₹1,033.20 each - 15 Years | 329.21 | 329.69 |
| 12,007 (March 31, 2018: 12,007) 7.39% HUDCO tax free bonds of ₹1,001.96 each - 15 Years | 120.27 | 120.28 |
| 2,00,000 (March 31, 2018: 2,00,000) 7.39% HUDCO tax free bonds of ₹1,033.75 each - 15 Years | 2,058.83 | 2,061.92 |
| 47,500 (March 31, 2018: 47,500) 8.50% NHAI tax free bonds of ₹1,125 each - 15 Years | 524.70 | 528.14 |
| 75,570 (March 31, 2018: 75,570) 7.35% NHAI tax free bonds of ₹1,002.49 each - 15 Years | 757.17 | 757.30 |
| Total | 5,416.07 | 5,424.96 |

6. Investments (Contd.)

Investment in mutual funds at FVTPL

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Fixed maturity plans, quoted* | | |
| Nil (March 31, 2018: 52,00,000) units of ₹12.75 each, HDFC FMP 1128D - Direct Growth - Series 33 | - | 662.88 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.76 each, HSBC FTS 131 - Direct Plan - Growth | 1,075.90 | 1,003.50 |
| 1,15,00,000 (March 31, 2018: 1,15,00,000) units of ₹10.80 each, Tata FMP Series 53 - Scheme A - Direct Plan - Growth | 1,241.55 | 1,155.07 |
| Nil (March 31, 2018: 31,00,000) units of ₹13.76 each, IDFC FTPS - 91 370 - Direct - Growth | - | 426.55 |
| 1,41,50,000 (March 31, 2018: NIL) units of ₹10.25 each, HSBC FTS 137 - Dir - Growth | 1,450.86 | - |
| Nil (March 31, 2018: 22,87,680) units of ₹13.78 each, L&T FMP Series XI - Plan A - Direct - Growth | - | 315.17 |
| Nil (March 31, 2018: 1,00,00,000) units of ₹12.92 each, Reliance FHF XXIX - Series 19 - Direct Plan - Growth | - | 1,201.30 |
| Nil (March 31, 2018: 1,47,00,000) units of ₹12.62 each, Birla Sun Life Mutual Fund FTP SR NE (1100 D) Direct Growth | - | 1,757.40 |
| Nil (March 31, 2018: 70,00,000) units of ₹12.56 each, SBI Mutual Fund Debt FD Series B - 36 (1131 D) Direct Growth | - | 817.96 |
| Nil (March 31, 2018: 1,05,00,000) units of ₹12.64 each, ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct Cumulative | - | 1,233.27 |
| Nil (March 31, 2018: 1,50,00,000) units of ₹12.63 each, UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth | - | 1,761.81 |
| Nil (March 31, 2018: 1,50,00,000) units of ₹12.10 each, Reliance FHF 31 - Series 9 - Direct Plan - Growth | - | 1,684.47 |
| Nil (March 31, 2018: 60,00,000) units of ₹12.00 each, Reliance FHF 31 - Series 13 - Direct Plan - Growth | - | 668.81 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹11.73 each, Reliance FHF 32 - Series 5 - Direct Plan - Growth | 1,172.65 | 1,088.06 |
| 1,20,00,000 (March 31, 2018: 1,20,00,000) units of ₹11.55 each, UTI FTIF - Series XXVI - Plan 6 - Direct Plan - Growth | 1,385.46 | 1,287.67 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹11.54 each, DSP BlackRock FMP Series 205 - 37 Direct Plan - Growth | 1,153.75 | 1,072.30 |
| 1,12,00,000 (March 31, 2018: 1,12,00,000) units of ₹11.59 each, ICICI Prudential FMP - Series 80 - 1233 days - Plan O - Direct Plan - Growth | 1,298.32 | 1,203.26 |
| 1,50,00,000 (March 31, 2018: 1,50,00,000) units of ₹11.57 each, Birla Sun Life FTP - Series OI - Direct Plan - Growth | 1,735.79 | 1,611.84 |
| 1,00,000 (March 31, 2018: 1,00,000) units of ₹1,157.68 each, DHFL Pramerica FDP Series AE - Direct Plan - Growth | 1,157.68 | 1,074.14 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹11.52 each, Invesco India FMP - Series XXIX - Plan B - Direct Plan - Growth | 1,152.20 | 1,070.56 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.96 each, ICICI Prudential FMP Series 82 - Plan A - Direct Plan - Growth | 1,095.53 | 1,017.58 |
| Nil (March 31, 2018: 66,50,000) units of ₹12.78 each, UTI FTI - Series XXII - Plan 1 - Direct - Growth | - | 849.96 |
| 1,00,00,000 (March 31, 2018: Nil) units of ₹10.65 each, UTI FTI - Series XXIX - Plan 1 - Direct - Growth | 1,064.80 | - |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.90 each, Franklin India FMP Series 2 - Plan A - Direct Plan - Growth | 1,090.04 | 1,015.63 |
| Total | 16,074.53 | 23,979.19 |

## 6. Investments *(Contd.)*

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Arbitrage funds, unquoted* | | |
| 1,08,55,912 (March 31, 2018: 1,72,00,578) units of ₹11.02 each, Aditya Birla Sun Life Enhanced Arbitrage Fund - Dividend Payout - Direct Plan | 1,196.82 | 1,898.89 |
| 2,00,95,269 (March 31, 2018: 2,00,95,269) units of ₹10.30 each, L&T Arbitrage Opportunities Fund - Monthly Dividend Payout - Direct Plan | 2,069.41 | 2,060.17 |
| 1,35,10,285 (March 31, 2018: 1,35,10,285) units of ₹11 each, Reliance Arbitrage Fund - Dividend Payout - Direct Plan | 1,485.70 | 1,466.78 |
| 21,58,018 (March 31, 2018: 21,58,018) units of ₹14.49 each, ICICI Prudential Equity Arbitrage Fund - Dividend Payout - Direct Plan | 312.73 | 311.66 |
| 99,91,266 (March 31, 2018: 1,49,38,452) units of ₹14.19 each, SBI Arbitrage Opportunities Fund - Dividend Payout - Direct Plan | 1,417.75 | 2,113.66 |
| 1,26,93,898 (March 31, 2018: 1,26,93,898) units of ₹16.95 each, UTI Spread Fund - Dividend Payout - Direct Plan | 2,152.03 | 2,116.20 |
| 1,61,81,160 (March 31, 2018: 1,61,81,160) units of ₹11.01 each, Kotak Equity Arbitrage Fund - Dividend Payout - Direct Plan | 1,781.16 | 1,778.28 |
| 25,26,678 (March 31, 2018: 25,26,678) units of ₹23.54 each, Kotak Equity Arbitrage Fund - Fortnightly Dividend Payout - Direct Plan | 594.75 | 595.14 |
| 2,13,39,783 (March 31, 2018: 1,93,27,759) units of ₹11.05 each, Axis Enhanced Arbitrage Fund - Dividend Payout - Direct Plan | 2,357.02 | 2,112.64 |
| 1,55,02,463 (March 31, 2018: Nil) units of ₹13.15 each, IDFC Arbitrage Fund - Dividend Payout - Direct Plan | 2,038.65 | - |
| Total | 15,406.02 | 14,453.42 |
| *Equity linked funds, unquoted* | | |
| 5,28,476 (March 31, 2018: Nil) units of ₹125.48 each, Aditya Birla Sun Life Equity Fund - Dir - Dividend | 663.13 | - |
| 10,77,489 (March 31, 2018: Nil) units of ₹66.92 each, DSP BlackRock Equity Fund - Dir - Dividend | 721.10 | - |
| 16,90,761 (March 31, 2018: Nil) units of ₹39.72 each, Franklin India Equity Fund - Dir - Dividend | 671.56 | - |
| 19,26,379 (March 31, 2018: Nil) units of ₹34 each, IDFC Multi Cap Fund - Dir - Dividend | 654.97 | - |
| 28,45,394 (March 31, 2018: Nil) units of ₹25.68 each, SBI Magnum Multi Cap Fund - Dir - Dividend | 730.63 | - |
| Total | 3,441.39 | - |
| Other investments | | |
| Prime Telesystems Ltd. | | |
| 3,92,285 (March 31, 2018: 3,92,285) equity shares of ₹10 each, fully paid up | 240.00 | 240.00 |
| Less: Provision for diminution in value of investment | (240.00) | (240.00) |
| Net Amount | - | - |
| Investment in unquoted equity shares at FVTPL | | |
| Axiom Research Labs Private Ltd. | | |
| 5 (March 31, 2018: 5) equity shares of ₹10 each, fully paid up | 2.80 | 2.80 |
| Less: Provision for diminution in value of investment | (2.80) | (2.80) |
| Net Amount | - | - |
| Aggregate amount of quoted investments and market value thereof | 21,490.61 | 29,404.15 |
| Aggregate amount of carrying value of unquoted investments | 23,774.29 | 18,340.60 |
| Aggregate amount of investments | 45,264.89 | 47,744.75 |
| Aggregate provision for diminution in value of investments | (22,431.59) | (22,431.59) |

Amount in ₹ lakhs

## 7. Other financial assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Security deposits | 287.08 | 286.71 |
| Advances to employees | 0.53 | 1.26 |
| Total | 287.61 | 287.97 |

## 8. Other non-current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Capital advances | 17.22 | 97.75 |
| Total | 17.22 | 97.75 |

## 9. Current investments

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Liquid mutual funds | 180.15 | 979.01 |
| Total | 180.15 | 979.01 |
| Investment in mutual funds at FVTPL | | |
| Arbitrage funds unquoted | | |
| *Liquid mutual funds, unquoted* | | |
| Nil (March 31, 2018: 85.66) units of ₹1,001.52 each, Tata Money Market Fund - Direct Plan - Daily Dividend Reinvestment | - | 0.86 |
| Nil (March 31, 2018: 6,175.75) units of ₹1,012.89 each, L&T Liquid Fund - Direct Plan - DDR | - | 62.55 |
| Nil (March 31, 2018: 58,006.51) units of ₹1,000.96 each, Axis Liquid Fund - Daily Dividend Reinvestment | - | 580.62 |
| Nil (March 31, 2018: 33,430.59) units of ₹1,002.01 each, Baroda Pioneer Liquid Fund - Plan B - Direct - Daily Dividend Reinvestment | - | 334.98 |
| 1,79,884 (March 31, 2018: NIL) units of ₹100.15 each ICICI Prudential Liquid Fund - Dir - Dly Dividend | 180.15 | - |
| Total | 180.15 | 979.01 |
| *Fixed maturity plans, quoted* | | |
| 1,00,00,000 (March 31, 2018: Nil) units of ₹12.92 each, Reliance FHF XXIX - Series 19 - Direct Plan - Growth | 1,292.31 | - |
| 70,00,000 (March 31, 2018: Nil) units of ₹12.56 each, SBI Mutual Fund Debt FD Series B-36 (1131 D) Direct Growth | 878.86 | - |
| 1,05,00,000 (March 31, 2018: Nil) units of ₹12.64 each, ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct Cumulative | 1,327.46 | - |
| 1,50,00,000 (March 31, 2018: Nil) units of ₹12.63 each, UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth | 1,895.00 | - |
| 1,50,00,000 (March 31, 2018: Nil) units of ₹12.10 each, Reliance FHF 31 - Series 9 - Direct Plan - Growth | 1,814.27 | - |
| 60,00,000 (March 31, 2018: Nil) units of ₹12.00 each, Reliance FHF 31 - Series 13 - Direct Plan - Growth | 719.82 | - |
| Total | 7,927.72 | - |
| Aggregate amount of quoted investments and market value thereof | - | - |
| Aggregate amount of unquoted investments | 8,107.87 | 979.01 |
| Aggregate amount of unquoted investments | 8,107.87 | 979.01 |

## 10. Trade receivables

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unsecured | | |
| Trade Receivables considered good - Unsecured | 7,330.31 | 7,139.43 |
| Trade Receivables which have significant increase in Credit Risk | - | 14.63 |
| Sub-total | 7,330.31 | 7,154.06 |
| Trade Receivables - credit impaired | - | (14.63) |
| Total | 7,330.31 | 7,139.43 |

The activity in the allowance for expected credit loss is presented below:

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 14.63 | 43.90 |
| Additions / reversals during the year, net | (14.63) | 14.03 |
| Uncollected trade receivables charged against allowance | - | (42.73) |
| Effect of restatement | - | (0.57) |
| Balance at the end of the period / year | - | 14.63 |

The Company's exposure to credit and currency risks, and loss allowance related to trade receivables is disclosed in note 32.

## 11. Cash and Cash equivalents

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with banks | | |
| - Current accounts | 297.70 | 1,361.94 |
| - Unpaid dividend accounts | 124.89 | 79.73 |
| Cash on hand | 0.77 | 0.81 |
| Total | 423.36 | 1,442.48 |

## 12. Other bank balances

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Bank balances held as margin money / security against guarantees | 0.45 | 1.42 |
| Total | 0.45 | 1.42 |

## 13. Other financial assets, current

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances to employees | 111.30 | 140.29 |
| Accrued interest | 960.72 | 166.32 |
| Security deposits | 57.62 | 150.72 |
| Receivables from subsidiary companies | | |
| - Sasken Inc. | 2.43 | 3.14 |
| - Sasken Finland Oy | 22.13 | - |
| Sasken Communication Technologies (Shanghai) Co. Ltd. | 44.88 | 42.29 |
| Total | 1,199.08 | 502.76 |

## 14. Other current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with government authorities | 174.49 | 163.68 |
| Advances to suppliers | 123.51 | 358.17 |
| Prepaid expenses | 710.00 | 160.51 |
| Loan to Sasken Finland Oy | 892.96 | - |
| Others | 28.34 | 35.56 |
| Total | 1,929.30 | 717.92 |

## 15. Share capital

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorized:** | | |
| 5,50,00,000 (March 31, 2018: 5,50,00,000) equity shares of ₹10 each | 5,500.00 | 5,500.00 |
| **Issued, subscribed and paid up capital:** | | |
| 1,71,10,114 (March 31, 2018: 1,71,10,114) equity shares of ₹10 each fully paid up | 1,711.01 | 1,711.01 |
| **Total** | 1,711.01 | 1,711.01 |

### a. Reconciliation of shares outstanding at the beginning and at the end of the year:

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | No. of shares | Amount |
| **Equity shares** | | |
| At the beginning of the year | 1,71,10,114 | 1,711.01 |
| Less: Bought-back during the year | - | - |
| **At the end of the year** | 1,71,10,114 | 1,711.01 |

| Particulars | As at March 31, 2018 | |
|---|---|---|
| | No. of shares | Amount |
| **Equity shares** | | |
| At the beginning of the year | 1,71,10,114 | 1,711.01 |
| Less: Bought-back during the year | - | - |
| **At the end of the year** | 1,71,10,114 | 1,711.01 |

### b. Buy -back of Equity Shares

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Aggregate number of equity shares bought back by the Company during the period of five years immediately preceding the Balance Sheet date. | 42,66,259 | 44,02,162 |

### c. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The dividend if any proposed by the Board of Directors is subject to shareholders' approval at the ensuing Annual General Meeting. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### d. Details of shareholders holding more than 5% shares in the Company:

| Name of the shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | No. of shares | % of total shares in the class | No. of shares | % of total shares in the class |
| Equity shares of ₹10 each, fully paid-up held by: | | | | |
| Rajiv C. Mody | 15,56,570 | 9.10% | 15,56,570 | 9.10% |
| Naman R. Mody | 9,38,302 | 5.48% | - | - |
| Gothic Corporation | 9,76,166 | 5.71% | - | - |
| GHI LTP Ltd. | - | - | 9,76,166 | 5.71% |

e. There are no shares reserved for issue under employee stock options.

f. There are no bonus shares issued during the period of five years immediately preceding the balance sheet date

g. The Company has issued 98,800 equity shares (As at March 31, 2018: 552,400) during the period of five years immediately preceding the reporting date on exercise of stock options granted under the Employee Stock Option Plan (ESOP), wherein part consideration was received in form of employee services.

h. During the period, the Company appropriated ₹9.50 towards dividend, which included final dividend of 2017-18 amounted to ₹4.50 and interim dividend for the FY 2018-19 ₹5.00 per equity share (March 31, 2018: ₹10.00 per equity share).

i. On April 23, 2019, the Board of Directors of the Company have recommended a final dividend of ₹7.50 per equity share for the year ended March 31, 2019. The same has not been accounted for in these financial statements, as it is not an adjusting event.

j. The Board, at its meeting on April 23, 2019 approved a proposal for the buyback of upto 19,98,678 fully paid-up equity shares of face value of ₹10 each from the eligible equity shareholders of the Company at a price of upto ₹850 per equity share for a total consideration not exceeding ₹16,988.76 lakhs.

Employee Stock Compensation

The Sasken Employees' Share Based Incentive Plan 2016 (Plan) was duly approved and instituted in December, 2016. The Plan authorizes the Board of Directors of the Company to offer share based incentive to eligible employees of the Company and its subsidiaries. The maximum number of shares to be issued under the Plan will be 8,85,900 equity shares. The Plan is administered by the Sasken Employees Welfare Trust.

The Company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

During the year ended March 31, 2019, 65,526 stock options have been granted under the Plan. These stock options will vest after a period of 4 years from the grant date and are subject to the achievement of certain performance conditions. The charge to the income statement on account of stock compensation cost for the year to date period ended March 31, 2019, is ₹55.53 lakhs (March 31, 2018: Nil).

The Company has used the Black-Scholes Option Pricing Model to determine the fair value of the stock options based on which the compensation cost for the current period has been computed.

The 2016 Plan is in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Details of Equity Options granted are as follows:

| Details of movement in the equity options granted during the year | Units (in Numbers) |
|---|---|
| Equity options outstanding at the beginning of the year | - |
| Number of options granted during the year | 65,526 |
| Options vested during the year | - |
| Options lapsed during the year | - |
| Total number of shares to be allotted on exercise of Equity | 65,526 |
| Options outstanding at the end of the year | 65,526 |
| Options exercisable at the end of the year | Nil |
| Exercise price of ESOP Options outstanding at the end of the year | ₹ 982 |

| The fair value has been calculated using the Black Scholes Option Pricing Model. The Assumptions used in the model on a weighted average basis at the time of grant are as follows : | Assumption values |
|---|---|
| 1. Risk free interest rate | 8.12% |
| 2. Weighted average contractual life | 5.50 |
| 3. Expected volatility | 44.94% |
| 4. Dividend yield | 1.02% |
| 5. Price of the underlying share in the market at the time of option grant | ₹ 981.85 |
| 6. Date of Grant | July 17, 2018 |
| 7. Exercise price | ₹ 982 |

## 16. Provisions, non-current

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provisions for employee benefits** | | |
| Pension | 557.70 | 633.03 |
| Compensated absences | 84.08 | 87.43 |
| **Provisions for other expenses** | | |
| Decommissioning liability | 69.59 | 91.31 |
| **Total** | **711.37** | **811.77** |

## 17. Trade payables

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Total outstanding dues to micro and small enterprises (refer note 35) | 32.27 | 11.92 |
| Total outstanding dues to creditors other than micro and small enterprises | 1,539.36 | 1,512.59 |
| **Total** | **1,571.63** | **1,524.51** |

## 18. Other financial liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Employee related payables | 1,381.98 | 2,169.33 |
| Unpaid dividends | 124.90 | 79.73 |
| **Total** | **1,506.88** | **2,249.06** |

## 19. Other current liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances received from customers | 398.37 | 148.14 |
| Capital creditors | 28.59 | 38.21 |
| Statutory liabilities | 605.40 | 734.81 |
| **Total** | **1,032.36** | **921.16** |

## 20. Provisions, current

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated absences | 911.13 | 913.70 |
| **Total** | **911.13** | **913.70** |

Amount in ₹ lakhs

### 21. Revenue from operations

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Sale of software services | 41,467.02 | 42,139.78 |
| Total | 41,467.02 | 42,139.78 |

### 22. Other income

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Dividends from current investments | 937.02 | 791.30 |
| Dividends from subsidiaries | 887.84 | 1,143.47 |
| Dividends from preference shares | 41.65 | 41.65 |
| Net gain / (loss) on sale of current investments | 2.12 | (103.02) |
| Net gain on sale of non-current investments | 22.00 | 240.96 |
| Interest income from: | | |
| - bank deposits | 13.02 | 16.00 |
| - tax free bonds | 384.60 | 385.17 |
| - income-tax refund | 966.51 | 418.45 |
| - loan to subsidiary | 19.68 | - |
| - others | 5.20 | 5.97 |
| Write back of unclaimed balances / provisions | 33.63 | - |
| Profit on sale of property plant and equipment | 37.73 | 18.07 |
| Foreign exchange gain, net | 121.20 | 45.41 |
| Miscellaneous (loss) / income | 24.50 | 15.68 |
| Net gains on fair value changes on investments classified as fair value through profit and loss | 1,769.15 | 1,843.49 |
| Total | 5,265.85 | 4,862.61 |

### 23. Employee benefits expense

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Salaries and bonus | 25,240.66 | 27,409.17 |
| Contribution to provident and other funds | 1,530.12 | 1,598.13 |
| Staff welfare expenses | 806.53 | 749.16 |
| Relocation expenses | 157.24 | 222.19 |
| Employee stock option compensation cost | 55.53 | - |
| Total | 27,790.08 | 29,978.65 |

## 24. Other expenses

Amount in ₹ lakhs

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Rent (refer note 31) | 393.10 | 445.29 |
| Repairs and maintenance: | | |
| - Plant and machinery | 449.06 | 426.33 |
| - Building | 439.27 | 428.43 |
| - Others | 66.71 | 34.22 |
| Communication expenses | 224.74 | 230.34 |
| Travel expenses | 1,668.26 | 1,238.92 |
| Electricity and water charges | 431.06 | 448.99 |
| Professional, legal and consultancy charges | 794.17 | 696.90 |
| Insurance | 114.49 | 117.88 |
| Contract staff cost | 1,565.58 | 1,587.93 |
| Software subscription charges | 79.28 | 84.30 |
| Training and conference expenses | 6.95 | 41.57 |
| Selling expenses | 62.88 | 113.59 |
| Commission | - | 1.09 |
| Provision for doubtful debts (net of recovery) | (14.63) | 11.83 |
| Auditor's remuneration: | | |
| - Audit fees | 31.00 | 31.00 |
| - Other services | 1.25 | 0.50 |
| - Reimbursement of expenses | 3.26 | 6.35 |
| Rates and taxes | (92.80) | 233.45 |
| Directors' sitting fees and commission | 85.80 | 78.19 |
| Donations | 2.36 | 1.31 |
| Contribution towards Corporate Social Responsibility (refer note 27) | 327.31 | 451.32 |
| Printing and stationery | 42.43 | 43.26 |
| Miscellaneous expenses | 153.03 | 158.65 |
| **Total** | **6,834.56** | **6,911.64** |

## 25. Income taxes

Amount in ₹ lakhs

### A. Amounts recognized in the Statement of Profit and Loss and other comprehensive income:

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Income tax expense:** | | |
| Current tax | 1,924.13 | 1,476.56 |
| Minimum Alternate Tax | (131.49) | - |
| Deferred tax - origination and reversal of temporary differences | 331.43 | (227.39) |
| | 2,124.07 | 1,249.17 |
| **Income tax included in other comprehensive income on:** | | |
| Remeasurements of the defined benefit liability | 28.20 | 4.85 |
| Net change in fair value of financial instruments through OCI | 372.29 | (424.52) |
| **Total** | 2,524.56 | 829.50 |

### B. Reconciliation of effective tax rate:

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Profit before income tax** | 11,529.01 | 9,549.38 |
| Enacted income tax rate in India | 34.94% | 34.61% |
| **Computed expected tax expense** | 4,028.70 | 3,304.85 |
| **Effect of:** | | |
| Non-deductible expenses | 141.59 | 171.92 |
| Branch profit tax for the US branch | 54.44 | 50.58 |
| Reversal of provisions recorded during previous years (net) | (194.51) | (179.40) |
| Items earlier disallowed now allowed (Provision for VAT liabilities) | (96.35) | (334.78) |
| Tax exempt income | (1,115.46) | (1,017.35) |
| Tax incentives | (485.34) | (540.83) |
| Income chargeable at special rates, net | (156.34) | (197.86) |
| Minimum Alternate Tax Credit entitlement | (131.49) | - |
| Other items | 78.83 | (7.96) |
| **Income tax expense, as above** | 2,124.07 | 1,249.17 |

C. Recognized deferred tax assets and liabilities

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

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Deferred tax assets* | | |
| Property, plant and equipment (including intangible assets) | 670.31 | 694.39 |
| Provisions for employee benefits | 202.69 | 233.89 |
| Derivative liabilities | - | 42.15 |
| MAT credit entitlement | 131.49 | - |
| Other items | - | 5.92 |
| Total deferred tax assets | 1,004.49 | 976.35 |
| *Deferred tax liabilities* | | |
| Investments at fair value through profit or loss | 20.14 | - |
| Unrealised Interest on Income Tax refund | 277.67 | - |
| Derivative assets | 328.77 | - |
| Re-measurement gain on gratuity | 33.19 | - |
| Other items | 4.94 | 36.15 |
| Total deferred tax liabilities | 664.71 | 36.15 |
| Deferred tax asset (net) | 339.78 | 940.20 |

D. Movement in temporary differences

| Net deferred income tax asset at the beginning (a) | Balance as at April 1, 2018 | Balance as at April 1, 2017 |
|---|---|---|
| Net deferred income tax asset | 940.20 | 293.14 |

| Credit / (Charge) in the standalone Statement of Profit and Loss during the period (b) | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Property, Plant and equipment (including intangible assets) | (21.05) | 3.00 |
| Provisions - employee benefits | 2.30 | 50.79 |
| Investments at fair value through profit or loss | (20.14) | 244.97 |
| Unrealised interest on income tax refund | (277.67) | - |
| Derivative assets | - | (33.96) |
| Undistributed earnings of Subsidiary Companies | - | (37.41) |
| Other items | (14.86) | - |
| | (331.42) | 227.39 |

| Credit in the other comprehensive income during the period (c) | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Provisions - employee benefits | (28.20) | (4.85) |
| MAT credit entitlement | 131.49 | - |
| Derivative assets / liabilities | (372.29) | 424.52 |
| | (269.00) | 419.67 |
| Net deferred income tax asset at the end of the period (d) = (a) + (b) + (c) | 339.78 | 940.20 |

E. Other tax assets and current tax liabilities

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Income tax assets | 5,374.55 | 5,814.63 |
| Income tax liabilities | 1,996.10 | 1,801.54 |
| | 3,378.45 | 4,013.09 |

Deferred taxes on unrealized foreign exchange gain / loss relating to cash flow hedges and actuarial gains / losses on defined benefit plans are recognized in other comprehensive income and presented within equity. Other than these, the change in deferred tax assets and liabilities is recorded in the Statement of Profit and Loss.

In assessing the realizability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

## 26. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company and the weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares.

i. Profit attributable to equity holders of the Company

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Profit after tax for the period | 9,404.94 | 8,300.21 |
| Profit attributable to equity holders of the Company for basic and dilutive earnings | 9,404.94 | 8,300.21 |

ii. Weighted average number of equity shares

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Issued ordinary shares at the beginning date | 1,71,10,114 | 1,71,10,114 |
| Effect of shares bought back | - | - |
| Weighted average number of shares at the end of the period | 1,71,10,114 | 1,71,10,114 |
| Effect of dilution | - | - |
| Weighted average number of equity shares for basic and diluted earnings per share | 1,71,10,114 | 1,71,10,114 |
| Basic and diluted earnings per share | 54.97 | 48.51 |

## 27. Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities identified by the Company and monitored by CSR Committee.

a) Gross amount required to be spent by the Company during the year is ₹327.21 lakhs (March 31, 2018: ₹451.11 lakhs)
b) Amount spent during the period on:

Amount in ₹ lakhs

| Particulars | For the year ended March 31, 2019 | | |
|---|---|---|---|
| | In cash | Yet to be paid in cash | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above | 327.31 | - | 327.31 |
| | 327.31 | - | 327.31 |

| Particulars | For the year ended March 31, 2018 | | |
|---|---|---|---|
| | In cash | Yet to be paid in cash | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above | 201.32 | 250.00 | 451.32 |
| | 201.32 | 250.00 | 451.32 |

## 28. Segments and disaggregated revenue information

### (a) Segmental information:

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company operates in one segment only i.e. "Software Services". The CODM evaluates performance of the Company based on revenue and operating income from "Software Segment". Accordingly, segment information has not been separately disclosed. The Company earns revenues from customers located across different geographies, the revenues based on domicile of the customer are disclosed in Note (c) below. Assets and liabilities used in the Company's business are not identified to any of the geographies, as these are used interchangeably between geographies. The management believes that it is currently not practicable to provide disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

### (b) Revenue by contract type:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Time and Material contracts | 26,932.30 | 30,757.34 |
| Fixed Priced Contracts | 14,534.72 | 11,382.44 |
| Total | 41,467.02 | 42,139.78 |

### (c) Revenue by geography :

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| India | 14,019.82 | 14,566.63 |
| North America (including Canada) | 16,053.11 | 17,199.41 |
| Europe (including middle East) | 8,093.40 | 8,886.24 |
| Rest of the World | 3,300.69 | 1,487.50 |
| Total | 41,467.02 | 42,139.78 |

2 of our customer group individually accounted for more than 10% of the revenues during the period March 31, 2019 (March 31, 2018: Customer group).

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws, etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹9,175 lakhs out of which 100% is expected to be recognized as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows:

Amount in ₹ lakhs

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 817.89 |
| Revenue recognized during the year | 14,265.00 |
| Invoices raised during the year | (13,749.05) |
| Translation exchange difference | (15.05) |
| Balance at the end of the year | 1,318.79 |

Changes in Unearned and deferred revenue are as follows:

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 1,118.51 |
| Revenue recognized that was included in the unearned and deferred revenue at the beginning of the year | (1,118.51) |
| Increase due to invoicing during the year, excluding amounts recognized as revenue during the year | 354.86 |
| Translation exchange difference | - |
| Balance at the end of the year | 354.86 |

Reconciliation of revenue recognized with the contracted price is as follows:

| | Year ended March 31, 2019 |
|---|---|
| Contracted price | 41,467.02 |
| Reduction towards variable consideration components | - |
| Revenue recognized | 41,467.02 |

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

## 29. Related party disclosures

a) Following is the list of subsidiaries / controlled trust / joint ventures / other related parties of the Company:

| Particulars | Country of incorporation | Ownership interest as at | |
|---|---|---|---|
| | | March 31, 2019 | March 31, 2018 |
| **Subsidiaries** | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. ('Sasken Mexico') | Mexico | 100.00% | 100.00% |
| Sasken Communication Technologies (Shanghai) Co. Ltd. ('Sasken China') | China | 100.00% | 100.00% |
| Sasken Finland Oy ('Sasken Finland') | Finland | 100.00% | 100.00% |
| Sasken Inc. ('Sasken Inc.') | USA | 100.00% | 100.00% |
| **Controlled Trust** | | | |
| Sasken Foundation | India | | |
| Sasken Employees Welfare Trust | India | | |
| **Joint ventures** | | | |
| TACO Sasken Automotive Electronics Limited ('TSAE') | India | 50.00% | 50.00% |
| **Other related parties** | | Nature of relationship | |
| SAS Employees Provident Fund Trust | India | Post Employment benefit plan of Sasken | |
| Sasken Employees Gratuity Fund Trust | India | Post Employment benefit plan of Sasken | |
| Sasken Employees Superannuation Fund Trust | India | Post Employment benefit plan of Sasken | |

b) Following is the list of other related parties:

(i) Key Managerial Personnel ('KMP')

| Name of the related party | Relationship |
|---|---|
| Rajiv C. Mody | Chairman, Managing Director and Chief Executive Officer |
| Neeta S. Revankar | Whole Time Director and Chief Financial Officer |
| S. Prasad | Company Secretary |

(ii) Parties other than KMPs

| Name of the related party | Relationship |
|---|---|
| Bansi S. Mehta | Independent Director (vacated his office effective April 23, 2019) |
| Prof J. Ramachandran | Independent Director |
| Bharat V. Patel | Independent Director |
| Sanjay M. Shah | Independent Director |
| Sunirmal Talukdar | Independent Director |
| Jyotindra B. Mody | Non-executive Director (resigned effective February 15, 2019) |
| Pranabh D. Mody | Non-executive Director |
| G. Venkatesh | Non-executive Director |

c) Related party compensation

Amount in ₹ lakhs

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Short term employee benefits - KMPs | 341.78 | 707.62 |
| Short term employee benefits - Others | 85.80 | 91.00 |
| **Total** | **427.58** | **798.62** |

Post-employment benefits comprising gratuity and compensated absences are not disclosed as these are determined for the Company as a whole.

d) Related party transactions other than those with key management personnel:

| Particulars | Transactions during | |
|---|---|---|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| i) Cross charges for common administrative services | | |
| - Sasken Finland | 3.31 | 4.58 |
| - Sasken Inc. | 13.43 | 16.24 |
| ii) Software development services rendered to: | | |
| - Sasken Inc. | 169.87 | 315.91 |
| iii) Interest earned on Loan given to: | | |
| - Sasken Finland | 19.68 | - |
| iv) Dividends received from: | | |
| - Sasken Finland | 573.32 | 472.83 |
| - Sasken Inc. | 146.91 | 256.52 |
| - Sasken China | 167.61 | 414.12 |
| v) Investments in Subsidiaries and Joint Ventures during the year | | |
| - Sasken Inc. | 1,039.70 | - |
| v) Loans given to: | | |
| - Sasken Finland | 892.96 | - |
| - Sasken Employees Welfare Trust | 460.80 | - |

Amount in ₹ lakhs

| Particulars | Balances outstanding as at | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| i) Loans outstanding from | | |
| - Sasken Finland | 892.96 | - |
| - Sasken Employees Welfare Trust | 460.80 | - |
| ii) Amounts receivable towards reimbursement of expenses from subsidiaries | | |
| - Sasken China | 44.88 | 42.29 |
| - Sasken Inc. | 5.18 | 3.14 |
| - Sasken Finland | 22.13 | - |
| iii) Trade payables | | |
| - Sasken Mexico | 1.98 | 1.87 |
| - Sasken China | 190.91 | 179.92 |
| - Sasken Inc. | 15.95 | - |
| iv) Deferred revenue | | |
| - Sasken Inc. | 11.95 | 55.33 |
| v) Trade receivables | | |
| - Sasken Inc. | 67.17 | 47.97 |

## 30. Employee benefits

### Defined contribution plan:

### Pension Fund and Superannuation:

The Company makes contributions to the Government administered pension fund, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. Further, the Company also contributes to a superannuation scheme, maintained by an insurance company. To the extent of such contributions, the Company has no obligation other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contributions for the period ended March 31, 2019 aggregated to ₹229.19 lakhs (March 31, 2018 ₹266.39 lakhs).

### Defined benefit plan:

a) **Provident Fund**

The Company also makes contributions to the approved Provident Fund Trust (SAS Employees Provident Fund Trust) managed by the Company, in respect of qualifying employees towards Provident Fund, which is a defined benefit plan. The contributions made to the Trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the Trust's assets based on the Government specified rate of return. The amount recognized as an expense towards contribution to this plan for the period ended March 31, 2019 aggregated to ₹616.67 lakhs (March 31, 2018 ₹574.84 lakhs).

The details of fund and plan assets in relation to Provident Fund Scheme managed by the Trust are given below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Fair value of plan assets | 14,151.05 | 13,824.82 |
| Present value of defined benefit obligation | 14,151.05 | 13,824.82 |
| Net (shortfall) / excess | - | - |

The plan assets have been primarily invested in securities issued by the Government of India and high quality corporate bonds.

### 30. Employee benefits *(contd.)*

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.25% | 7.55% |
| Average remaining tenure of investment portfolio | 6.72 years | 6.2 years |
| Guaranteed rate of return | 8.65% | 8.55% |

#### Defined benefit plan:

#### b) Gratuity

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. Further, in case of the branch in Germany branch, pension contributions are also made as per the local laws and regulations. The Company provides for these pension benefits, a defined benefit plan, covering all eligible employees.

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Defined benefit asset | 2,112.29 | 2,047.58 |
| Total employee benefit asset (a) | 2,112.29 | 2,047.58 |
| Defined benefit liability (b) | 2,083.95 | 2,012.02 |
| Net employee benefit liabilities / (assets) (c = b - a) | (28.34) | (35.56) |
| Non-current | - | - |
| Current | (28.34) | (35.56) |

#### Reconciliation of the net defined benefit liability:

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability / (asset) and its components:

Reconciliation of present value of defined benefit obligation:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 2,012.02 | 1,983.95 |
| Benefits paid | (241.16) | (278.85) |
| Current service cost | 167.74 | 166.23 |
| Interest cost | 138.64 | 130.22 |
| Actuarial (gains) / losses recognized in other comprehensive income | | |
| - changes in demographic assumptions | - | - |
| - changes in financial assumptions | 17.93 | (19.72) |
| - experience adjustments | (11.22) | 30.19 |
| Balance at the end of the year (a) | 2,083.95 | 2,012.02 |

Amount in ₹ lakhs

Reconciliation of the present value of plan assets:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 2,047.58 | 1,989.14 |
| Contributions paid into the plan | 121.00 | 170.00 |
| Benefits paid | (241.16) | (278.85) |
| Interest income | 152.46 | 142.50 |
| Return on plan assets recognized in other comprehensive income | 32.41 | 24.79 |
| Balance at the end of the year (b) | 2,112.29 | 2,047.58 |
| Net defined benefit liability / (asset) (c = a - b) | (28.34) | (35.56) |

Actuarial assumptions - defined benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.09% | 7.33% |
| Expected return on plan assets | 7.09% | 7.33% |
| Salary escalation rate | 10.00% | 10.00% |
| Attrition rate | 20.00% | 20.00% |

The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The estimates of future salary escalations considered takes into account the inflation, seniority, promotion and other relevant factors. Attrition rate considered is the management's estimate, based on previous years' employee turnover of the Company.

As at March 31, 2019 and March 31, 2018, plan assets were primarily invested in insurer managed funds.

c) Pension

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate (1% movement) | (86.30) | (82.78) |
| Discount rate (-1% movement) | 94.67 | 90.84 |
| Future salary growth (1% movement) | 81.36 | 78.21 |
| Future salary growth (-1% movement) | (75.70) | (72.73) |
| Attrition rate (1% movement) | (16.80) | (15.45) |
| Attrition rate (-1% movement) | 18.06 | 16.60 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The expected future contribution and estimated future benefit payments from the fund are as follows:

| | |
|---|---|
| Expected contribution to the fund during the year ending March 31, 2019 | 494.38 |
| Estimated benefit payments from the fund during: | |
| Year 1 | 476.41 |
| Year 2 | 287.11 |
| Year 3 | 265.31 |
| Year 4 | 244.31 |
| Year 5 | 219.64 |
| Thereafter | 730.47 |

c) Pension *(Contd.)*

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Defined benefit asset | 763.60 | 788.31 |
| Total employee benefit asset (a) | 763.60 | 788.31 |
| Defined benefit liability (b) | 1,321.30 | 1,421.34 |
| Net employee benefit liabilities (c = b - a) | 557.69 | 633.03 |
| Non-current | 557.69 | 633.03 |
| Current | - | - |

### Reconciliation of the net defined benefit liability (Pension):

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

Reconciliation of present value of defined benefit obligation:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 1,421.34 | 1,180.13 |
| Current service cost | - | - |
| Interest cost | 32.43 | 41.56 |
| Benefits paid | (48.21) | - |
| Actuarial losses recognized in other comprehensive income | (29.11) | 3.17 |
| Exchange losses / (gains) | (55.15) | 196.48 |
| Balance at the end of the year (a) | 1,321.30 | 1,421.34 |

Reconciliation of the present value of the plan assets:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 788.31 | 648.73 |
| Contributions paid into the plan | 9.84 | 10.34 |
| Benefits paid | (48.21) | - |
| Expected return on plan assets | 18.11 | 18.02 |
| Actuarial losses recognized in other comprehensive income | 26.46 | 3.17 |
| Exchange gains / (losses) | (30.90) | 108.05 |
| Balance at the end of the year (b) | 763.60 | 788.31 |
| Net defined benefit asset (c = a - b) | 557.70 | 633.03 |

### Actuarial assumptions - defined benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 2.35% | 2.35% |
| Expected return on plan assets | 2.35% | 2.35% |

The discount rate is based on the prevailing market yields of government securities for the estimated term of the obligations. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

## 31. Operating leases

The Company has operating leases for office premises that are (a) renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and (b) renewable on a periodic basis and are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract, ranging from 0% to 15%. There are no restrictions imposed by the lease arrangements. There are no sub-leases.

i. Future minimum lease obligation payments:

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Due within one year | 118.80 | 118.80 |
| Due between one to five years | 113.85 | 232.65 |
| Due more than five years | - | - |

ii. Amount recognized in the Statement of Profit and Loss:

| Particulars | For the year ended Mach 31, 2019 | For the year ended Mach 31, 2018 |
|---|---|---|
| Rent expenses included in the Statement of Profit and Loss towards operating leases | 393.10 | 445.29 |

## 32. Financial instruments – fair values and risk management

### Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because the cost represents estimate of fair value.

### A. Accounting classification and fair values

As at March 31, 2019:

| Financial assets measured at fair value | Carrying amount | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value Hedging instruments | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Investments (non-current) | | | | | | | | |
| Investments in fixed maturity plans | - | 16,074.53 | - | **16,074.53** | - | 16,074.53 | - | **16,074.53** |
| Investments in arbitrage funds | - | 15,406.02 | - | **15,406.02** | 15,406.02 | - | - | **15,406.02** |
| Investments in equity linked funds | - | 3,441.39 | - | **3,441.39** | 3,441.39 | - | - | **3,441.39** |
| Investments (current) | | | | | | | | |
| Investments in liquid / ultra short term mutual funds | - | 8,107.87 | - | **8,107.87** | 8,107.87 | - | - | **8,107.87** |
| Derivative instruments | 940.86 | - | - | **940.86** | - | 940.86 | - | **940.86** |
| | 940.86 | 43,029.81 | - | 43,970.67 | 26,955.28 | 17,015.39 | - | 43,970.67 |

Amount in ₹ lakhs

| Financial assets not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Investments (non-current) | | |
| Investments in preference shares | 500.00 | 500.00 |
| Investments in tax free bonds | 5,416.07 | 5,416.07 |
| Other financial assets (non-current) | | |
| Security deposits | 287.08 | 287.08 |
| Advances to employees | 0.53 | 0.53 |
| Trade receivables | 7,330.31 | 7,330.31 |
| Cash and bank balances | 423.81 | 423.81 |
| Unbilled revenue | 1,450.09 | 1,450.09 |
| Other financial assets (current) | | |
| Advances to employees | 111.30 | 111.30 |
| Accrued interest income | 960.72 | 960.72 |
| Security deposits | 57.62 | 57.62 |
| Receivable from subsidiaries | 69.44 | 69.44 |
| | 16,606.97 | 16,606.97 |

| Financial liabilities not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Trade payables | 1,571.63 | 1,571.63 |
| Other financial liabilities (current) | | |
| Employee related payments | 1,381.98 | 1,381.98 |
| Unpaid dividends | 124.90 | 124.90 |
| | 3,078.51 | 3,078.51 |

As at March 31, 2018:

| Financial assets measured at fair value | Carrying amount | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value - hedging instruments | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Investments (non-current) | | | | | | | | |
| Investments in fixed maturity plans | - | 19,967.22 | - | 19,967.22 | - | 19,967.22 | - | 19,967.22 |
| Investments in arbitrage funds | - | 14,453.42 | - | 14,453.42 | 14,453.42 | - | - | 14,453.42 |
| Investments (current) | | | | | | | | |
| Investments in liquid / ultra short term mutual funds | - | 4,990.97 | - | 4,990.97 | 4,990.97 | - | - | 4,990.97 |
| Derivative instruments | 1.50 | - | - | 1.50 | - | 1.50 | - | 1.50 |
| | 1.50 | 39,411.61 | - | 39,413.11 | 19,444.39 | 19,968.72 | - | 39,413.11 |

Amount in ₹ lakhs

| Financial assets not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Investments (non-current) | | |
| Investments in preference shares | 500.00 | 500.00 |
| Investments in tax free bonds | 5,424.96 | 5,424.96 |
| Other financial assets (non-current) | | |
| Security deposits | 286.71 | 286.71 |
| Advances to employees | 1.26 | 1.26 |
| Trade receivables | 7,139.43 | 7,139.43 |
| Cash and bank balances | 1,443.90 | 1,443.90 |
| Unbilled revenue | 2,006.72 | 2,006.72 |
| Other financial assets (current) | | |
| Advances to employees | 140.29 | 140.29 |
| Accrued interest income | 166.32 | 166.32 |
| Security deposits | 150.72 | 150.72 |
| Receivable from subsidiaries | 45.43 | 45.43 |
| | 17,305.74 | 17,305.74 |

| Financial liabilities not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Trade payables | 1,524.51 | 1,524.51 |
| Other financial liabilities (current) | | |
| Employee related payments | 2,169.33 | 2,169.33 |
| Unpaid dividends | 79.73 | 79.73 |
| | 3,773.57 | 3,773.57 |

| Financial liabilities measured at fair value | Carrying amount | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value - hedging instruments | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Derivative liabilities | 126.01 | - | - | 126.01 | - | 126.01 | - | 126.01 |
| | 126.01 | - | - | 126.01 | - | 126.01 | - | 126.01 |

**Derivative instruments (assets and liabilities):** The Company enters into derivative financial instruments with banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and Black Scholes models (for option valuation), using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying. As at March 31, 2019, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

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

### B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

### i. Risk management framework

The Company's principal financial liabilities comprise trade payables and unpaid dividend. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and unbilled revenues that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk for the Company pertains to investing activities. The Company's exposure to credit risk is influenced mainly by the individual characteristic of customers and counterparties to derivative instruments such as banks.

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹7,330.31 lakhs and ₹7,139.43 lakhs as of March 31, 2019 and March 31, 2018, respectively and unbilled revenues amounting to ₹1,450.09 lakhs and ₹2,006.72 lakhs as of March 31, 2019 and March 31, 2018,respectively. 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 per Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues.

The following table gives details in respect of percentage of revenues generated from top customer and top ten customers:

| | For the year March 31, 2019 | For the year March 31, 2018 |
|---|---|---|
| Revenue from top 2 customers | 35.89% | 27.90% |
| Revenue from top 10 customers | 71.52% | 69.65% |

The carrying amount of the following financial assets represents the maximum credit exposure:

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. The Company establishes an allowance for impairment that best represents its estimate of expected losses in respect of trade receivables. The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the standard payment and delivery terms and conditions are offered.

#### Cash and bank balances

The Company held cash and bank balances of ₹423.81 lakhs at March 31, 2019 (March 31, 2018: ₹1,443.90 lakhs).

#### Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated AA - to AAA, based on CRISIL ratings.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Amount in ₹ lakhs

| As at March 31, 2019: | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Less than 1 year | 1-2 years | 2-4 years | 4-7 years |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 1,571.63 | 1,571.63 | - | - | - |
| Other financial liabilities (current) | | | | | |
| Employee related payments | 1,381.98 | 1,381.98 | - | - | - |
| Unpaid dividends | 124.90 | 124.90 | - | - | - |
| | 3,078.51 | 3,078.51 | - | - | - |

| As at March 31, 2018: | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Less than 1 year | 1-2 years | 2-4 years | 4-7 years |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 1,524.51 | 1,524.51 | - | - | - |
| Other financial liabilities (current) | | | | | |
| Employee related payments | 2,169.33 | 2,169.33 | | | |
| Unpaid dividends | 79.73 | 79.73 | - | - | - |
| | 3,773.57 | 3,773.57 | - | - | - |

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to interest rate risk and the market value of its investments. Thus, the exposure to market risk is primarily related to investing activities. The objective of market risk management is to diversify our portfolio according to nature of investments to mitigate risks.

#### Currency risk

The Company is exposed to currency risk on account of export of services in foreign currency. The functional currency of the Company is Indian Rupee. The summary quantitative data about the Company's exposure to currency risk from non-derivative financial instrument is as follows:

Amount in ₹ lakhs

As at March 31, 2019

| Currency | Amount in foreign currency lakhs | | | Amount in ₹ lakhs | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net receivable/ (payable) | Assets | Liabilities | Net receivable/ (payable) |
| Euro (EUR) | 14.56 | 0.42 | 14.14 | 1,130.34 | 32.30 | 1,098.04 |
| British Pound (GBP) | 0.79 | - | 0.79 | 71.95 | - | 71.95 |
| Japanese Yen (JPY) | 1.67 | - | 1.67 | 1.04 | - | 1.04 |
| US Dollar (USD) | 65.78 | 4.28 | 61.50 | 4,548.89 | 295.94 | 4,252.95 |
| Chinese Yuan (CNY) | - | 0.01 | (0.01) | - | 0.11 | (0.11) |
| South Korean Won (KRW) | - | 20.80 | (20.80) | - | 1.26 | (1.26) |

As at March 31, 2018

| Currency | Amount in foreign currency lakhs | | | Amount in ₹ lakhs | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net receivable/ (payable) | Assets | Liabilities | Net receivable/ (payable) |
| Australian Dollar (AUD) | 0.03 | 0.03 | - | 1.60 | 1.60 | - |
| Euro (EUR) | 19.63 | 0.39 | 19.25 | 1,586.48 | 31.12 | 1,555.37 |
| British Pound (GBP) | 1.11 | - | 1.11 | 102.09 | - | 102.09 |
| Japanese Yen (JPY) | 0.00 | 36.00 | (36.00) | 0.00 | 22.14 | (22.14) |
| US Dollar (USD) | 59.94 | 3.96 | 55.98 | 3,906.30 | 258.00 | 3,648.31 |
| South Korean Won (KRW) | 0.08 | 20.80 | (20.72) | - | 1.27 | (1.27) |
| Singapore Dollar (SGD) | - | 0.08 | (0.08) | - | 3.82 | (3.82) |
| Swedish Krona (SEK) | - | 0.08 | (0.08) | - | 0.60 | (0.60) |

### Sensitivity Analysis

A reasonably possible strengthening/(weakening) of the INR, US Dollar, Euro and all other currencies as at March 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in a particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **As at March 31, 2019** | | | | |
| USD (1% movement) | 42.53 | (42.53) | 27.81 | (27.81) |
| EUR (1% movement) | 10.98 | (10.98) | 7.18 | (7.18) |
| **As at March 31, 2018** | | | | |
| USD (1% movement) | 36.48 | (36.48) | 23.86 | (23.86) |
| EUR (1% movement) | 15.55 | (15.55) | 10.17 | (10.17) |

The following significant exchange rates have been applied during the year.

| | Spot rate as at | |
|---|---|---|
| INR | March 31, 2019 | March 31, 2018 |
| USD | 69.15 | 65.17 |
| EUR | 77.65 | 80.81 |

### Hedge accounting

The Company enters into foreign exchange forward contracts and option contracts to hedge its revenue including its future receivables. As per the current policy of the Company, it takes foreign exchange forward contracts for currencies primarily denominated in the US Dollar and Euro. The Company currently does not have a foreign currency hedge in respect of its investments in subsidiaries outside India.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

| Particulars | | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **Designated derivative instruments** | | | |
| Sell - Forward contracts | USD | 822.31 | (29.64) |
| | EUR | 118.54 | (96.37) |
| **Non-Designated derivative instruments** | | | |
| Sell - Forward options | USD | - | 1.50 |

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Balance as at the beginning of the year** | (124.51) | 1,106.99 |
| Changes in the FV of effective portion of derivatives | 288.28 | (119.01) |
| Net (gain) / loss reclassified to Statement of Profit and Loss on occurrence of hedged transactions | 778.30 | (1,112.49) |
| Ineffective portion of Derivatives charged to profit and loss account | | - |
| (Loss) / gain on cash flow hedging derivatives | 1,066.58 | (1,231.50) |
| Balance as at year end | 942.07 | (124.51) |
| Deferred tax thereon | 330.14 | (42.15) |
| **Balance as at the end of the year, net of deferred tax** | 611.93 | (82.36) |

The related hedge transactions for balance in cash flow hedging reserves as of March 31, 2019 are expected to occur and be re-classfied to the Statement of Profit and Loss over a period of 1 year.

As of March 31, 2019 and March 31, 2018, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

## 33. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to equity shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Adjusted equity comprises all components of equity, other than amounts accumulated in the hedging reserve.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio at March 31, 2019 and March 31, 2018 was as follows.

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Total liabilities | 8,084.33 | 9,466.26 |
| Less : Cash and cash equivalents and other bank balances | 423.81 | 1,443.90 |
| Adjusted net debt | 7,660.52 | 8,022.36 |
| Total equity | 70,177.55 | 61,746.81 |
| Less : Cash flow hedging reserve | 611.93 | (82.36) |
| Adjusted equity | 69,565.63 | 61,829.17 |
| Adjusted net debt to adjusted equity ratio | 0.11 | 0.13 |

## 34. Contingent liabilities

| Particulars | As at | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| Bank guarantees | 2.74 | 8.96 |
| Income taxes* (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Company) | 3,177.90 | 3,408.22 |
| Indirect taxes* (includes matters pertaining to disputes on VAT / Sales Tax and Service Tax) | 3,154.37 | 3,042.10 |

*The Company is contesting the demands and based on expert advice, the management believes that its position will likely be upheld in the various appellate authorities / courts. The management believes that the ultimate outcome of these proceedings will not be adverse and hence such demands have been disclosed as contingent liabilities.

## 35. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 has been made in the standalone financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

| Particulars | As at | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year: | | |
| (i) The principal amount due to suppliers registered under the MSMED Act and remaining unpaid | 32.27 | 11.92 |
| (ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid | - | - |
| iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| (iv) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |

Amount in ₹ lakhs

| Particulars | As at | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| (v) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| (vi) Interest due and payable on March 31, 2019 towards suppliers registered under the MSMED Act, for the payments already made | - | - |
| (vii) Further interest remaining due and payable for earlier years | - | - |

### 36. Disclosure on specified bank notes

The disclosure regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2019.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Independent Auditors' Report

## To the Members of Sasken Technologies Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Sasken Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiaries ("Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, Consolidated Changes in Equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition – Fixed Price Development Contracts

See note 29 to the consolidated financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company engages in fixed-price development contracts, where revenue is recognized using percentage of completion computed as per the input method based on management's estimate of contract costs.<br><br>We identified revenue recognition from fixed price development contracts as a Key Audit Matter (KAM) considering -<br><br>• there is an inherent risk around the accuracy of revenues given the customized nature of these contracts and significant involvement of IT systems;<br><br>• application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligations; and<br><br>• these contracts may involve onerous obligations that require critical estimates to be made by management. | In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient and appropriate audit evidence:<br><br>- evaluated and tested the design and operating effectiveness of internal controls relating to recording of costs incurred and estimation of costs required to complete the performance obligations;<br>- selected a sample of contracts and tested that the revenue is recognized in accordance with the accounting standard, by evaluating management's identification of performance obligation, transaction price, and method of revenue recognition;<br>- selected a sample of contracts and performed a retrospective review of costs incurred with estimated costs to identify any significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract;<br>- reviewed the contract assets and unbilled revenues to identify possible delays in achieving milestones, which require change in estimated costs to complete the remaining performance obligations;<br>- reviewed contract margins to determine creation of onerous provision for contracts with low or negative margins; and<br>- performed analytical procedures and test of details to verify reasonableness of costs incurred and estimated to complete performance obligations. |

### Evaluation of tax litigations and contingencies

See note 36 to the consolidated financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company operates under several tax laws and regulations and is subject to periodic challenges by tax authorities on a range of tax matters during the normal course of business including indirect tax matters. These involve significant management judgment, including consultations with specialists, to determine the possible outcome of the litigations, consequently having an impact on related accounting and disclosures in the financial statements. | In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient and appropriate audit evidence:<br>We along with our internal tax experts -<br>- read and analyzed select key correspondences, external legal opinions / consultations by management and relevant legal precedence and other rulings;<br>- discussed with appropriate senior management and evaluated management's key underlying assumptions in estimating the tax provisions;<br>- assessed management's estimate of the possible outcome of the disputed cases; and<br>- assessed the adequacy of Company's accruals and disclosures in relation to taxes. |

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

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

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Holding Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Holding Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" .

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 36 to the consolidated financial statements;

ii. The Group did not have any material long - term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31 March 2019;

There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019; and

iii. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* B S R & Associates LLP
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
*Partner*
Membership No. 211386

Bengaluru
23 April 2019

# Annexure A to the Auditors' Report

## Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub - section 3 of Section 143 of the Companies Act, 2013

### Opinion

We have audited the internal financial controls with reference to the consolidated financial statements of Sasken Technologies Limited ("the Holding Company") and its subsidiaries as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to the financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's responsibility for internal financial controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to the financial statements.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent limitations of internal financial controls with reference to the financial statements

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

*for* B S R & Associates LLP
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
*Partner*
Membership No. 211386

Bengaluru
23 April 2019

# Consolidated Balance Sheet

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| **Non - current assets** | | | |
| Property, plant and equipment | 4 | 3,947.12 | 3,689.21 |
| Capital work - in - progress | | 86.20 | 2.41 |
| Intangible assets | 5 | 17.86 | 35.60 |
| Equity accounted investees | 6 | - | - |
| Financial assets | | | |
| Investments | 7 | 42,897.43 | 44,944.09 |
| Other financials assets | 8 | 339.82 | 300.81 |
| Deferred tax assets | 26 | 269.22 | 733.64 |
| Income tax assets | 26 | 5,403.12 | 5,823.45 |
| Other non - current assets | 9 | 17.22 | 97.75 |
| Total non - current assets | | 52,977.99 | 55,626.96 |
| Current assets | | | |
| Financial assets | | | |
| Investments | 10 | 8,107.87 | 979.01 |
| Trade receivables | 11 | 8,228.36 | 7,869.18 |
| Cash and cash equivalents | 12 | 1,472.73 | 4,023.40 |
| Other bank balances | 13 | 275.43 | 319.82 |
| Unbilled receivables (previous year unbilled revenue) | | 1,955.37 | 3,282.52 |
| Derivative assets | | 940.86 | 1.50 |
| Other financial assets | 14 | 1,148.69 | 470.34 |
| Contract assets | | 3,145.30 | - |
| Other current assets | 15 | 1,134.91 | 806.59 |
| Total current assets | | 26,409.52 | 17,752.36 |
| TOTAL ASSETS | | 79,387.51 | 73,379.32 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 16 | 1,711.01 | 1,711.01 |
| Other equity | | 68,087.10 | 60,391.12 |
| Total equity | | 69,798.11 | 62,102.13 |
| Liabilities | | | |
| Non - current liabilities | | | |
| Provisions | 17 | 711.37 | 811.77 |
| Total non - current liabilities | | 711.37 | 811.77 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 18 | | |
| Total outstanding dues to micro and small enterprises | | 32.27 | 11.92 |
| Total outstanding dues to creditors other than micro and small enterprises | | 1,802.24 | 1,718.12 |
| Other financial liabilities | 19 | 1,506.88 | 2,249.06 |
| Derivative liabilities | | - | 126.01 |
| Deferred revenue | | 380.22 | 1,403.14 |
| Other current liabilities | 20 | 1,365.99 | 1,266.69 |
| Provisions | 21 | 1,780.48 | 1,821.95 |
| Income tax liabilities | 26 | 2,009.95 | 1,868.53 |
| Total current liabilities | | 8,878.03 | 10,465.42 |
| TOTAL EQUITY AND LIABILITIES | | 79,387.51 | 73,379.32 |

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

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Consolidated Statement of Profit and Loss

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Revenue from operations | 22 | 50,431.12 | 50,302.47 |
| Other income | 23 | 4,602.34 | 3,642.59 |
| Total income | | 55,033.46 | 53,945.06 |
| | | | |
| EXPENSES | | | |
| Employee benefits expense | 24 | 33,861.88 | 35,053.69 |
| Depreciation and amortization expense | 4, 5 | 660.52 | 622.25 |
| Other expenses | 25 | 9,456.16 | 8,303.42 |
| Total expenses | | 43,978.56 | 43,979.36 |
| | | | |
| Profit before tax | | 11,054.90 | 9,965.70 |
| | | | |
| Tax expenses | | | |
| Current income taxes | 26 | 1,948.67 | 1,744.22 |
| Deferred taxes | 26 | 195.43 | (20.83) |
| Minimum Alternate Tax Credit entitlement | | (131.49) | - |
| | | 2,012.61 | 1,723.39 |
| | | | |
| Profit / (loss) for the year from continuing operations | | 9,042.29 | 8,242.31 |
| Profit for the year | | 9,042.29 | 8,242.31 |
| | | | |
| Other comprehensive income / (loss) | | | |
| Items that will not be reclassified subsequently to the Statement of Profit and Loss | | | |
| Remeasurement of defined benefit liability | | 81.27 | 14.32 |
| Income tax relating to items that will not be reclassified subsequently to profit and loss | 26 | (28.20) | (4.85) |
| Net other comprehensive gain that will not to be reclassified subsequently to profit and loss | | 53.07 | 9.47 |
| Items that will be reclassified subsequently to the Statement of Profit and Loss | | | |
| Effective portion of gains / (losses) on hedging instruments in cash flow hedges | | 288.27 | (119.01) |
| Effective portion of losses / (gains) on hedging instruments in cash flow hedges reclassified to Statement of Profit and Loss | | 778.30 | (1,112.49) |
| Exchange differences in translating financial statements of foreign operations | | 87.91 | 331.29 |
| Income tax relating to items that will be reclassified to Statement of Profit and Loss | 26 | (372.29) | 424.52 |
| Net other comprehensive income / (loss) that will be reclassified subsequently to profit and loss | | 782.19 | (475.69) |
| Other comprehensive income / (loss) for the year, net of income tax | | 835.26 | (466.22) |
| | | | |
| Total comprehensive income for the year, attributable to the owners of the Company | | 9,877.55 | 7,776.09 |
| | | | |
| Earnings per share (EPS) | | | |
| (Equity share of par value ₹10 each) | | | |
| Basic and Diluted EPS | 27 | 52.92 | 48.17 |
| | | | |
| Weighted average equity shares used in computing earnings per share (Basic and Diluted) | | 1,70,86,576 | 1,71,10,114 |

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

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Consolidated Statement of changes in Equity

Amount in ₹ lakhs

## A. Equity Share Capital

| Balance as at April 1, 2017 | Changes in equity share capital during the year | Balance as at March 31, 2018 |
|---|---|---|
| 1,711.01 | - | 1,711.01 |

| Balance as at April 1, 2018 | Changes in equity share capital during the year | Balance as at March 31, 2019 |
|---|---|---|
| 1,711.01 | - | 1,711.01 |

## B. Other equity

| Particulars | Attributable to the owners of the Company | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | Items of OCI | | | |
| | Capital reserve | Capital redemption reserve | Share based payments reserve | Treasury shares Refer Note 3(b)(i) | General reserve | Retained earnings | Cash flow hedging reserve | Foreign currency translation reserve | Remeasurement of defined benefit liability | |
| Balance as at April 1, 2017 | 132.00 | 1,315.58 | - | - | 1,056.27 | 51,444.34 | 724.27 | (230.84) | - | 54,441.62 |
| Profit for the period | - | - | - | - | - | 8,242.31 | - | - | - | **8,242.31** |
| Dividend paid (including dividend distribution tax thereon) | - | - | - | - | - | (1,826.59) | - | - | - | **(1,826.59)** |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | (806.98) | 331.29 | 9.47 | **(466.22)** |
| Transferred to retained earnings | - | - | - | - | 46.69 | (37.22) | - | - | (9.47) | **-** |
| Balance as at March 31, 2018 | 132.00 | 1,315.58 | - | - | 1,102.96 | 57,822.84 | (82.71) | 100.45 | - | 60,391.12 |

| Particulars | Attributable to the owners of the Company | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | Items of OCI | | | |
| | Capital reserve | Capital redemption reserve | Share based payments reserve | Treasury shares Refer Note 3(b)(i) | General reserve | Retained earnings | Cash flow hedging reserve | Foreign currency translation reserve | Other items of other comprehensive income | |
| Balance as at April 1, 2018 | 132.00 | 1,315.58 | - | - | 1,102.96 | 57,822.84 | (82.71) | 100.45 | - | 60,391.12 |
| Profit for the period | - | - | - | - | - | 9,042.29 | - | - | - | **9,042.29** |
| Dividend paid (including dividend distribution tax thereon) | - | - | - | - | - | (1,777.09) | - | - | - | **(1,777.09)** |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 694.28 | 87.91 | 53.07 | **835.26** |
| Stock options issued during the year | - | - | 55.53 | (460.01) | - | - | - | - | - | **(404.48)** |
| Transferred to retained earnings | - | - | - | | 19.85 | 33.22 | - | - | (53.07) | **-** |
| Balance as at March 31, 2019 | 132.00 | 1,315.58 | 55.53 | (460.01) | 1,122.81 | 65,121.26 | 611.57 | 188.36 | (0.00) | 68,087.10 |

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

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Consolidated Statement of Cash Flow

(Amount in ₹ lakhs except share and per share data, unless otherwise stated)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 11,054.90 | 9,965.70 |
| Adjustments for: | | |
| Depreciation and amortization expense | 660.52 | 622.25 |
| Dividend income | (978.67) | (832.95) |
| Interest income | (1,426.60) | (847.94) |
| Gain on sale of investments | (24.12) | (137.94) |
| Change in fair value of investments | (1,769.15) | (1,843.49) |
| Profit on sale of property, plant and equipment | (37.73) | (18.07) |
| ESOP compensation cost | 55.53 | - |
| Exchange differences on translation of assets and liabilities | (50.85) | 19.67 |
| Reversal of allowances for credit losses on financial assets | (14.63) | 10.55 |
| Write back of unclaimed balances | (33.63) | - |
| Cash flow hedges - in - effective portion of changes in fair value | 1.21 | (4.21) |
| Operating profit before working capital changes | 7,436.78 | 6,933.57 |
| | | |
| Changes in assets and liabilities: | | |
| Decrease / (increase) in trade receivables, unbilled revenue & contract assets | (2,196.33) | 236.62 |
| Decrease / (increase) in other financial assets and other assets | (241.29) | 82.68 |
| (Decrease) / increase in trade payables and deferred revenue | (918.46) | 1,379.42 |
| (Decrease) / increase in provisions, other financial liabilities and other liabilities | (693.86) | 609.16 |
| | | |
| Cash generated from operating activities | 3,386.85 | 9,241.45 |
| Income taxes paid | (1,386.92) | (1,337.64) |
| | | |
| Net cash generated from operating activities (A) | 1,999.93 | 7,903.81 |
| | | |
| Cash flows from investing activities | | |
| Interest received | 622.21 | 843.99 |
| Dividends received | 862.19 | 741.46 |
| Proceeds from sale of property, plant and equipment | 37.73 | 18.07 |
| Acquisition of property, plant and equipment | (901.68) | (619.62) |
| Payments to acquire financial assets (mutual funds) | (26,087.87) | (28,954.64) |
| Payments to acquire financial assets (series - A stock) / promissory notes | (1,472.90) | (456.80) |
| Proceeds from sale of financial assets (mutual funds) | 24,388.33 | 22,986.66 |
| Investment of bank deposits | 44.39 | (185.95) |
| Net cash used in investing activities (B) | (2,507.61) | (5,626.83) |
| | | |
| Cash flows from financing activities | | |
| Dividend paid during the year | (1,777.09) | (1,823.02) |
| Net cash used in financing activities (C) | (1,777.09) | (1,823.02) |
| | | |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | (2,284.77) | 453.96 |
| Cash and cash equivalents at the beginning of the period | 4,023.40 | 3,389.89 |
| Effect of exchange rate changes on cash and cash equivalents | (265.90) | 179.55 |
| Cash and cash equivalents at the end of the period (Refer note 13) | 1,472.73 | 4,023.40 |

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

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

# Notes to Consolidated Financial Statements

## 1. Group overview

Sasken Technologies Limited ("Sasken" or "the Company") is a specialist in Product Engineering and Digital Transformation providing concept-to-market, chip-to-cognition R&D services to global leaders in Semiconductor, Automotive, Industrials, Smart Devices & Wearables, Enterprise Grade Devices, SatCom, and Transportation industries. For over 30 years and with multiple patents, Sasken has transformed the businesses of over a 100 Fortune 500 companies, powering over a billion devices through its services and IP.

Established in 1989, Sasken employs around 2000 people, operating from state-of-the-art centers in Bengaluru, Pune, Chennai and Hyderabad (India), Kaustinen and Tampere (Finland), Detroit (USA), and Beijing, Shanghai (China). Sasken also has its presence across Germany, Japan, UK, and USA. Sasken has been listed in the National Stock Exchange of India Ltd., and BSE Ltd., since its initial public offering in 2005.

On December 23, 2016, the shareholders had approved changing the name of the Company to "Sasken Technologies Limited" and the change was made effective February 14, 2017, on receipt of necessary approvals.

## 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, (the 'Act') read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

Accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except for the adoption of new accounting standards and amendments to the existing accounting standards, effective as of April 1, 2018, as disclosed in note 3 below.

The consolidated financial statements correspond to the classification provisions contained in Ind AS 1,"Presentation of Financial Statements". For clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. These items are disaggregated separately in the notes to the consolidated financial statements, where applicable.

### A. Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which these subsidiaries operate (i.e. the "functional currency"). These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts included in these consolidated financial statements are reported in INR (in lakhs), except share and per share data, unless otherwise stated.

### B. Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention and on an accrual basis of accounting except for the following material items which have been measured at fair value as required by relevant Ind AS.

| Items | Measurement basis |
|---|---|
| Derivative financial instruments | Fair value |
| Investments classified as fair value through profit or loss | Fair value |
| Net defined benefit (asset) / liability | Fair value of plan assets less present value of defined benefit obligations |
| Stock options | Fair value |

### C. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### Assumptions and estimation uncertainties

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in these consolidated financial statements are included in the following notes:

a) Revenue recognition:

The Group uses the percentage of completion i.e. input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

b) Impairment testing (non - financial assets):

Intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value - in - use and fair value less costs to sell. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which include growth rates and net margins used to calculate projected future cash flows, risk - adjusted discount rate, future economic and market conditions.

c) Income taxes:

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

d) Deferred taxes:

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry - forward period are reduced.

e) Defined benefit plans and compensated absences

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

f) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

g) Other estimates:

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of the highly probable cash flow forecast transactions.

D. Measurement of fair values:

Some of the Group's accounting policies and disclosures require measurement of fair values, for financial assets and liabilities and non - financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. Significant accounting policies

### (a) Basis of consolidation

*Subsidiaries*

The Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries and controlled trusts are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

All intra - Group balances, transactions, income and expenses are eliminated in full on consolidation.

### (b) Business combinations on or after April 1, 2016

Business combinations involving entities that are controlled by the Group (common control transactions) are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;

- The financial information in the financial statements in respect of prior periods is restated with effect from the appointed date as per the approval obtained from the requisite authorities.

- The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity;

- The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

Business combinations for transactions other than the common control transactions are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognized in the Statement of Profit and Loss.

### (c) Property, plant and equipment (including intangible assets)

*i. Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non - refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the incremental future economic benefits associated with the expenditure will flow to the Group.

*iii. Depreciation and amortization*

Based on an independent assessment, management has estimated the useful lives of the following classes of assets, which are lower than or equal to those indicated in Schedule II of the Companies Act 2013. Management believes this best represents the period over which they expect to use these assets. Depreciation is provided using the straight line method (SLM), over the estimated useful life of the asset, as follows:

| Assets block | Estimated useful life | Useful life as per Schedule II |
|---|---|---|
| Buildings | 20 | 60 |
| Computers | 3 | 3 |
| Electrical fittings | 5 | 10 |
| Furniture and fixtures | 10 | 10 |
| Office equipment | 5 | 5 |
| Plant and equipment | 5 | 15 |

Leasehold improvements are amortized over the shorter of estimated useful life of the assets or the related lease term. Freehold land is not depreciated.

Assets with unit value of ₹5,000 or less are depreciated entirely in the year of acquisition.

Intangible assets are amortized over the estimated useful life (3 to 5 years), on a straight line basis.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work - in - progress.

**(d) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are generally recognized in profit or loss on a straight - line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

**(e) Revenue**

The Group derives revenues from rendering software services, installation and commissioning services and maintenance services.

Effective April 1, 2018, the Group has adopted Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have material impact to the financial statements of the Company.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

*i. Time and material contracts*

Revenue and costs relating to time and material contracts are recognized as and when the services are rendered.

*ii. Fixed - price contracts*

Revenue from fixed price service contracts and customized technology developments is recognized based on the percentage of completion method (POC) of accounting with contract cost incurred determining the degree of completion of the performance obligation. Revenue from maintenance contracts is recognized ratably over the term of the maintenance arrangement.

The solutions offered by the Company may include supply of third - party software. In such cases, revenue for supply of such third party software are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

*iii. Others*

Revenue from royalty is recognized when the later of the following events occurs;

a) the subsequent sale or usage occurs; or

b) the performance obligation to which some or all of the sales - based or usage - based royalty has been allocated has been satisfied (or partially satisfied).

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Deferred revenue ("contract liability") is recognized when there is billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income is recognized as it accrues in the Statement of Profit and Loss using effective interest rate method. Dividend income is recognized when the right to receive the dividend is established.

In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

The Group disaggregates revenue from contracts with customers by geography and nature of services.

**Use of significant judgements in revenue recognition:**

The Group's contracts with customers include promises to transfer services to a customer. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand - alone selling price of each distinct service promised in the contract.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### (f) Foreign currency

#### (i) Foreign currency transactions

*Initial recognition*

Transactions in foreign currency are translated into the reporting currency by applying to the foreign currency amount, the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date, of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses), net within results of operating activities, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated on the exchange rate at the date of the transaction.

#### (ii) Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity. When a foreign operation is disposed, the relevant amount recognized in FCTR is transferred to the Statement of Profit and Loss as part of the profit or loss on disposal.

### (g) Financial instruments

#### i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii. Classification and subsequent measurement

*Financial assets:*

On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see Note 3(g)(iv) for derivatives designated as hedging instruments. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Equity instruments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

*Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

*Financial assets:*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities:*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv. Derivative financial instruments and hedge accounting

The Group is exposed to foreign exchange risk from monetary assets, liabilities and forecasted cash flows denominated in foreign currencies. The Group limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into derivative financial instruments where the counterparty is a bank.

Derivatives are initially measured at fair value. Attributable transaction costs are recognized in Statement of Profit and Loss as cost.

Subsequent to initial recognition, derivative financial instruments are measured as described below:

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in 'other equity' under cash flow hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible defaults over the expected life of a financial instrument.

ii. Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. Impairment losses are recognized in the Statement of Profit and Loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(i) Equity

i. Share capital and share premium

The authorized share capital of the Company as of March 31, 2019 and March 31, 2018 is ₹5,500 lakhs i.e. 550 lakh equity shares of ₹10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholders' meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

ii. Capital reserve

Capital reserve amounting to ₹132 lakhs (March 31, 2018: ₹132 lakhs) is not freely available for distribution.

iii. Capital redemption reserve

Capital redemption reserve amounting to ₹1,315.58 lakhs (March 31, 2018: ₹1,315.58 lakhs) is not freely available for distribution.

iv. Retained earnings

Retained earnings comprises of the Group's undistributed earnings after taxes and is available for dividend distribution.

v. General reserve

General reserve comprises of the Group's undistributed earnings after taxes and is available for dividend distribution.

vi. Other comprehensive income

Changes in the fair value of financial instruments measured at fair value through other comprehensive income, exchange differences on translation of foreign operations and remeasurement gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

a. Cash flow hedging reserve

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized in other comprehensive income (net of taxes), and presented within equity as cash flow hedging reserve.

b. Foreign currency translation reserve (FCTR)

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognized in other comprehensive income, net of taxes and is presented within equity in the FCTR.

c. Remeasurement gains / losses

Remeasurement gains / losses on defined benefit plans are recognized in other comprehensive income (net of taxes) and presented within equity.

vii. Treasury shares

The Group has formed the Sasken Employees Welfare Trust ('the Trust') for providing share-based incentives to its employees. The Trust purchases equity shares of the Company from the market to allot them pursuant to the share-based incentive scheme. The Company consolidates the Trust and shares held by Trust are treated as treasury shares. Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated Statement of Profit and Loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in reserve. Share options exercised during the reporting period are adjusted against treasury shares.

(j) Employee benefits

a) Post-employment and pension plans

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

All remeasurement gains or losses are immediately recognized in other comprehensive income, net of taxes and permanently excluded from profit or loss. Further, the profit or loss will not include an expected return on plan assets. Instead, net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income, net of taxes. The Group has the following employee benefit plans:

i. Gratuity

The Company provides for gratuity, a defined benefit plan covering all eligible employees. The plan provides a lump sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company.

The Company contributes to gratuity funds maintained by third parties, such as insurance companies and mutual funds. The amount of contribution is determined based upon actuarial valuations as at the period end using the projected unit credit method. Provision is made for the shortfall between the actuarial valuation carried out as at balance sheet date as per projected unit credit method and the fair value of the plan assets with the third parties, such as insurance companies and mutual funds.

Remeasurements of the net defined benefit liability, which comprise remeasurement gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI, net of taxes. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period, by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

ii. Provident Fund

Employees in India are eligible to receive Provident Fund benefits through a defined benefit plan in which the employees and the employer make monthly contributions to the plan. A portion of the contribution is made to the approved Provident Fund Trust managed by the Company while the remainder of the contribution is made to the Government administered pension fund. The Provident Fund Trust guarantees a specified rate of return on such contributions. While the contributions made to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the Trust's assets based on the Government specified rate of return, the contributions made to the Government administered pension fund is accounted for as a defined contribution plan as the Company has no obligation other than to make such contributions.

iii. Pension

In case of the Company's branch in Germany, pension contributions are made as per the local laws and regulations. The Group provides for these pension benefits, a defined benefit plan, covering all eligible employees. The plan provides for various pension benefits to eligible employees at retirement or on termination of employment based on earnings of the respective employee and the years of employment with the Group. The Group contributes to a reinsured support fund maintained by an external agency. The contributions made by the employer are charged to the Statement of Profit and Loss on accrual basis. Provision is made for the shortfall between the actuarial valuation carried out as at the year end, based on the projected unit credit method and the plan assets.

For other overseas branches, social security contributions are made as per the respective local laws and regulations. The same is charged to the Statement of Profit and Loss on an accrual basis. There are no obligations beyond the respective entity's contributions.

Remeasurements of the net defined benefit liability, which comprise remeasurement gains and losses are recognized in OCI.

#### iv. Superannuation

The Company contributes to a superannuation scheme, a defined contribution plan maintained by the Company with an insurance company. Such contributions are charged to the Statement of Profit and Loss on an accrual basis. The Company has no other obligations beyond its monthly contributions.

### b) Short - term employee benefits

Employee benefits payable by the Group wholly within twelve months of receiving employee services are classified as short term employee benefits. These benefits include salaries and wages, bonus and ex - gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

### c) Compensated absences

The Group's employees are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non - accumulating compensated absences are recognized in the period in which the absences occur.

Accumulated leaves, which are expected to be utilised within the next twelve months and not eligible to be carried forward to future years, is treated as a short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. These amounts are charged to the Statement of Profit and Loss.

## (k) Income taxes

Income tax comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date and applicable for the period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or to realize the asset and settle the liability simultaneously.

#### ii. Deferred tax

Deferred tax is recognized using the balance sheet approach, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets, whether unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, in accordance with the provisions of the Income - tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and disclosed as part of "Deferred tax assets" in the Balance Sheet. The Group reviews the MAT credit at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### (l) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time - weighting factor. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) and buy back of shares.

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

### (m) Provisions and contingencies

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value 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.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. A contingent asset is neither recognized nor disclosed in the consolidated financial statements.

### (n) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprise of cash at bank and in hand and short term investments with an original maturity value of three months or less. The Cash Flow Statement is prepared under the indirect method.

### (o) Stock compensation expense

Measurement and disclosure of the employee share - based payment plans is done in accordance with Ind AS 102 share based payments. The Group accounts for stock compensation expense based on the fair value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the deferred compensation expense is reflected as employee stock options outstanding.

## 3a. Recent Indian accounting standards (Ind AS)

1. **Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

   The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

   The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

2. **Ind AS 19 – Plan Amendment, Curtailment or Settlement**

   The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re - measurement are determined using the assumptions used for the re - measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

3. **Ind AS 116 – Leases**

   Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on - balance sheet lessee accounting model for lessees. A lessee recognizes right - of - use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

   The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases using the modified retrospective approach with the lease liability being recognized at the date of initial application. The lease liability is measured at the present value of the remaining lease payments discounted using lease incremental borrowing rate at the date of initial application. Under the option given in para C8(b)(ii), the right-of-use asset is recognized at the date of initial application. The ROU asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Balance Sheet immediately before the date of initial application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

   On transition, the Company will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

   With effect from April 1, 2019, the Company will recognize new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) Depreciation for the right - to - use asset, and b) Interest Expense on Lease Liability.

   On preliminary assessment, for leases other than short - term leases and leases of low value assets, the Group does not expect the adoption of this standard to have a significant impact on its financial statements.

## 4. Property, plant and equipment

Amount in ₹ lakhs

| Particulars | Freehold Land | Buildings | Leasehold Improvements | Computers | Electrical Fittings | Furniture and Fixtures | Office Equipment | Plant and Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | |
| As at April 1, 2017 | 2,287.67 | 847.36 | 128.45 | 514.61 | 86.34 | 91.00 | 176.40 | 174.45 | 4,306.28 |
| Additions | - | 14.17 | - | 264.11 | 4.69 | 5.80 | 98.33 | 117.70 | 504.80 |
| Disposals | - | - | - | - | - | (0.25) | (1.74) | - | (1.99) |
| Foreign currency translation adjustments | - | - | - | 20.97 | - | 37.03 | 0.11 | 18.93 | 77.04 |
| As at March 31, 2018 | 2,287.67 | 861.53 | 128.45 | 799.69 | 91.03 | 133.58 | 273.10 | 311.08 | 4,886.13 |
| As at April 1, 2018 | 2,287.67 | 861.53 | 128.45 | 799.69 | 91.03 | 133.58 | 273.10 | 311.08 | 4,886.13 |
| Additions | - | - | 10.69 | 465.09 | 24.45 | 98.88 | 153.10 | 154.33 | 906.54 |
| Disposals | - | (46.36) | (14.89) | - | - | (20.84) | (1.86) | - | (83.95) |
| Foreign currency translation adjustments | - | - | - | (0.25) | - | 0.87 | (2.28) | 19.93 | 18.27 |
| As at March 31, 2019 | 2,287.67 | 815.17 | 124.25 | 1,264.53 | 115.48 | 212.49 | 422.06 | 485.34 | 5,726.99 |
| **Accumulated depreciation** | | | | | | | | | |
| As at April 1, 2017 | - | 168.06 | 31.22 | 184.85 | 35.37 | 12.93 | 43.00 | 62.36 | 537.79 |
| Depreciation for the year | - | 180.40 | 19.41 | 229.91 | 21.31 | 25.24 | 38.51 | 75.69 | 590.47 |
| Foreign currency translation adjustments | - | - | - | 21.44 | - | 37.30 | (0.24) | 10.16 | 68.66 |
| As at March 31, 2018 | - | 348.46 | 50.63 | 436.20 | 56.68 | 75.47 | 81.27 | 148.21 | 1,196.92 |
| As at April 1, 2018 | - | 348.46 | 50.63 | 436.20 | 56.68 | 75.47 | 81.27 | 148.21 | 1,196.92 |
| Depreciation for the year | - | 170.06 | 16.68 | 262.55 | 15.78 | 24.34 | 63.12 | 79.10 | 631.63 |
| Disposals | - | (39.15) | (13.13) | - | - | (18.43) | (0.13) | - | (70.84) |
| Foreign currency translation adjustments | - | - | - | 0.56 | - | 0.58 | 0.03 | 20.99 | 22.16 |
| As at March 31, 2019 | - | 479.37 | 54.18 | 699.31 | 72.46 | 81.96 | 144.29 | 248.30 | 1,779.87 |
| **Net carrying amount** | | | | | | | | | |
| As at March 31, 2018 | 2,287.67 | 513.07 | 77.82 | 363.49 | 34.35 | 58.11 | 191.83 | 162.87 | 3,689.21 |
| As at March 31, 2019 | 2,287.67 | 335.80 | 70.07 | 565.22 | 43.02 | 130.53 | 277.77 | 237.04 | 3,947.12 |

## 5. Intangible assets

Amount in ₹ lakhs

| Particulars | Computer Software | Total |
|---|---|---|
| **Gross carrying amount** | | |
| As at April 1, 2017 | 41.89 | 41.89 |
| Additions | 51.90 | 51.90 |
| Foreign currency translation adjustments | 14.14 | 14.14 |
| As at March 31, 2018 | 107.93 | 107.93 |
| As at April 1, 2018 | 107.93 | 107.93 |
| Additions | 11.15 | 11.15 |
| Foreign currency translation adjustments | 1.67 | 1.67 |
| As at March 31, 2019 | 120.75 | 120.75 |
| **Accumulated amortization** | | |
| As at April 1, 2017 | 26.25 | 26.25 |
| Amortisation for the year | 31.78 | 31.78 |
| Foreign currency translation adjustments | 14.30 | 14.30 |
| As at March 31, 2018 | 72.33 | 72.33 |
| As at April 1, 2018 | 72.33 | 72.33 |
| Amortisation for the year | 28.89 | 28.89 |
| Foreign currency translation adjustments | 1.67 | 1.67 |
| As at March 31, 2019 | 102.89 | 102.89 |
| **Net carrying amount** | | |
| As at March 31, 2018 | 35.60 | 35.60 |
| As at March 31, 2019 | 17.86 | 17.86 |

## 6. Equity accounted investees

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investment in joint ventures (Refer note 6 (A) below)** | | |
| TACO Sasken Automotive Electronics Ltd. | | |
| 52,00,403 (March 31, 2018: 52,00,403) equity shares of ₹10 each, fully paid up | 520.04 | 520.04 |
| Less: Provision for diminution in value of investment | (520.04) | (520.04) |
| | - | - |
| **Other investments** | | |
| Prime Telesystems Ltd. | | |
| 392,285 (March 31, 2018: 392,285) equity shares of ₹10 each, fully paid up | 240.00 | 240.00 |
| Less: Provision for diminution in value of investment | (240.00) | (240.00) |
| | - | - |
| **Investment in unquoted preference shares at amortized cost** | | |
| **Investment in joint ventures (Refer note 6 (A) below)** | | |
| TACO Sasken Automotive Electronics Ltd. | | |
| 24,78,000 (March 31, 2018: 24,78,000) redeemable preference shares of ₹10 each, fully paid up | 247.80 | 247.80 |
| Less: Provision for diminution in value of investment | (247.80) | (247.80) |
| | - | - |

6. (A) TACO Sasken Automotive Electronics Limited ('TSAE') (formerly known as TACO Sasken Automotive Electronics Private Limited)

The Company has a 50% interest in a joint venture company, TACO Sasken Automotive Electronics Limited (formerly known as TACO Sasken Automotive Electronics Private Limited) ('TSAE') in Pune. The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies.

Considering the closure of operations of TSAE, the Company does not expect any dividend on liquidation and hence a provision for diminution in the value of investments in TSAE amounting to ₹767.84 lakhs (March 31, 2018: ₹767.84 lakhs) has been recorded to the extent of 100% of the carrying value of the investment.

7. Investments

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Non - current investments** | | |
| Preference securities | 500.00 | 500.00 |
| Tax free bonds | 5,416.07 | 5,424.96 |
| Fixed maturity plans | 16,074.53 | 23,979.19 |
| Arbitrage funds | 15,406.02 | 14,453.42 |
| Equity linked funds | 3,441.39 | - |
| Investments in series - A preferred stock / Promissory notes | 2,059.42 | 586.52 |
| Others | - | - |
| | 42,897.43 | 44,944.09 |
| **Non - current investments** | | |
| **Investment in unquoted preference securities at amortized cost** | | |
| Axiom Research Labs Private Ltd. | | |
| 424 (March 31, 2018: 424) preference shares of ₹10 each, fully paid up | 237.06 | 237.06 |
| Less: Provision for diminution in value of investment | (237.06) | (237.06) |
| | - | - |
| 21E6 Inc. | | |
| Nil (March 31, 2018: 1,02,944) Series C Preference Stock of $ 0.001 each, fully paid up | - | 651.70 |
| Less: Provision for diminution in value of investment | - | (651.70) |
| | - | - |
| Tata Capital Limited | | |
| 50,000 (March 31, 2018: 50,000) 8.33% fully paid non - convertible Cumulative Redeemable non - participating Preference shares ("CRPS") of ₹1,000 each, fully paid up | 500.00 | 500.00 |
| **Total** | 500.00 | 500.00 |
| | | |
| **Investment in quoted tax free bonds at amortized cost** | | |
| 60,400 (March 31, 2018: 60,400) 7.28% IRFC tax free bonds of ₹1,000 each - 15 Years | 604.00 | 604.00 |
| 1,00,000 (March 31, 2018: 1,00,000) 7.34% IRFC tax free bonds of ₹1,026.80 each - 15 Years | 1,021.89 | 1,023.63 |
| 32,000 (March 31, 2018: 32,000) 7.35% IRFC tax free bonds of ₹1,033.20 each - 15 Years | 329.21 | 329.69 |
| 12,007 (March 31, 2018: 12,007) 7.39% HUDCO tax free bonds of ₹1,001.96 each - 15 Years | 120.27 | 120.28 |
| 2,00,000 (March 31, 2018: 2,00,000) 7.39% HUDCO tax free bonds of ₹1,033.75 each - 15 Years | 2,058.83 | 2,061.92 |
| 47,500 (March 31, 2018: 47,500) 8.50% NHAI tax free bonds of ₹1,125 each - 15 Years | 524.70 | 528.14 |
| 75,570 (March 31, 2018: 75,570) 7.35% NHAI tax free bonds of ₹1,002.49 each - 15 Years | 757.17 | 757.30 |
| **Total** | 5,416.07 | 5,424.96 |

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Investment in mutual funds at FVTPL | | |
| *Fixed maturity plans, quoted* | | |
| Nil (March 31, 2018: 52,00,000) units of ₹12.75 each, HDFC FMP 1128D - Direct Growth - Series 33 | - | 662.89 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.76 each, HSBC FTS 131 - Direct Plan - Growth | 1,075.90 | 1,003.50 |
| 1,15,00,000 (March 31, 2018: 1,15,00,000) units of ₹10.80 each, Tata FMP Series 53 - Scheme A - Direct Plan - Growth | 1,241.55 | 1,155.07 |
| Nil (March 31, 2018: 31,00,000) units of ₹13.76 each, IDFC FTPS - 91370 - Direct - Growth | - | 426.55 |
| 1,41,50,000 (March 31, 2018: Nil) units of ₹10.25 each, HSBC FTS 137 - Dir - Growth | 1,450.86 | - |
| Nil (March 31, 2018: 22,87,680) units of ₹13.78 each, L&T FMP Series XI - Plan A - Direct - Growth | - | 315.17 |
| Nil (March 31, 2018: 1,00,00,000) units of ₹12.92 each, Reliance FHF XXIX - Series 19 - Direct Plan - Growth | - | 1,201.30 |
| Nil (March 31, 2018: 1,47,00,000) units of ₹12.62 each, Birla Sun Life Mutual Fund FTP SR NE (1100 D) Direct Growth | - | 1,757.40 |
| Nil (March 31, 2018: 70,00,000) units of ₹12.56 each, SBI Mutual Fund Debt FD Series B-36 (1131 D) Direct Growth | - | 817.96 |
| Nil (March 31, 2018: 1,05,00,000) units of ₹12.64 each, ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct cumulative | - | 1,233.27 |
| Nil (March 31, 2018: 1,50,00,000) units of ₹12.63 each, UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth | - | 1,761.81 |
| Nil (March 31, 2018: 1,50,00,000) units of ₹12.10 each, Reliance FHF 31 - Series 9 - Direct Plan - Growth | - | 1,684.47 |
| Nil (March 31, 2018: 60,00,000) units of ₹12 each, Reliance FHF 31 - Series 13 - Direct Plan - Growth | - | 668.81 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹11.73 each, Reliance FHF 32 - Series 5 - Direct Plan - Growth | 1,172.65 | 1,088.06 |
| 1,20,00,000 (March 31, 2018: 1,20,00,000) units of ₹11.55 each, UTI FTIF - Series XXVI - Plan 6 - Direct Plan - Growth | 1,385.46 | 1,287.67 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹11.54 each, DSP BlackRock FMP - Series 205 - 37 Months - Direct Plan - Growth | 1,153.75 | 1,072.30 |
| 1,12,00,000 (March 31, 2018: 1,12,00,000) units of ₹11.59 each, ICICI Prudential FMP - Series 80 - 1233 days - Plan O - Direct Plan - Growth | 1,298.32 | 1,203.26 |
| 1,50,00,000 (March 31, 2018: 1,50,00,000) units of ₹11.57 each, Birla Sun Life FTP - Series OI - Direct Plan - Growth | 1,735.79 | 1,611.84 |
| 1,00,000 (March 31, 2018: 1,00,000) units of ₹1,157.68 each, DHFL Pramerica FDP Series AE - Direct Plan - Growth | 1,157.68 | 1,074.14 |
| 10,000,000 (March 31, 2018: 10,000,000) units of ₹11.52 each, Invesco India FMP - Series XXIX - Plan B - Direct Plan - Growth | 1,152.20 | 1,070.56 |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.96 each, ICICI Prudential FMP Series 82 - Plan A - Direct Plan - Growth | 1,095.53 | 1,017.58 |
| Nil (March 31, 2018: 66,50,000) units of ₹12.78 each, UTI FTI - Series XXII - Plan 1 - Direct - Growth | - | 849.96 |
| 1,00,00,000 (March 31, 2018: Nil) units of ₹10.65 each, UTI FTIF - Series XXIX - Plan 11 - Direct - Growth | 1,064.80 | - |
| 1,00,00,000 (March 31, 2018: 1,00,00,000) units of ₹10.90 each, Franklin India FMP Series 2 - Plan A - Direct Plan - Growth | 1,090.04 | 1,015.62 |
| Total | 16,074.53 | 23,979.19 |

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Arbitrage fund, unquoted* | | |
| 1,08,55,912 (March 31, 2018: 1,72,00,578) units of ₹11.02 each, Aditya Birla Sun Life Enhanced Arbitrage Fund - Dividend Payout - Direct Plan | 1,196.82 | 1,898.89 |
| 2,00,95,269 (March 31, 2018: 2,00,95,269) units of ₹10.30 each, L&T Arbitrage Opportunities Fund - Monthly Dividend Payout - Direct Plan | 2,069.41 | 2,060.17 |
| 1,35,10,285 (March 31, 2018: 1,35,10,285) units of ₹11 each, Reliance Arbitrage Fund - Dividend Payout - Direct Plan | 1,485.70 | 1,466.78 |
| 21,58,018 (March 31, 2018: 21,58,018) units of ₹14.49 each, ICICI Prudential Equity Arbitrage Fund - Dividend Payout - Direct Plan | 312.73 | 311.66 |
| 99,91,266 (March 31, 2018: 1,49,38,452) units of ₹14.19 each, SBI Arbitrage Opportunities Fund - Dividend Payout - Direct Plan | 1,417.75 | 2,113.66 |
| 1,26,93,898 (March 31, 2018: 1,26,93,898) units of ₹16.95 each, UTI Spread Fund - Dividend Payout - Direct Plan | 2,152.03 | 2,116.20 |
| 1,61,81,160 (March 31, 2018: 1,61,81,160) units of ₹11.01 each, Kotak Equity Arbitrage Fund - Dividend Payout - Direct Plan | 1,781.16 | 1,778.28 |
| 25,26,678 (March 31, 2018: 25,26,678) units of ₹23.54 each, Kotak Equity Arbitrage Fund - Fortnightly Dividend Payout - Direct Plan | 594.75 | 595.14 |
| 2,13,39,783 (March 31, 2018: 1,93,27,759) units of ₹11.05 each, Axis Enhanced Arbitrage Fund - Dividend Payout - Direct Plan | 2,357.02 | 2,112.64 |
| 1,55,02,463 (March 31, 2018: Nil) units of ₹13.15 each, IDFC Arbitrage Fund - Dividend Payout - Direct Plan | 2,038.65 | - |
| Total | 15,406.02 | 14,453.42 |
| *Equity linked funds, unquoted* | | |
| 5,28,476 (March 31, 2018: Nil) units of ₹125.48 each, Aditya Birla Sun Life Equity Fund - Dir - Dividend | 663.13 | - |
| 10,77,489 (March 31, 2018: Nil) units of ₹66.92 each, DSP BlackRock Equity Fund - Dir - Dividend | 721.10 | - |
| 16,90,761 (March 31, 2018: Nil) units of ₹39.72 each, Franklin India Equity Fund - Dir - Dividend | 671.56 | - |
| 19,26,379 (March 31, 2018: Nil) units of ₹34 each, IDFC Multi Cap Fund - Dir - Dividend | 654.97 | - |
| 28,45,394 (March 31, 2018: Nil) units of ₹25.68 each, SBI Magnum Multi Cap Fund - Dir - Dividend | 730.63 | - |
| Total | 3,441.39 | - |
| | | |
| Investments in series A stock / promissory notes , unquoted, at FVTPL | | |
| Investments in Jana Care Inc. - Series - A preferred stock * | 2,059.42 | - |
| Investments in promissory notes | - | 586.52 |
| Total | 2,059.42 | 586.52 |
| *In addition to the fresh investment in series A preferred stock of Jana Care Inc, existing investments in promissory notes have also been converted to series - A preferred stock during the quarter ended June 30, 2018 | | |
| Investment in unquoted equity shares at FVTPL | | |
| Axiom Research Labs Private Ltd. | | |
| 5 (March 31, 2018: 5) fully paid equity shares of ₹10 each, fully paid up | 2.80 | 2.80 |
| Less: Provision for diminution in value of investments | (2.80) | (2.80) |
| | - | - |

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investments in Limited Liability Partnerships** | | |
| Investment in Omni Capital Fund L.L.P, a Limited Liability Partnership in USA | 3,313.47 | 3,122.76 |
| Less : Provision for diminution of investments | (3,313.47) | (3,122.76) |
| | - | - |
| Aggregate amount of quoted investments and market value thereof | 21,490.61 | 29,404.15 |
| Aggregate amount of carrying value of unquoted investments | 21,406.83 | 15,539.94 |
| **Aggregate amount of investments** | **42,897.43** | **44,944.09** |
| Aggregate provision for diminution in value of investments | (3,553.33) | (4,014.32) |

## 8. Other financial assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Security deposits | 339.29 | 299.55 |
| Advances to employees | 0.53 | 1.26 |
| **Total** | **339.82** | **300.81** |

## 9. Other non-current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Capital advances | 17.22 | 97.75 |
| **Total** | **17.22** | **97.75** |

## 10. Current investments

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Liquid mutual funds | 180.15 | 979.01 |
| Fixed maturity plans | 7,927.72 | - |
| **Total** | **8,107.87** | **979.01** |
| | | |
| **Liquid mutual funds, unquoted, at FVTPL** | | |
| Nil (March 31, 2018: 85.66) units of ₹1,001.52 each, Tata Money Market Fund - Direct Plan - Daily Dividend Reinvestment | - | 0.86 |
| Nil (March 31, 2018: 6,175.75) units of ₹1,012.89 each, L&T Liquid Fund - Direct Plan - DDR | - | 62.55 |
| Nil (March 31, 2018: 58,006.51) units of ₹1,000.96 each, Axis Liquid Fund - Daily Dividend Reinvestment | - | 580.62 |
| Nil (March 31, 2018: 33,430.59) units of ₹1,002.01 each, Baroda Pioneer Liquid Fund - Plan B - Direct - Daily Dividend Reinvestment | - | 334.98 |
| 30,105 (March 31, 2018: Nil) units of ₹1,000.65 each, HSBC Cash Fund - Direct - Daily Dividend Reinvestment | 180.15 | - |
| **Total** | **180.15** | **979.01** |
| | | |
| **Fixed maturity plans, quoted** | | |
| 1,00,00,000 (March 31, 2018: Nil) units of ₹12.92 each, Reliance FHF XXIX - Series 19 - Direct Plan - Growth | 1,292.31 | - |
| 70,00,000 (March 31, 2018: Nil) units of ₹12.56 each, SBI Mutual Fund Debt FD Series B - 36 (1131 D) Direct Growth | 878.86 | - |
| 1,05,00,000 (March 31, 2018: Nil) units of ₹12.64 each, ICICI Prudential Mutual Fund FMP SR 78 - (1115 D) PL X Direct Cumulative | 1,327.46 | - |
| 1,50,00,000 (March 31, 2018: Nil) units of ₹12.63 each, UTI FTI - Series XXIV - IX (1183 D) - Direct - Growth | 1,895.00 | - |

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| 1,50,00,000 (March 31, 2018: Nil) units of ₹12.10 each, Reliance FHF 31 - Series 9 - Direct Plan - Growth | 1,814.27 | - |
| 60,00,000 (March 31, 2018: Nil) units of ₹12.00 each, Reliance FHF 31 - Series 13 - Direct Plan - Growth | 719.82 | - |
| | 7,927.72 | - |
| Aggregate amount of quoted investments and market value thereof | 7,927.72 | - |
| Aggregate amount of unquoted investments | 180.15 | 979.01 |
| Aggregate amount of unquoted investments | 8,107.87 | 979.01 |

## 11. Trade receivables

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade receivables - unsecured | | |
| Trade receivables considered good | 8,228.36 | 7,869.18 |
| Trade receivables which have significant increase in credit risk | 248.56 | 273.32 |
| Less: allowances for doubtful trade receivables | (248.56) | (273.32) |
| Total | 8,228.36 | 7,869.18 |

The activity in the allowance for expected credit loss is presented below:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 273.32 | 265.71 |
| Additions / reversal during the year, net | (14.63) | 11.83 |
| Effect of restatement | (10.13) | (4.22) |
| Balance at the end of the year | 248.56 | 273.32 |

The Group's exposure to credit and currency risks, and loss allowance related to trade receivables is disclosed in Note 33.

## 12. Cash and cash equivalents

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with banks - Current accounts | 1,345.58 | 3,937.66 |
| Balances with banks - Unpaid dividend accounts | 124.89 | 79.73 |
| Cash on hand | 2.26 | 6.01 |
| Total | 1,472.73 | 4,023.40 |

## 13. Other bank balances

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Bank deposits with original maturity more than 3 months but less than or equal to 12 months from the reporting date | 193.45 | 279.96 |
| Bank balances held as margin money / security against guarantees | 81.98 | 39.86 |
| Total | 275.43 | 319.82 |

Amount in ₹ lakhs

## 14. Other financial assets, current

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances to employees | 116.08 | 149.02 |
| Accrued interest | 974.99 | 170.60 |
| Security deposits | 57.62 | 150.72 |
| Total | 1,148.69 | 470.34 |

## 15. Other current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with government authorities | 175.26 | 163.70 |
| Advances to suppliers | 132.97 | 361.07 |
| Prepaid expenses | 798.34 | 246.26 |
| Others | 28.34 | 35.56 |
| Total | 1,134.91 | 806.59 |

## 16. Equity share capital

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Authorized: | | |
| 5,50,00,000 (March 31, 2018: 55,000,000) equity shares of ₹10 each | 5,500.00 | 5,500.00 |
| Issued, subscribed and paid up capital: | | |
| 1,71,10,114 (March 31, 2018: 1,71,10,114) equity shares of ₹10 each fully paid up | 1,711.01 | 1,711.01 |
| Total | 1,711.01 | 1,711.01 |

### a. Reconciliation of shares outstanding at the beginning and at the end of the year:

| Particulars | As at March 31, 2019 |
|---|---|
| | No. of shares |
| At the beginning of the period | 1,71,10,114 |
| At the end of the period | 1,71,10,114 |

| Particulars | As at March 31, 2018 |
|---|---|
| | No. of shares |
| At the beginning of the period | 1,71,10,114 |
| At the end of the period | 1,71,10,114 |

### b. Buy-back of Equity Shares

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Aggregate number of equity shares bought back by the Company during the period of five years immediately preceding the Balance Sheet date | 42,66,259 | 44,02,162 |

### c. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The dividend if any proposed by the Board of Directors is subject to shareholder's approval at the ensuing Annual General Meeting. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called-up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

d. **Shareholders holding more than 5% shares in the Company:**

| Name of the shareholder | % of total shares in the class | As at March 31, 2019 Number of shares |
|---|---|---|
| Rajiv C. Mody | 9.10% | 15,56,570 |
| Gothic Corporation | 5.71% | 9,76,166 |
| Naman R. Mody | 5.48% | 9,38,302 |

| Name of the shareholder | % of total shares in the class | As at March 31, 2018 Number of shares |
|---|---|---|
| Rajiv C. Mody | 9.10% | 15,56,570 |
| GHI LTP Ltd. | 5.71% | 9,76,166 |

e. There are no shares reserved for issue under employee stock options.

f. There are no bonus shares issued during the period of five years immediately preceding the balance sheet date.

g. The Company has issued 98,800 equity shares (As at March 31, 2018: 552,400) during the period of five years immediately preceding the reporting date on exercise of stock options granted under the Employee Stock Option Plan (ESOP), wherein part consideration was received in form of employee services.

h. During the current year, the Company appropriated ₹9.50 towards dividend, which included final dividend of 2017-18 amounting to ₹4.50 per equity share and Interim dividend for the FY 2018-19 amounting to ₹5.00 per equity share (March 31, 2018: ₹10.00 per equity share).

i. On April 23, 2019, the Board of Directors of the Company have recommended a final dividend of ₹7.50 per equity share for the year ended March 31, 2019. The same has not been accounted for in these financial statements, as it is not an adjusting event.

j. The Board, at its meeting on April 23, 2019 approved a proposal for the buyback of upto 19,98,678 fully paid-up equity shares of face value of ₹10 each from the eligible equity shareholders of the Company at a price of upto ₹850 per equity share for a total consideration not exceeding ₹16,988.76 lakhs.

k. **Employee Stock Option Plan (ESOP):**

The Sasken Employees' Share Based Incentive Plan 2016 (Plan) was duly approved and instituted in December, 2016. The Plan authorizes the Board of Directors of the Company to offer share based incentive to eligible employees of the Company and its subsidiaries. The maximum number of shares to be issued under the Plan will be 8,85,900 equity shares. The Plan is administered by the Sasken Employees Welfare Trust.

The Company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

During the year ended March 31, 2019, 65,526 stock options have been granted under the Plan. These stock options will vest after a period of 4 years from the grant date and are subject to the achievement of certain performance conditions. The charge to the income statement on account of stock compensation cost for the year ended March 31, 2019, is ₹55.53 lakhs (March 31, 2018: Nil).

The Company has used the Black-Scholes Option Pricing Model to determine the fair value of the stock options based on which the compensation cost for the current period has been computed.

The 2016 Plan is in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Details of Equity Options granted are as follows:

| Details of movement in the equity options granted during the year | Units (in Numbers) |
|---|---|
| Equity options outstanding at the beginning of the year | - |
| Number of options granted during the year | 65,526 |
| Options vested during the year | - |
| Options lapsed during the year | - |
| Total number of shares to be allotted on exercise of Equity | 65,526 |
| Options outstanding at the end of the year | 65,526 |
| Options exercisable at the end of the year | Nil |
| Exercise price of ESOP Options outstanding at the end of the year | ₹ 982 |

| The fair value has been calculated using the Black Scholes Option Pricing Model. The Assumptions used in the model on a weighted average basis at the time of grant are as follows : | Assumption values |
|---|---|
| 1. Risk free interest rate | 8.12% |
| 2. Weighted average contractual life | 5.50 |
| 3. Expected volatility | 44.94% |
| 4. Dividend yield | 1.02% |
| 5. Price of the underlying share in the market at the time of option grant | ₹ 981.85 |
| 6. Date of Grant | July 17, 2018 |
| 7. Exercise price | ₹ 982 |

### 17. Provisions, non-current

Amount in ₹ lakhs

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provisions for employee benefits | | |
| Pension | 557.70 | 633.03 |
| Compensated absences | 84.08 | 87.43 |
| Provisions for other expenses | | |
| Decommissioning liability | 69.59 | 91.31 |
| Total | 711.37 | 811.77 |

### 18. Trade payables

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Total outstanding dues to micro and small enterprises (refer note 37) | 32.27 | 11.92 |
| Total outstanding dues to creditors other than micro and small enterprises | 1,802.24 | 1,718.12 |
| Total | 1,834.51 | 1,730.04 |

### 19. Other financial liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Employee related payables | 1,381.98 | 2,169.33 |
| Unpaid dividends | 124.90 | 79.73 |
| Total | 1,506.88 | 2,249.06 |

## Notes to Consolidated Financial Statements *(Contd.)*

Amount in ₹ lakhs

### 20. Other current liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances received from customers | 398.37 | 148.14 |
| Capital creditors | 28.59 | 38.21 |
| Statutory liabilities | 939.03 | 1,080.34 |
| Total | 1,365.99 | 1,266.69 |

### 21. Provisions, current

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provision for employee benefits | | |
| Compensated absences | 1,566.73 | 1,525.98 |
| Others | 213.75 | 295.97 |
| Total | 1,780.48 | 1,821.95 |

## 22. Revenue from operations

Amount in ₹ lakhs

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Sale of software services | 50,431.12 | 50,302.47 |
| Total | 50,431.12 | 50,302.47 |

## 23. Other income

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Dividends from current investments | 937.02 | 791.30 |
| Dividends from preference shares | 41.65 | 41.65 |
| Net gain / (loss) on sale of current investments | 2.12 | (103.02) |
| Net gain on sale of non - current investments | 22.00 | 240.96 |
| Interest income from: | | |
| - bank deposits | 25.17 | 33.42 |
| - tax free bonds | 384.60 | 385.17 |
| - income - tax refund | 966.51 | 418.45 |
| - others | 50.32 | 10.90 |
| Write back of unclaimed balances / provisions | 33.63 | - |
| Profit on sale of property, plant and equipment | 37.73 | 18.07 |
| Foreign exchange (loss) / gain, net | 155.81 | (63.12) |
| Miscellaneous income | 176.63 | 25.31 |
| Net gains on fair value changes on investments classified as fair value through profit and loss | 1,769.15 | 1,843.49 |
| Total | 4,602.34 | 3,642.59 |

## 24. Employee benefits expense

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries and bonus | 30,133.93 | 31,556.43 |
| Contribution to provident and other funds | 2,552.44 | 2,436.20 |
| Staff welfare expenses | 930.21 | 824.31 |
| Relocation expenses | 189.77 | 236.75 |
| Employee stock option compensation cost | 55.53 | - |
| Total | 33,861.88 | 35,053.69 |

## 25. Other expenses

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Rent | 737.50 | 710.32 |
| Repairs and maintenance: | | |
| - Plant and machinery | 526.88 | 466.69 |
| - Building | 485.81 | 486.58 |
| - Others | 85.37 | 40.43 |
| Communication expenses | 293.24 | 298.74 |
| Travel expenses | 1,834.70 | 1,333.58 |
| Electricity and water charges | 435.05 | 454.38 |
| Professional, legal and consultancy charges | 931.10 | 838.58 |
| Insurance | 128.68 | 130.64 |
| Contract staff cost | 2,000.19 | 1,841.24 |
| Software subscription charges | 114.43 | 109.18 |
| Training and conference expenses | 29.83 | 67.96 |

25. Other expenses *(Contd.)*

Amount in ₹ lakhs

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Selling expenses | 83.19 | 124.64 |
| Commission | - | 1.09 |
| Provision for doubtful deposits | - | (1.28) |
| Provision for doubtful debts (net of recovery) | - | 11.83 |
| Bad debts (net of recovery) | (14.63) | - |
| Auditor's remuneration: | | |
| - Audit fees | 31.00 | 31.00 |
| - Other services | 1.25 | 0.50 |
| - Reimbursement of expenses | 3.26 | 6.27 |
| Rates and taxes | (87.25) | 234.95 |
| Directors' sitting fees and commission | 85.80 | 78.19 |
| Donations | 2.36 | 1.31 |
| Contribution towards corporate social responsibility | 334.85 | 467.69 |
| Printing and stationery | 46.06 | 47.44 |
| Project materials | 1,203.04 | 316.14 |
| Miscellaneous expenses | 164.45 | 205.33 |
| Total | 9,456.16 | 8,303.42 |

26. Income taxes

A. Amounts recognized in the Statement of Profit and Loss and other comprehensive income:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Income tax expense: | | |
| Current tax | 1,948.67 | 1,744.22 |
| Deferred tax - origination and reversal of temporary differences | 195.43 | (20.83) |
| Minimum Alternate Tax Credit entitlement | (131.49) | - |
| | 2,012.61 | 1,723.39 |
| Income tax included in other comprehensive income on: | | |
| Remeasurements of the defined benefit liability | 28.20 | 4.85 |
| Net change in fair value of financial instruments through OCI | 372.29 | (424.52) |
| Total | 2,413.09 | 1,303.72 |

B. Reconciliation of effective tax rate:

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit before income tax | 11,054.90 | 9,965.70 |
| Enacted income tax rate in India | 34.94% | 34.61% |
| Computed expected tax expense | 3,863.02 | 3,448.93 |
| Effect of: | | |
| Non - deductible expenses | 141.59 | 171.92 |
| Tax on undistributed earnings of subsidiaries | (136.00) | 206.56 |
| Reversal of provisions recorded during previous years (net) | (194.51) | (179.40) |
| Items earlier disallowed now allowed (Provision for VAT liabilities) | (96.35) | (334.78) |
| Minimum Alternate Tax Credit entitlement | (131.49) | - |
| Branch profit tax for the US branch | 54.43 | 50.58 |
| Tax exempt income | (1,115.46) | (1,017.35) |
| Tax incentives | (485.34) | (540.83) |
| Income chargeable at special rates, net | 156.34 | (197.86) |
| Effect of tax rates in foreign jurisdictions | (122.28) | 123.58 |
| Other items | 78.65 | (7.96) |
| Income tax expense, as above | 2,012.61 | 1,723.39 |
| Effective tax rate % | 18.21% | 17.29% |

### C. Recognized deferred tax assets and liabilities

The components of deferred tax assets and liabilities are as follows: Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Deferred tax assets* | | |
| Property, plant and equipment (including intangible assets) | 670.31 | 691.36 |
| Provisions for employee benefits | 202.69 | 200.39 |
| Derivative liabilities | - | 43.51 |
| MAT credit entitlement | 131.49 | - |
| Other items | - | 9.96 |
| Total deferred tax assets | 1,004.49 | 945.21 |
| *Deferred tax liabilities* | | |
| Investments at fair value through profit or loss | 20.14 | - |
| Unrealised Interest on Income Tax refund | 277.67 | - |
| Undistributed earnings of subsidiary companies | 70.56 | 206.56 |
| Derivative assets | 328.77 | - |
| Re - measurement gain on gratuity | 33.19 | 5.00 |
| Other items | 4.90 | - |
| Total deferred tax liabilities | 735.25 | 211.57 |
| | | |
| Deferred tax asset (net) | 269.22 | 733.64 |

### D. Movement in temporary differences

| Net deferred income tax asset at the beginning (a) | As at April 1, 2018 | As at April 1, 2017 |
|---|---|---|
| Net deferred income tax asset | 733.64 | 293.14 |

| Credit / (Charge) in the Statement of Profit and Loss during the period (b) | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Property, Plant and equipment (including intangible assets) | (21.05) | 3.00 |
| Provisions - employee benefits | 2.30 | 50.79 |
| Derivative liability | - | (33.96) |
| Unrealised interest on income tax refund | (277.67) | - |
| Investments at fair value through profit or loss | (20.14) | 244.97 |
| Undistributed earnings of subsidiary companies | 136.00 | (206.56) |
| Other items | (14.87) | (37.40) |
| | (195.44) | 20.83 |

| Credit / (Charge) in the other comprehensive income during the period (c) | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Provisions - employee benefits | (28.20) | (4.85) |
| Derivative assets / liabilities | (372.28) | 424.52 |
| | (400.48) | 419.67 |
| MAT credit entitlement | 131.50 | - |
| Net deferred income tax asset at the end of the period (d) = (a) + (b) + (c) | 269.22 | 733.64 |

### E. Other tax assets and current tax liabilities

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Income tax assets | 5,403.12 | 5,823.45 |
| Income tax liabilities | 2,009.95 | 1,868.53 |
| Net tax assets | 3,393.17 | 3,954.92 |

Deferred taxes on unrealized foreign exchange gain / loss relating to cash flow hedges and actuarial gains / losses on defined benefit plans are recognized in other comprehensive income and presented within equity. Other than these, the change in deferred tax assets and liabilities is recorded in the Statement of Profit and Loss.

In assessing the realizability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry - forward period are reduced.

## 27. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company and the weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares.

i. Profit attributable to equity holders of the Company

Amount in ₹ lakhs

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit after tax for the year | 9,042.29 | 8,242.31 |
| Profit attributable to equity holders of the Company for basic and dilutive earnings | 9,042.29 | 8,242.31 |
| Adjustments for the purpose of dilutive potentital equity shares | - | - |
| | 9,042.29 | 8,242.31 |

ii. Weighted average number of equity shares

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Issued ordinary shares at the beginning date | 1,71,10,114 | 1,71,10,114 |
| Effect of shares bought back by Sasken Employees Welfare Trust | 23,538 | - |
| Weighted average number of shares at the end of the year | 1,70,86,576 | 1,71,10,114 |
| Effect of dilution | - | - |
| Weighted average number of equity shares for basic and diluted earnings per share | 1,70,86,576 | 1,71,10,114 |
| Basic and diluted earnings per share | 52.92 | 48.17 |

## 28. Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act.

a) Gross amount required to be spent by the Company during the year is ₹327.21 lakhs (March 31, 2018: ₹452.42 lakhs)

b) Amount spent during the year on:

| Particulars | Year ended March 31, 2019 | | |
|---|---|---|---|
| | In cash | Yet to be paid in cash | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above | 334.85 | - | 334.85 |
| | 334.85 | - | 334.85 |

| Particulars | Year ended March 31, 2018 | | |
|---|---|---|---|
| | In cash | Yet to be paid in cash | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above | 217.69 | 250.00 | 467.69 |
| | 217.69 | 250.00 | 467.69 |

## 29. Segments and disaggregated revenue information

### (a) Segmental information:

The Chairman and Managing Director of the Group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Group operates in one segment only i.e. "Software Services". The CODM evaluates performance of the Group based on revenue and operating income from "Software Segment". Accordingly, segment information has not been separately disclosed.

### (b) Revenue by contract type:

Amount in ₹ lakhs

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Time and Material contracts | 31,571.09 | 35,766.68 |
| Fixed Priced Contracts | 18,860.03 | 14,535.79 |
| Total | 50,431.12 | 50,302.47 |

### (c) Revenue by geography :

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| India | 14,019.82 | 14,566.63 |
| North America (including Canada) | 19,784.64 | 19,533.11 |
| Europe (including Middle East) | 11,534.98 | 12,610.43 |
| Rest of the world | 5,091.68 | 3,592.30 |
| Total | 50,431.12 | 50,302.47 |

2 of our customer groups individually accounted for more than 10% of the revenues during the year ended March 31, 2019 (March 31, 2018: 1 customer group.)

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹10,369 lakhs out of which 100% is expected to be recognized as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows:

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 1,403.58 |
| Revenue recognized during the year | 18,201.93 |
| Invoices raised during the year | (16,756.13) |
| Translation exchange difference | 295.92 |
| Balance at the end of the year | 3,145.30 |

Changes in deferred revenue are as follows:

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 1,403.14 |
| Revenue recognized that was included in the deferred revenue at the beginning of the year | (1,403.14) |
| Increase due to invoicing during the year, excluding amounts recognized as revenue during the year | 380.22 |
| Translation exchange difference | - |
| Balance at the end of the year | 380.22 |

Reconciliation of revenue recognized with the contracted price is as follows:

| | Year ended March 31, 2019 |
|---|---|
| Contracted price | 50,431.12 |
| Reductions towards variable consideration components | - |
| Revenue recognized | 50,431.12 |

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

# Notes to Consolidated Financial Statements *(Contd.)*

30. Related party relationships and transactions

a) Following is the list of subsidiaries / controlled trust / joint ventures / other related parties of the Company:

| Particulars | Country of incorporation | Ownership interest as at | |
|---|---|---|---|
| | | March 31, 2019 | March 31, 2018 |
| **Subsidiaries** | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. ('Sasken Mexico') | Mexico | 100.00% | 100.00% |
| Sasken Communication Technologies (Shanghai) Co. Ltd. ('Sasken China') | China | 100.00% | 100.00% |
| Sasken Finland Oy ('Sasken Finland') | Finland | 100.00% | 100.00% |
| Sasken Inc. ('Sasken Inc.') | USA | 100.00% | 100.00% |
| **Controlled Trust** | | | |
| Sasken Foundation | India | - | - |
| Sasken Employees Welfare Trust | India | - | - |
| **Joint ventures** | | | |
| TACO Sasken Automotive Electronics Limited ('TSAE') | India | 50.00% | 50.00% |
| **Other related parties** | | Nature of relationship | |
| SAS Employees Provident Fund Trust | India | Post Employment benefit plan of Sasken | |
| Sasken Employees' Gratuity Fund | India | Post Employment benefit plan of Sasken | |
| Sasken Employees Superannuation Fund Trust | India | Post Employment benefit plan of Sasken | |

b) Following is the list of other related parties:

(a) Key Managerial Personnel ('KMP')

| Name of the related party | Relationship |
|---|---|
| Rajiv C. Mody | Chairman, Managing Director and Chief Executive Officer |
| Neeta S. Revankar | Whole Time Director and Chief Financial Officer |
| S. Prasad | Company Secretary |

(b) Persons other than KMPs

| Name of the related party | Relationship |
|---|---|
| Bansi S. Mehta | Independent Director (vacated his office effective April 23, 2019) |
| Prof J. Ramachandran | Independent Director |
| Bharat V. Patel | Independent Director |
| Sanjay M. Shah | Independent Director |
| Sunirmal Talukdar | Independent Director |
| Jyotindra B. Mody | Non-executive Director (resigned effective February 15, 2019) |
| Pranabh D. Mody | Non-executive Director |
| G. Venkatesh | Non-executive Director |

c) Key Managerial Personnel Compensation

Amount in ₹ lakhs

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Short term employee benefits - KMPs | 341.78 | 707.62 |
| Short term employee benefits - Others | 85.80 | 91.00 |
| Total | 427.58 | 798.62 |

Post-employment benefits comprising gratuity and compensated absences are not disclosed as these are determined for the Group as a whole.

## 31. Employee benefits

### Defined contribution plan:

### Pension Fund and Superannuation :

The Company makes contributions to the Government administered pension fund, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. Further, the Company also contributes to a superannuation scheme, maintained by an insurance company. To the extent of such contributions, the Company has no obligation other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contributions for the year ended March 31, 2019 aggregated to ₹229.19 lakhs (March 31, 2018: ₹252.69 lakhs).

### Defined benefit plan:

a) Provident Fund

The Company also makes contributions to the approved Provident Fund Trust (SAS Employees Provident Fund Trust) managed by the Company, in respect of qualifying employees towards Provident Fund, which is a defined benefit plan. The contributions made to the Trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the Trust's assets based on the Government specified rate of return. The amount recognized as an expense towards contribution to this plan for the year ended March 31, 2019 aggregated to ₹616.67 lakhs (March 31, 2018: ₹574.82 lakhs).

The details of fund and plan assets in relation to the Provident Fund Scheme managed by the Trust are given below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Fair value of plan assets | 14,151.05 | 13,824.82 |
| Present value of defined benefit obligation | 14,151.05 | 13,824.82 |
| Net (shortfall) / excess | - | - |

The plan assets have been primarily invested in securities issued by the Government of India and high quality corporate bonds.

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.25% | 7.55% |
| Average remaining tenure of investment portfolio | 6.72 years | 6.2 years |
| Guaranteed rate of return | 8.65% | 8.55% |

### Defined benefit plan:

b) Gratuity

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. Further, in case of the branch in Germany, pension contributions are also made as per the local laws and regulations. The Company provides for these pension benefits, a defined benefit plan, covering all eligible employees.

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Defined benefit asset | 2,112.29 | 2,047.58 |
| Total employee benefit asset (a) | 2,112.29 | 2,047.58 |
| Defined benefit liability (b) | 2,083.95 | 2,012.02 |
| Net employee benefit (assets) / liabilities (c = b - a) | **(28.34)** | **(35.57)** |
| Non-current | - | - |
| Current | (28.34) | (35.57) |

### Reconciliation of the net defined benefit liability:

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

Reconciliation of present value of defined benefit obligation:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 2,012.02 | 1,983.95 |
| Benefits paid | (241.16) | (278.85) |
| Current service cost | 167.74 | 166.23 |
| Interest cost | 138.64 | 130.22 |
| Actuarial (gains) / losses recognized in other comprehensive income | | |
| - changes in financial assumptions | 17.93 | (19.72) |
| - experience adjustments | (11.22) | 30.19 |
| Balance at the end of the year (a) | 2,083.95 | 2,012.02 |

Reconciliation of the present value of plan assets:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 2,047.58 | 1,989.14 |
| Contributions paid into the plan | 121.00 | 170.00 |
| Benefits paid | (241.16) | (278.85) |
| Interest income | 152.46 | 142.50 |
| Return on plan assets recognized in other comprehensive income | 32.41 | 24.79 |
| Balance at the end of the year (b) | 2,112.29 | 2,047.58 |
| Net defined benefit liability / (asset) (c=a-b) | (28.34) | (35.56) |

### Defined benefit obligations - Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.09% | 7.33% |
| Expected return on plan assets | 7.09% | 7.33% |
| Salary escalation rate | 10.00% | 10.00% |
| Attrition rate | 20.00% | 20.00% |

The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The estimates of future salary escalations considered takes into account the inflation, seniority, promotion and other relevant factors. Attrition rate considered is the management's estimate, based on previous years' employee turnover of the Company.

As at March 31, 2019 and March 31, 2018 plan assets were primarily invested in insurer managed funds.

### Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate (1% movement) | (86.30) | (82.78) |
| Discount rate (-1% movement) | 94.67 | 90.84 |
| Future salary growth (1% movement) | 81.36 | 78.21 |
| Future salary growth (-1% movement) | (75.70) | (72.73) |
| Attrition rate (1% movement) | (16.80) | (15.45) |
| Attrition rate (-1% movement) | 18.06 | 16.60 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The expected future contribution and estimated future benefit payments from the fund are as follows:

| | |
|---|---|
| Expected contribution to the fund during the year ending March 31, 2019 | 494.38 |
| Estimated benefit payments from the fund during: | |
| Year 1 | 476.41 |
| Year 2 | 287.11 |
| Year 3 | 265.31 |
| Year 4 | 244.31 |
| Year 5 | 219.64 |
| Thereafter | 730.47 |

c) Pension

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Net defined benefit asset | 763.60 | 788.31 |
| Total employee benefit asset (a) | 763.60 | 788.31 |
| Defined benefit liability (b) | 1,321.30 | 1,421.34 |
| Net employee benefit liabilities (c = b - a) | 557.70 | 633.03 |
| Non-current | 557.70 | 633.03 |
| Current | - | - |

**Reconciliation of the net defined benefit liability:**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset)/liability and its components:

Reconciliation of present value of defined benefit obligation (Pension):

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 1,421.34 | 1,180.13 |
| Interest cost | 32.43 | 41.56 |
| Benefits paid | (48.21) | - |
| Actuarial gains recognized in other comprehensive income | (29.11) | 3.17 |
| Exchange losses/(gains) | (55.15) | 196.48 |
| Balance at the end of the year (a) | 1,321.30 | 1,421.34 |

Reconciliation of the present value of the plan assets: Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 788.31 | 648.73 |
| Contributions paid into the plan | 9.83 | 10.34 |
| Benefits paid | (48.21) | - |
| Expected return on plan assets | 18.11 | 18.02 |
| Actuarial gains recognized in other comprehensive income | 26.46 | 3.17 |
| Exchange gain / (loss) | (30.90) | 108.05 |
| Balance at the end of the year (b) | 763.60 | 788.31 |
| Net defined benefit liability / (asset) (c=a-b) | 557.70 | 633.03 |

**Defined benefit obligations - Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 2.35% | 2.35% |
| Expected return on plan assets | 2.35% | 2.35% |

The discount rate is based on the prevailing market yields of government securities for the estimated term of the obligations. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

As at March 31, 2019 and March 31, 2018, plan assets were primarily invested in insurer managed funds.

## 32. Operating leases

The Group has operating leases for office premises that are (a) renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and (b) renewable on a periodic basis and are non - cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract, ranging from 0% to 15%. There are no restrictions imposed by the lease arrangements. There are no sub - leases.

**(i) Future minimum lease payments:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Due within one year | 173.36 | 149.66 |
| Due between one to five years | 151.17 | 292.95 |

**(ii) Amounts recognized in profit or loss:**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Rent expenses included in the consolidated Statement of Profit and Loss | 737.50 | 710.32 |

## 33. Financial instruments - fair values

### Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because the cost represents estimate of fair value.

**As at March 31, 2019:** Amount in ₹ lakhs

| Financial assets measured at fair value | Carrying amount | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value - hedging instruments | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| **Investments (non - current)** | | | | | | | | |
| Investments in fixed maturity plans | - | 16,074.53 | - | 16,074.53 | - | 16,074.53 | - | 16,074.53 |
| Investments in arbitrage funds | - | 15,406.02 | - | 15,406.02 | 15,406.02 | - | - | 15,406.02 |
| Investments in equity linked funds | - | 3,441.39 | - | 3,441.39 | 3,441.39 | - | - | 3,441.39 |
| Investments in series - A preferred stock | - | 2,059.42 | - | 2,059.42 | - | - | 2,059.42 | 2,059.42 |
| **Investments (current)** | | | | | | | | |
| Investments in liquid mutual funds | - | 8,107.87 | - | 8,107.87 | 8,107.87 | - | - | 8,107.87 |
| Derivative instruments | 940.86 | - | - | 940.86 | - | 940.86 | - | 940.86 |
| | 940.86 | 45,089.23 | - | 46,030.09 | 26,955.27 | 17,015.39 | 2,059.42 | 46,030.09 |

| Financial assets not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Investments (non - current) | | |
| Investments in preference shares | 500.00 | 500.00 |
| Investments in tax free bonds | 5,416.07 | 5,416.07 |
| Other financial assets (non - current) | | |
| Security deposits | 339.29 | 339.29 |
| Advances to employees | 0.53 | 0.53 |
| Trade receivables | 8,228.36 | 8,228.36 |
| Cash and cash equivalents | 1,472.73 | 1,472.73 |
| Other bank balances | 275.43 | 275.43 |
| Unbilled revenue | 1,955.37 | 1,955.37 |
| Other financial assets (current) | | |
| Advances to employees | 116.08 | 116.08 |
| Accrued interest income | 974.99 | 974.99 |
| Security deposits | 57.62 | 57.62 |
| | 19,336.47 | 19,336.47 |

Amount in ₹ lakhs

| Financial liabilities not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Trade payables | 1,834.51 | 1,834.51 |
| Other financial liabilities (current) | | |
| Employee related payments | 1,381.98 | 1,381.98 |
| Unpaid dividends | 124.90 | 124.90 |
| | 3,341.39 | 3,341.39 |

As at March 31, 2018:

| Financial assets measured at fair value | Carrying amount | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value - hedging instruments | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Investments (non - current) | | | | | | | | |
| Investments in fixed maturity mutual funds | - | 19,967.22 | - | 19,967.22 | - | 19,967.22 | - | 19,967.22 |
| Investments in arbitrage mutual funds | - | 14,453.42 | - | 14,453.42 | 14,453.42 | - | - | 14,453.42 |
| Investments in equity linked funds | - | - | - | - | - | - | - | - |
| Investments in convertible promissory notes | - | 586.52 | - | 586.52 | - | - | 586.52 | 586.52 |
| Investments (current) | | | | | | | | |
| Investments in liquid / ultra - short term mutual funds | - | 4,990.97 | - | 4,990.97 | 4,990.97 | - | - | 4,990.97 |
| Derivative instruments | 1.50 | - | - | 1.50 | - | 1.50 | - | 1.50 |
| | 1.50 | 39,998.13 | - | 39,999.63 | 19,444.39 | 19,968.72 | 586.52 | 39,999.63 |

As at March 31, 2018

| Financial assets not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Investments (non-current) | | |
| Investments in preference shares | 500.00 | 500.00 |
| Investments in tax free bonds | 5,424.96 | 5,424.96 |
| Other financial assets (non - current) | | |
| Security deposits | 299.55 | 299.55 |
| Advances to employees | 1.26 | 1.26 |
| Trade receivables | 7,869.18 | 7,869.18 |
| Cash and cash equivalents | 4,023.40 | 4,023.40 |
| Other bank balances | 319.82 | 319.82 |
| Unbilled revenue | 3,282.52 | 3,282.52 |
| Other financial assets (current) | | |
| Advances to employees | 149.02 | 149.02 |
| Accrued interest income | 170.60 | 170.60 |
| Security deposits | 150.72 | 150.72 |
| | 22,191.03 | 22,191.03 |

Amount in ₹ lakhs

| Financial liabilities not measured at fair value | Carrying amount | |
|---|---|---|
| | Amortized cost | Total |
| Trade payables | 1,730.04 | 1,730.04 |
| Other financial liabilities (current) | | |
| Employee related payments | 2,169.33 | 2,169.33 |
| Unpaid dividends | 79.73 | 79.73 |
| | 3,979.10 | 3,979.10 |

### Derivative instruments (assets and liabilities):

The Group enters into derivative contracts with banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and Black Scholes models (for option valuation), using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying. As at March 31, 2019, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

### Details of assets and liabilities considered under Level 3 classification:

| Particulars | Investments in Series - A preferred shares |
|---|---|
| Closing balance as at March 31, 2018 | 586.52 |
| Add: Further investments | 1,472.90 |
| Closing balance as at March 31, 2019 | 2,059.42 |

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

### A. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

### i. Risk management framework

The Group's principal financial liabilities comprise trade payables and unpaid dividend. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, cash and cash equivalents, other bank balances and unbilled revenues that derive directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk for the Group pertains to investing activities. The Group's exposure to credit risk is influenced mainly by the individual characteristic of customers and counterparties to derivative instruments such as banks.

### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

### The carrying amount of the following financial assets represents the maximum credit exposure.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹8,228.36 lakhs and ₹7,869.18 lakhs as of March 31, 2019 and March 31, 2018, respectively and unbilled revenues amounting to ₹1,955.37 lakhs and ₹3,282.52 lakhs as of March 31, 2019 and March 31, 2018,respectively. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues.

The following table gives details in respect of percentage of revenues generated from top customer and top ten customers:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Revenue from top 2 customers | 35.20% | 26.36% |
| Revenue from top 10 customers | 68.70% | 65.96% |

### Financial instruments - fair values and risk management

The carrying amount of the following financial assets represents the maximum credit exposure:

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. The Group establishes an allowance for impairment that best represents its estimate of expected losses in respect of trade receivables. The Group has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

### Cash and bank balances

The Group held cash and bank balances of ₹1,748.16 lakhs at March 31, 2019 (March 31, 2018: ₹4,343.22 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA - to AAA, based on CRISIL ratings.

### Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated AA - to AAA, based on CRISIL ratings.

### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Exposure to liquidity risk:-The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Amount in ₹ lakhs

| As at March 31, 2019: | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Less than 1 year | 1-2 years | 2-4 years | 4-7 years |
| **Non - derivative financial liabilities** | | | | | |
| Trade payables | 1,834.51 | 1,834.51 | - | - | - |
| Other financial liabilities (current) | | | | | |
| Employee related payments | 1,381.98 | 1,381.98 | - | - | - |
| Unpaid dividends | 124.90 | 124.90 | - | - | - |
| | 3,341.39 | 3,341.39 | - | - | - |

Amount in ₹ lakhs

| As at March 31, 2018: | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Less than 1 year | 1-2 years | 2-4 years | 4-7 years |
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 1,730.04 | 1,730.04 | - | - | - |
| Other financial liabilities (current) | | | | | |
| Employee related payments | 2,169.33 | 2,169.33 | - | - | - |
| Unpaid dividends | 79.73 | 79.73 | - | - | - |
| | 3,979.10 | 3,979.10 | - | - | - |

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to interest rate risk and the market value of its investments. Thus, the exposure to market risk is primarily related to investing activities. The objective of market risk management is to diversify our portfolio according to nature of investments to mitigate risks.

#### Currency risk

The Group is exposed to currency risk on account of export of services in foreign currency. The functional currency of the Group is Indian Rupee. The summary quantitative data about the Group's exposure to currency risk from non-derivative financial instruments is as follows:

As at March 31, 2019

| Currency | Amount in foreign currency lakhs | | | Amount in ₹ lakhs | | |
|---|---|---|---|---|---|---|
| | Current assets | Current liabilities | Net receivable/ (payable) | Current assets | Current liabilities | Net receivable/ (payable) |
| Euro (EUR) | 14.56 | 0.42 | 14.14 | 1,130.34 | 32.30 | 1,098.04 |
| British Pound (GBP) | 0.79 | - | 0.79 | 71.95 | - | 71.95 |
| Japanese Yen (JPY) | 1.67 | - | 1.67 | 1.04 | - | 1.04 |
| US Dollar (USD) | 65.09 | 3.49 | 61.60 | 4,501.26 | 241.36 | 4,259.91 |
| South Korean Won (KRW) | - | (20.80) | 20.80 | - | (1.26) | 1.26 |

As at March 31, 2018

| Currency | Amount in foreign currency lakhs | | | Amount in ₹ lakhs | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net assets/ (liabilities) | Assets | Liabilities | Net assets/ (liabilities) |
| Australian Dollar (AUD) | 0.03 | 0.03 | - | 1.60 | 1.60 | - |
| Euro (EUR) | 19.63 | 0.39 | 19.24 | 1,586.48 | 31.12 | 1,555.36 |
| British Pound (GBP) | 1.11 | - | 1.11 | 102.09 | - | 102.09 |
| Japanese Yen (JPY) | 0.00 | 36.00 | (36.00) | 0.00 | 22.14 | (22.14) |
| US Dollar (USD) | 67.85 | 4.43 | 63.42 | 4,421.64 | 288.56 | 4,133.08 |
| Swedish Krona (SEK) | - | 0.08 | (0.08) | - | 0.60 | (0.60) |
| South Korean Won (KRW) | 0.08 | 20.80 | (20.72) | - | 1.27 | (1.27) |

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the INR, US Dollar, Euro and all other currencies as at March 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in a particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| As at March 31, 2019 | | | | |
| USD (1% movement) | 42.60 | (42.60) | 27.86 | (27.86) |
| EUR (1% movement) | 10.98 | (10.98) | 7.18 | (7.18) |
| As at March 31, 2018 | | | | |
| USD (1% movement) | 41.33 | (41.33) | 27.03 | (27.03) |
| EUR (1% movement) | 15.55 | (15.55) | 10.17 | (10.17) |

The following significant exchange rates have been applied during the year:

| | Spot rate as at | |
|---|---|---|
| INR | March 31, 2019 | March 31, 2018 |
| USD | 69.15 | 65.17 |
| EUR | 77.65 | 80.81 |

## Hedge accounting

The Group enters into foreign exchange forward contracts and option contracts to hedge its net foreign currency receivables position including its future receivables. As per the current policy of the Group, it takes foreign exchange forward contracts for currencies primarily denominated in the US Dollar and Euro. The Group currently does not have a foreign currency hedge in respect of its investments in subsidiaries outside India.

The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Designated derivative instruments | | | |
| Sell - forward contracts | USD | 822.32 | (29.64) |
| | EUR | 118.54 | (96.37) |
| Non - designated derivative instruments | | | |
| Sell - forward options | USD | - | - |
| | EUR | - | - |

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance as at the beginning of the year | (124.51) | 1,106.99 |
| Changes in the FV of effective portion of derivatives | 288.27 | (119.01) |
| Net (gain) / loss reclassified to Statement of Profit and Loss on occurrence of hedged transactions | 778.30 | (1,112.49) |
| Ineffective portion of derivatives charged to profit and loss | - | - |
| Gain / (loss) on cash flow hedging derivatives | 1,066.57 | (1,231.50) |
| Balance as at year end | 942.06 | (124.51) |
| Deferred tax thereon | (330.49) | (41.80) |
| Balance as at the end of the year, net of deferred tax | 611.57 | (82.71) |

The related hedge transactions for balance in cash flow hedging reserves as of March 31, 2019 are expected to occur and be re-classified to the Statement of Profit and Loss over a period of 1 year.

As of March 31, 2019 and March 31, 2018, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

## 34. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to equity shareholders.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Adjusted equity comprises all components of equity, other than amounts accumulated in the hedging reserve.

The Group's policy is to keep the ratio below 2.00. The Group's adjusted net debt to equity ratio are as follows:

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Total liabilities | 9,589.40 | 11,277.19 |
| Less : Cash and cash equivalents and other bank balances | 1,748.16 | 4,343.22 |
| Adjusted net debt | 7,841.24 | 6,933.97 |
| Total equity | 69,798.11 | 62,102.13 |
| Less : cost of hedging | 611.57 | (82.71) |
| Adjusted equity | 69,186.54 | 62,184.84 |
| Adjusted net debt to adjusted equity ratio | 0.11 | 0.11 |

## 35. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount |
| Parent | | | | |
| Sasken Technologies Limited | 100.54% | 70,177.56 | 99.43% | 61,746.81 |
| Foreign subsidiaries | | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. (Sasken Mexico) | (0.10)% | (68.71) | (0.10)% | (64.80) |
| Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China) | 1.86% | 1,296.20 | 2.33% | 1,447.58 |
| Sasken Finland Oy (Sasken Finland) | 1.56% | 1,086.40 | 2.71% | 1,683.96 |
| Sasken Inc. (Sasken USA) | 3.25% | 2,265.96 | 1.42% | 883.63 |
| Sasken Foundation | 0.00% | - | 0.00% | - |
| Sasken Employees Welfare Trust | (0.66)% | (460.52) | 0.00% | - |
| Total | 106.45% | 74,296.89 | 105.79% | 65,697.18 |
| Adjustments arising out of consolidation | (6.45)% | (4,498.78) | (5.79)% | (3,595.05) |
| Total | 100.00% | 69,798.11 | 100.00% | 62,102.13 |

Share in profit or loss

Amount in ₹ lakhs

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | |
| Sasken Technologies Limited | 104.01% | 9,404.94 | 100.70% | 8,300.21 |
| Foreign subsidiaries | | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. (Sasken Mexico) | (0.04)% | (3.38) | (0.16)% | (13.40) |
| Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China) | 0.33% | 29.58 | 2.98% | 245.80 |
| Sasken Finland Oy (Sasken Finland) | (0.32)% | (29.16) | 8.84% | 728.44 |
| Sasken Inc. (Sasken USA) | 4.34% | 392.66 | 4.02% | 331.30 |
| Sasken Foundation | - | - | - | - |
| Sasken Employees Welfare Trust | - | - | - | - |
| Total | 108.32% | 9,794.63 | 116.38% | 9,592.35 |
| Adjustments arising out of consolidation | (8.32)% | (752.34) | (16.38)% | (1,350.04) |
| Total | 100.00% | 9,042.29 | 100.00% | 8,242.31 |

| Share in other comprehensive income (OCI) | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| Particulars | As % of consolidated OCI | Amount | As % of consolidated OCI | Amount |
| Parent | | | | |
| Sasken Technologies Limited | 89.48% | 747.36 | 171.06% | (797.50) |
| Foreign subsidiaries | | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. (Sasken Mexico) | (0.06)% | (0.53) | 0.32% | (1.50) |
| Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China) | (1.60)% | (13.36) | (59.33)% | 276.61 |
| Sasken Finland Oy (Sasken Finland) | 0.59% | 4.92 | (42.61)% | 198.64 |
| Sasken Inc (Sasken USA) | 11.60% | 96.88 | (1.17)% | 5.45 |
| Sasken Foundation | - | - | - | - |
| Sasken Employees Welfare Trust | - | - | - | - |
| Total | 100.00% | 835.27 | 68.27% | (318.30) |
| Adjustments arising out of consolidation | 0.00% | (0.01) | 31.73% | (147.92) |
| Total | 100.00% | 835.26 | 100.00% | (466.22) |

| Share in total comprehensive income (TCI): | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| Particulars | As % of consolidated TCI | Amount | As % of consolidated TCI | Amount |
| Parent | | | | |
| Sasken Technologies Limited | 102.78% | 10,152.30 | 96.48% | 7,502.71 |
| Foreign subsidiaries | | | | |
| Sasken Communication Technologies Mexico, S.A. de C.V. (Sasken Mexico) | (0.04)% | (3.91) | (0.19)% | (14.90) |
| Sasken Communication Technologies (Shanghai) Co. Ltd. (Sasken China) | 0.16% | 16.22 | 6.72% | 522.41 |
| Sasken Finland Oy (Sasken Finland) | (0.25)% | (24.24) | 11.92% | 927.09 |
| Sasken Inc. (Sasken USA) | 4.96% | 489.53 | 4.33% | 336.75 |
| Sasken foundation | - | - | - | - |
| Sasken Employees Welfare Trust | - | - | - | - |
| Total | 107.62% | 10,629.90 | 119.26% | 9,274.06 |
| Adjustments arising out of consolidation | (7.62)% | (752.35) | (19.26)% | (1,497.97) |
| Total | 100.00% | 9,877.55 | 100.00% | 7,776.09 |

## 36. Contingent liabilities

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Bank guarantees | 84.27 | 47.39 |
| Income taxes* (matters pertaining to disputes on tax holiday benefits, transfer pricing, disallowance of certain expenses claimed by the Group) | 3,177.90 | 3,504.22 |
| Indirect taxes* (includes matters pertaining to disputes on VAT / Sales Tax and Service Tax) | 3,154.37 | 3,042.10 |

*The Group is contesting the demands and based on expert advice, the management believes that its position will likely be upheld in the various appellate authorities / courts. The management believes that the ultimate outcome of these proceedings will not be adverse and hence such demands have been disclosed as contingent liabilities.

## 37. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 has been made in the consolidated financial statements based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the balance sheet date.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year: | | |
| (i) The principal amount due to suppliers registered under the MSMED Act and remaining unpaid | 32.27 | 11.92 |
| (ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid | - | - |
| (iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| (iv) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| (v) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| (vi) Interest due and payable on March 31, 2019 towards suppliers registered under the MSMED Act, for the payments already made | - | - |
| (vii) Further interest remaining due and payable for earlier years | - | - |

## 38. Disclosure on specified bank notes

The disclosure regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2019.

As per our report of even date attached.

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Place : Bengaluru
Date : April 23, 2019

For and on behalf of the Board of Directors of
Sasken Technologies Limited

Rajiv C. Mody
Chairman and Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director &
Chief Financial Officer
DIN: 00145580

S. Prasad
Company Secretary

## Statement pursuant to Section 129(3) of the Companies Act, 2013

### Part "A" : Subsidiaries

Amount in ₹ lakhs

| Name of the Subsidiary | Sasken Finland Oy | Sasken Communication Technologies (Shanghai) Co Ltd. | Sasken Inc. | Sasken Communication Technologies Mexico S.A. de C.V. | Sasken Foundation | Sasken Employees Welfare Trust |
|---|---|---|---|---|---|---|
| Financial year / period of the Subsidiary ended on | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 |
| 1 Reporting currency | EUR | CNY | USD | MXN | INR | INR |
| 2 Exchange rate as at March 31, 2019 to INR | 77.65 | 10.27 | 69.15 | 3.58 | 1.00 | 1.00 |
| 3 Share Capital | 12.09 | 706.96 | 395.54 | 176.75 | - | - |
| 4 Reserves & Surplus | 1,074.31 | 589.24 | 1,870.42 | (245.46) | - | (0.51) |
| 5 Total Assets | 3,188.69 | 1,490.14 | 2,537.85 | 2.69 | 213.87 | 460.29 |
| 6 Total Liabilities | 2,102.28 | 193.94 | 271.90 | 71.40 | 213.87 | 460.80 |
| 7 Investments (except Investment in Subsidiary) | - | - | - | - | - | - |
| 8 Turnover | 6,656.56 | 1,602.56 | 890.89 | - | - | - |
| 9 Profit before Taxation | (28.07) | 45.92 | 399.77 | (3.38) | - | (0.51) |
| 10 Provision for Taxation | 1.09 | 16.33 | 7.12 | - | - | - |
| 11 Profit after Taxation | (29.16) | 29.58 | 392.66 | (3.38) | - | (0.51) |
| 12 Proposed dividend | - | - | - | - | - | - |
| 13 % of shareholding | 100% | 100% | 100% | 100% | - | - |

### Part "B" : Associates and Joint Ventures

| | Name of the Joint Venture | TACO Sasken Automotive Electronics Ltd.(TSAE) |
|---|---|---|
| 1 | Latest audited Balance Sheet Date | Not Applicable |
| 2 | Share of Joint Venture held by the Company on the year end | |
| | Number of shares held | 52,00,403 equity shares of ₹10 each fully paid up and 24,78,000 redeemable preference shares of ₹10 each fully paid up |
| | Amount of investment in Joint Venture | ₹767.84 lakhs |
| | Extent of holding (%) | 50.00% |
| 3 | Description of how there is significant influence | Not Applicable |
| 4 | Reason why the Joint Venture is not consolidated | The shareholders of TSAE have resolved that the company be wound up voluntarily. Requisite documents have been filed with the Registrar of Companies. Considering the closure of operations of TSAE, the financial statements of TSAE have not been consolidated. |
| 5 | Networth attributable to Shareholding as per latest audited Balance Sheet | Not Applicable |
| 6 | Profit / (Loss) for the year | |
| | i. Considered in consolidation | Not Applicable |
| | ii. Not considered in consolidation | Not Applicable |

Rajiv C. Mody
Chairman & Managing Director
DIN: 00092037

Neeta S. Revankar
Whole Time Director & Chief Financial Officer
DIN: 00145580

Place: Bengaluru
Date: April 23, 2019

S. Prasad
Company Secretary

# Management Discussion and Analysis Report

*In addition to historical information, this annual report contains certain forward - looking statements (FLS). The FLS contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the FLS. Factors that might cause such a difference include, but are not limited to, those discussed in the Management Discussion and Analysis of financial performance and elsewhere in this report. Readers are cautioned not to place undue reliance on these FLS, which reflect management's analysis only as of the date hereof.*

## Company brief

This year marks 30 years since our inception and our continuation as industry leaders in product engineering & digital services. Staying committed to our value of being Tech - First, we stand by our assurance of delivering world - class products and solutions to our marquee customers. Since our early days of focusing on the silicon chip and communication systems, we have diversified to provide solutions that encompass connectivity, computing, and cognition to the automotive, communication & devices, semiconductor, industrial and digital enterprises.

We remain committed to our position of being a 'Chip to Cognition' company, and believe that we are well placed to help our customers manage the constant changes due to disruptive technologies. We endeavour to work towards delivering cutting - edge solutions and products for our long - standing and enviable list of customers. The fact that we are entrusted to work at every stage of our customer's product journey is a testimony to being considered as a trustworthy partner. The Sasken family comprising of the best - in - class talent is the heart of the organization that enables our pursuit of excellence. Thus, we make significant investments in nurturing and honing this talent pool in both the technical and soft - skill domains.

## Outlook

Technologies including computing, communication, connectivity, mobility, social, digital, artificial intelligence, machine learning, among others have captured our mindshare. Some of these technologies are well and truly past the hype cycle and are now maturing to bring a wide range of solutions that are transforming our daily lives. As other technologies continue to evolve and mature, we can expect to see significant investments in product engineering and both digitization & digitalization.

The ability to acquire, process, transfer data combined with analytics will continue to take centre stage and form the basis for dependable decision making. Early successes of these developments are evident in areas as wide - ranging as autonomous driving, connected automobiles, digitalized manufacturing, connected infrastructure, smarter living, and pervasive terrestrial & satellite communication. The continued growth in engineering R&D spends are a clear indicator that industry leaders and challengers see significant growth opportunities

## Business environment

The global economy is forecast to grow in the range of 3.5% to 3.6% which promises a good climate for economic development and growth. On the flipside geopolitical tensions between the largest economies – USA and China, are causes for concern especially in the event of a protracted trade war. In addition, the prevalence of protectionist measures may potentially impede the movement of labour markets as governments are discouraging any immigration other than that of highly qualified professionals. As the onsite component of our work involves highly qualified professionals in relatively small numbers, we do not see a major risk emanating from the restrictive immigration policies.

## Growth opportunities for Sasken

Leading analysts have estimated global ER&D spends to have increased by 20% over 2017 to touch $1.2 trillion in the year 2018. As before over 80% of this spend is accounted for by the top 1,000 companies. While all industry segments continue to invest in beefing up their technology investments, sectors such as automotive, software, consumer electronics, semiconductors, industrial, transportation lead both in terms of quantum of spend and percentage growth. Transnational corporations in these industry verticals continue to actively pursue a distributed development model to leverage both their global innovation centers and third - party service providers.

## Engineering R&D Services

The new normal is constantly being redefined. The winds of change that are disrupting the way products and services add value to our daily lives continue unabated. As outlined in the previous year's annual report, developments in technologies are pushing the entire stack of companies starting from semiconductors to product manufacturers to software providers to think differently. There is a concerted effort to build products that judiciously combine capabilities starting with sensing and ending with sense - making of the vast amounts of data that is now available for decision making.

Our focus in traditional embedded R&D continues to revolve around silicon platforms, operating systems such as Android, the entire software stack that enables communications, connectivity, and applications. The trends that we continue to pursue include developments in the world of semiconductors as they continue to power smart devices. Another vector that we diligently adopt and lead with is the Android platform which is now well entrenched across multiple industry verticals and end - user segments. Wireless technologies spanning personal, local and wide area networks are making the development of interesting applications that allow multiple industries to deliver better connectivity and security.

Segments such as automotive, industrial, smart - consumer - devices, satellite communications, transportation, enterprises are taking advantage of developments outlined above to launch a suite of innovative products and services. The progress on the digital front to move to digitalization provides opportunities to technology companies to bring in expertise across the entire stack and blur the lines between products and services.

### Digital Services

The adoption of digital technologies by just about every facet of the industry, work, and social fabric continues unabated. The focus on integrating multiple technologies and providing intuitive user experience and user interface has made it possible to open a world of opportunities. By way of example, urban commuters benefit from the digital world that offers a simplified and safer way to commute. Similarly, in the passenger and commercial vehicle space, digital and communication technologies enable applications for presenting vital data for safety, infotainment, navigation, and precise location tracking. In the industrial front, these very technologies allow machines to interchange data within a process assembly line and create a responsive and modular manufacturing system.

For more details on the business segments in which your Company operates and the progress we have made in the FY 2019, kindly refer to the 'Technology & Markets' section and for information on 'Human Resources' kindly refer to 'Sasken People' section in the Annual Report.

### Financial Performance

The amounts considered in the Management Discussion and Analysis for the financial year 2018 - 19 and 2017 - 18 are as per Ind AS.

### Financial results for the year ended March 31, 2019:

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | Increase / (Decrease) YoY |
|---|---|---|---|---|---|
| | (In ₹ lakhs) | (%) | (In ₹ lakhs) | (%) | (%) |
| Revenue from operations | 50,431 | 100.0 | 50,302 | 100.0 | 0.3 |
| Employee benefit expenses | 33,862 | 67.1 | 35,054 | 69.7 | (3.4) |
| Other expenses | 9,456 | 18.8 | 8,303 | 16.5 | 13.9 |
| Total expenses | 43,318 | 85.9 | 43,357 | 86.2 | (0.1) |
| Profit before taxes, depreciation and amortization | 7,113 | 14.1 | 6,945 | 13.8 | 2.4 |
| Depreciation and amortization expense | 661 | 1.3 | 622 | 1.2 | 6.2 |
| Other income | 4,602 | 9.1 | 3,643 | 7.2 | 26.3 |
| Profit before taxes | 11,055 | 21.9 | 9,966 | 19.8 | 10.9 |
| Income tax expense (Including deferred tax benefit and MAT credit entitlement) | 2,013 | 4.0 | 1,723 | 3.4 | 16.8 |
| Net profit for the year | 9,042 | 17.9 | 8,242 | 16.4 | 9.7 |

### Analysis of revenue:

Revenue for the year FY 2019 is ₹50,431 lakhs as against ₹50,302 lakhs in the previous year. The revenue has increased marginally by 0.3% in INR terms from previous year. Better bill rates coupled with positive exchange rates contributed to higher revenues by 10.1% and 4.3% respectively. However this has been offset by lower volumes to the tune of 14.1%.

Our conscious effort to exit from low margin and low bill rate non - ownership engagements have resulted in better bill rate and quality of revenue. Lower volume is mainly on account of two factors, one, exiting from non - ownership engagements and two, planned ramp down and closure of programs in some of the accounts.

The Company operates in one segment only i.e. 'Software Services'. The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, 'Operating Segment'. The CODM evaluates performance of the Company based on revenue and operating income from 'Software Services'. Accordingly, segment information has not been separately disclosed.

The revenue by project type is as follows (in % terms):

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Time and Material | 62.60 | 67.76 |
| Fixed Price | 37.40 | 32.24 |
| Total | 100.00 | 100.00 |

Over the year Fixed Price Programs (FPP) has increased from 32.24% to 37.40% on account of large deal in the satellite segment.

The offshore - onsite mix of revenues during FY 19 is as follows (in % terms):

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Onsite | 32.66 | 34.70 |
| Offshore | 67.34 | 65.30 |
| Total | 100.00 | 100.00 |

Your company expects that onsite revenue will constitute 30% to 35% of the total revenues each year. Recently, a new centre has been set up in Detroit, USA with an intention to augment onsite revenues.

### Employee benefit expenses

Employee benefit expenses include salaries which have fixed and variable components, contribution to social security funds such as provident fund, superannuation fund, gratuity fund and other statutory schemes. It also includes expenses incurred on staff welfare, recruitment and relocation. The employee cost largely depends on the mix of onsite and offshore revenue and the type of engagement.

The total employee costs for FY 2019 were ₹33,862 lakhs compared to ₹35,054 lakhs in FY 2018 - a reduction of ₹1,192 lakhs which represents 3.4% in absolute terms from previous year. This is mainly due to decrease in average head count year on year, although there is increase in average compensation cost.

### Other expenses

Other expenses for FY 2019 were ₹9,456 lakhs as against ₹8,303 lakhs in FY 2018 an increase of 13.9%. The break - up of the expenses are as follows:

Amount in ₹ lakhs

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Facility cost | 2,271 | 2,158 |
| Rates and taxes | (87) | 235 |
| Communication & IT cost | 454 | 455 |
| Other cost | 1,653 | 868 |
| Training cost | 30 | 68 |
| Travel cost | 1,835 | 1,334 |
| Outsourcing & consulting cost | 2,967 | 2,718 |
| Corporate Social Responsibility | 335 | 468 |
| Total | 9,456 | 8,303 |

There has been increase in Project purchases, travel and Outsourcing & Consulting Cost. The increase in Project purchases is for a development which we do for one of our important customers. This project requires purchase of hardware and software items which are largely consumed and charged off to the P & L account.

Travel expenses have also sharply increased due to project / customer engagements and sales promotion.

Significant reduction is seen in Rates and Taxes, as the Company relentlessly pursued and defended VAT cases and ultimately won those cases. The money which was paid as pre-deposit based on the judicial directions was also recovered in full from the Government departments concerned.

Outsourcing & consulting cost largely constitutes the expenditure incurred for contract labour cost and legal & professional fees. Wherever there is a critical project requirement, the demand supply mismatch in the skilled resources is managed by hiring contract resources on a short term basis. This helps in the project management and de risks the project. In addition the Company has incurred legal & professional expenses for some of the on - going tax litigations.

Your Company has fulfilled its obligation on Corporate Social Responsibility (CSR) expenses. Projects are identified from the various proposals received by the Company during the year depending on the objectives of CSR. Company has formed a trust for CSR activities, Sasken Foundation, in the earlier year, to which CSR funds are contributed. The CSR expenses are either funded directly from the Company or from the funds with Sasken Foundation.

### Profit before depreciation and tax

Profit before depreciation and tax is ₹7,113 lakhs in FY 2019, in comparison to ₹6,945 lakhs in FY 2018 – an increase of ₹168 lakhs. Year on year it has increased by 2.4% mainly due to marginal increase in revenue and rationalization of expenses.

### Depreciation and amortization expenses

Depreciation and amortization expense has increased to ₹661 lakhs in FY 2019 from ₹622 lakhs in FY 2018. During the year the Company has upgraded some of the infrastructure in its facilities by retiring the old assets and refurnishing. Additionally, it has also invested in some of the computers / servers required for the operations.

### Other Income

Other Income comprises of dividend on mutual funds, fair valuation of mutual funds, gain on sale of Investments, profit on sale of fixed assets, write back of unclaimed balances and provisions, exchange gains on foreign currency, Interest on Income Tax Refund and other miscellaneous receipts.

Other income was ₹4,602 lakhs in FY 2019, an increase of ₹959 lakhs over FY 2018. Increase is mainly due to interest income on income tax refunds by ₹548 lakhs, increase in foreign exchange gain by ₹219 lakhs, increase in dividend from mutual funds ₹145 lakhs, and ₹151 lakhs in miscellaneous income on account of money received from disinvestment which was already impaired in earlier years. This is partially offset by loss in sale of investments in mutual funds by ₹114 lakhs.

Your Company has earned an annualised pre - tax yield of 6.92% amounting to ₹3,132 lakhs on an average investment of ₹48,132 lakhs during FY 2019 as against an annualized pre - tax yield of 8.12% amounting to ₹3,062 lakhs on an average investment of ₹42,104 lakhs during FY 2018. The returns during the last two years from investments are as follows:

(in %)

| Particulars | Pre Tax Yield FY2019 | Pre Tax Yield FY2018 |
|---|---|---|
| Yield (Not Including Unhedged Equity) | 7.01 | 7.19 |
| Equity Mutual Funds | 2.63 | 19.94 |
| Yield (Including Equity) | 6.92 | 8.12 |

Yield on treasury investments registered a decline of 120 basis points. Return on the fixed income portfolio registered a marginal dip as the top rated FMPs fetched lower yield during FY2019 when compared to FY2018. Over a period return on top rated FMPs has generally declined. FY2019 also registered a below average return on equity investments compared to the earlier year. However, your Company's portfolio is constructed with an intent to generate above average return over a longer time frame.

We use a combination of foreign exchange forward contracts and option contracts to mitigate the risk of exposure to movements in foreign exchange rates. We manage our foreign exchange exposures in line with our hedging policy which aims to ensure that foreign exchange exposures on revenue and balance sheet accounts are properly monitored and are limited to acceptable levels. The net foreign exchange gain is ₹156 lakhs in 2019, as against a loss of ₹63 lakhs in 2018. The foreign exchange gain has occurred largely due to gain in debtors realization and restatement in bank balances as dollar rate has moved from ₹65.17 / dollar in the previous year to ₹69.15 / dollar in the current year and Euro has moved from ₹80.81 / Euro during the previous year end to ₹77.65 / Euro during the end of current year, thereby impacting Finland subsidiary.

### Income tax expense

The tax charges vary depending on the nature of the transaction, mix of onsite - offshore revenues, country of operations and revenues generated from units which enjoy tax holiday.

The income tax expense was ₹2,013 lakhs in FY 2019 as against ₹1,723 lakhs in FY 2018. There is an increase of ₹290 lakhs as compared to the previous year. The effective tax rate increased from 34.60% in FY 18 to 34.94% in FY 19. The reasons for this change are as follows:

- Increase in taxation in India due to higher profitability.
- Incremental Interest on Income Tax refunds.
- Lower profitability in overseas subsidiary.
- Other factors.

### Profit after tax

Consolidated Profit after tax (PAT) has increased to ₹9,042 lakhs in FY 2019 against ₹8,242 lakhs in FY 2018, an increase of 9.7%. In absolute terms, the PAT increased by ₹800 lakhs in FY 2018. The increase is mainly due to decrease in employee benefit expenses and increase in other income.

### Consolidated Financial Position

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | (in ₹ lakhs) | (%) | (in ₹ lakhs) | (%) |
| ASSETS | | | | |
| Non - current assets | | | | |
| Net fixed assets including capital work-in progress | 4,051 | 5.1 | 3,727 | 5.1 |
| Financial assets | | | | |
| - Investments | 42,897 | 54.1 | 44,944 | 61.2 |
| - Other financial assets | 340 | 0.4 | 301 | 0.4 |
| Deferred tax assets | 269 | 0.3 | 734 | 1.0 |
| Other income tax assets | 5,403 | 6.8 | 5,823 | 7.9 |
| Other non - current assets | 17 | 0.02 | 98 | 0.1 |
| Total non - current assets (i) | 52,978 | 66.7 | 55,627 | 75.8 |
| Current assets | | | | |
| Financial assets | | | | |
| - Investments | 8,108 | 10.2 | 979 | 1.3 |
| - Trade receivables | 8,228 | 10.4 | 7,869 | 10.7 |
| - Cash and cash equivalents | 1,473 | 1.9 | 4,023 | 5.5 |
| - Other bank balances | 275 | 0.3 | 320 | 0.4 |
| - Unbilled receivable (Previous year : Unbilled revenue) | 1,955 | 2.5 | 3,283 | 4.5 |
| - Derivative assets | 941 | 1.2 | 2 | 0.0 |
| - Other financials assets | 1,149 | 1.4 | 470 | 0.6 |
| Contract assets | 3,145 | 4.0 | - | 0.0 |
| Other current assets | 1,135 | 1.4 | 806 | 1.1 |
| Total current assets (ii) | 26,410 | 33.3 | 17,752 | 24.2 |
| Total assets ( i + ii ) | 79,388 | 100.0 | 73,379 | 100.0 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 1,711 | 2.2 | 1,711 | 2.3 |
| Other equity | 68,087 | 85.8 | 60,391 | 82.3 |
| Total equity (i) | 69,798 | 88.0 | 62,102 | 84.6 |

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | (in ₹ lakhs) | (%) | (in ₹ lakhs) | (%) |
| **Liabilities** | | | | |
| **Non - current liabilities** | | | | |
| Provisions | 711 | 0.9 | 812 | 1.1 |
| **Total non - current liabilities (ii)** | 711 | 0.9 | 812 | 1.1 |
| **Current liabilities** | | | | |
| Financial liability | | | | |
| - Trade payables | 1,835 | 2.3 | 1,730 | 2.3 |
| - Other financial liabilities | 1,507 | 1.9 | 2,249 | 3.1 |
| - Derivative liabilities | - | 0.0 | 126 | 0.2 |
| Deferred revenue | 380 | 0.5 | 1,403 | 1.9 |
| Other current liabilities | 1,366 | 1.7 | 1,267 | 1.7 |
| Provisions | 1,780 | 2.2 | 1,822 | 2.5 |
| Other income tax liabilities | 2,010 | 2.5 | 1,869 | 2.5 |
| **Total current liabilities (iii)** | 8,878 | 11.1 | 10,465 | 14.3 |
| **Total equity and liabilities ( i + ii + iii )** | 79,388 | 100.0 | 73,379 | 100.0 |

## Assets

### Net Fixed assets including Capital Work - in - Progress

Net Fixed assets including Capital Work - in - Progress includes tangible and intangible assets as reduced by accumulated depreciation / amortization, Capital Work - in - Progress and Intangible assets under development. This constitutes 5.1% of the total assets. Net Assets are disclosed at historical costs in the financial statements and not fair valued, availing exemption provided as per Ind AS 101.

Freehold land & buildings, leasehold improvements on leased facilities, computers, electrical fittings, furniture and fixtures, office equipment and plant & equipment are classified as tangible assets. Computer software is classified as intangible assets.

The break - up of that is as follows: Amount in ₹ lakhs

| Fixed Assets | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Tangible asset | 3,947 | 3,689 |
| Intangible asset | 86 | 36 |
| Capital Work - in - Progress | 18 | 2 |
| **Total** | 4,051 | 3,727 |

During the year FY 2019 there has been additions to fixed assets mainly in computers by ₹465 lakhs, office equipment by ₹153 lakhs and capitalization of elevators (included in plant & machinery by ₹75 lakhs).

### Financial assets

### Non - current investments

Your Company's investment comprises of mutual fund units (including investment in fixed maturity plan securities) and quoted debt securities (including investment in tax - free bonds and non - convertible cumulative preference shares). Investments are classified as current or non - current based on management intention at the time of purchase. Investments which the management intends to hold for a period more than one year from the Balance Sheet date are classified as non - current investments.

The non - current investments, representing 54.1% of the total assets, were ₹42,897 lakhs, as at March 31, 2019 as against ₹44,944 lakhs as at March 31, 2018. Decrease is mainly due to maturity of long term investments during the current year amounting to ₹4,063 lakhs, which is offset by increase in investment in series A preferred stock of Janacare Inc. of ₹1,473 lakhs.

### Other financial asset:

Other financial asset consist of security deposit and advances to employees. This represents 0.4% of total assets, were ₹340 lakhs, as at March 31, 2019, as against ₹301 lakhs as at March 31, 2018. Increase is due to increase in security deposits of additional lease premises mainly in US and Finland.

### Deferred tax assets (net)

This consists of net balance of deferred tax assets and liabilities. Deferred tax assets primarily comprise deferred taxes on property, plant and equipment, actuarial valuation for employee benefit expense. Deferred tax liability primarily comprises deferred taxes on fair valuation of investments through profit and loss account, undistributed earnings of subsidiary companies and deferred tax on intangible assets. Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current income tax assets against current tax liabilities, and where the deferred tax assets and deferred tax liabilities relate to the taxes levied by the same taxation authority. The deferred tax assets representing 0.3% of the total assets, were ₹269 lakhs as at March 31, 2019 as against ₹734 lakhs as at March 31, 2018. In the current year there has been a net decrease in the deferred tax asset by ₹596 lakhs, largely on account of increase in the deferred tax liability on derivative assets by ₹329 lakhs and interest on income tax refund by ₹278 lakhs.

### Other income tax assets

Other income tax assets consist of balances with Government Authorities and advance tax & MAT credit entitlement. This represents 6.8% of total assets, were ₹5,403 lakhs as at March 31, 2019 against ₹5,823 lakhs as at March 31, 2018 - a decrease of ₹420 lakhs. During the year we realised ₹709 lakhs being the refund due for earlier years

### Other non - current assets:

Other non - current assets consist of capital advances given. The balance is ₹17 lakhs as at March 31, 2019 against ₹98 lakhs as at March 31, 2018. During the previous year procurement of machinery for refurbishing the infrastructure of the facility represented the balance in this head.

### Financial assets

### Current Investments:

Current Investments would typically include investments which within the company's operating cycle are intended by the company to be sold within twelve months. These investments, representing 10.2% of the total assets, were ₹8,108 lakhs, as at March 31, 2019 as against ₹979 lakhs, as at March 31, 2018. Based on the working capital requirement of the company and planned cash outflows for the current period, your Company invests its money into highly liquid investments like liquid funds, etc. Increase in investments is mainly due to long terms investments reclassified as current as they will mature in FY 2020.

### Trade receivables

Trade receivables, representing 10.4% of the total assets, were at ₹8,228 lakhs as at March 31, 2019 as against ₹7,869 lakhs as at March 31, 2018. We periodically review the quality of receivables and make allowance for doubtful debts wherever necessary. Current year amount of trade receivable is net of provision for doubtful debts of ₹249 lakhs compared to ₹273 lakhs as at March 31, 2018. There is no additional provision made in the current year, except for variance due to revaluations. Day sales outstanding have increased to 60 days in financial year 2019, compared to 57 days in 2018.

### Cash and cash equivalents and other Bank balances

Cash & Cash equivalents and Other Bank balances, representing 2.2% of the total assets, were ₹1,748 lakhs as at March 31, 2019 as against ₹4,343 lakhs as at March 31, 2018. There is a decrease of ₹2,595 lakhs during the current year due to increase in accrued income and contract assets which will fall due for collections in the following year.

Your Company maintains sufficient cash balance in current accounts for operational requirements and invest surplus funds in a variety of instruments including fixed deposits in line with the Investment Policy as approved by Board. Cash balances are also impacted by our ability to repatriate surplus balances from certain overseas jurisdictions.

Amount in ₹ lakhs

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Cash in Hand | 2 | 6 |
| With Indian Banks | | |
| in Current Accounts | 1,346 | 3,938 |
| others | 125 | 80 |
| Bank deposits with original maturity more than 3 months, but less than 12 months | 193 | 280 |
| Bank balances held as margin money / security against guarantees | 82 | 40 |
| Total | 1,748 | 4,343 |

The break - up of the available funds in the parent and in the overseas branches and subsidiaries as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| India | | |
| - in banks (including fixed deposits) | 575 | 1,601 |
| Total in India (I) | 575 | 1,601 |
| Overseas branches & subsidiaries | | |
| - in overseas branches | 47 | 173 |
| - in China | 790 | 984 |
| - in Finland | 125 | 1,254 |
| - in Sasken Inc. | 211 | 333 |
| Total in overseas branches and subsidiaries (II) | 1,173 | 2,743 |
| Total cash and Bank Balance (I+II) | 1,748 | 4,343 |

Decrease in the balance in the parent is largely on account of increase in accrued income and / contract assets which will fall due for payments in the following year. In case of overseas subsidiary, the decrease is predominantly in Finland where there is an increase in contract assets. Wherever repatriable surplus are available in the overseas subsidiaries, it's regularly distributed as dividend.

### Unbilled receivables and contract assets:

Unbilled receivables and contract assets, representing 6.4% of the total assets, were ₹5,100 lakhs as at March 31, 2019, against ₹3,283 lakhs as at March 31, 2018 – an increase of ₹1,817 lakhs. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The entity wise break - up of the balance of unbilled receivable and contract assets is as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| India | 2,741 | 2,007 |
| China | 159 | 173 |
| Finland | 2,134 | 1,058 |
| Sasken Inc. | 66 | 45 |
| Total | 5,100 | 3,283 |

### Derivative assets and liabilities:

The Company is exposed to foreign exchange risk from monetary assets, liabilities and forecasted cash flows denominated in foreign currencies. The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives on the OTC and Stock exchange platform. The Company uses a mix of plain forward contracts and paid options. The derivative asset represents the unrealised gain on the hedging contracts as at March 31, 2019 - the net derivative asset is ₹941 lakhs as against net derivative liability of ₹124 lakhs as at March 31, 2018.

The average blended hedge rate at which the hedges were held as on March 31, 2019 was ₹73.24 per USD for an open position of US $ 32 million as against ₹65.38 per USD for an open position of US $ 22 million as on March 31, 2018. With depreciation of INR against the USD, the mark to market gain has been accounted in the books and has given rise to the derivative assets.

### Other financial assets:

Other financials assets consist of security deposits, advance to employees and interest accrued on fixed deposits and interest on income tax refund. This represents 1.4% of the total assets, were ₹1,149 lakhs as at March 31, 2019, as against ₹470 lakhs as at March 31, 2018. The increase is mainly on account of interest receivable on income tax refund, based on the Orders Giving Effect to appellate orders received from the income tax departments.

### Other Current Assets:

This represents balances with Government Authorities, prepaid expenses, advance to suppliers which represents 1.4% of total assets were ₹1,135 lakhs as at March 31, 2019 as against ₹807 lakhs as at March 31, 2018. The increase is mainly on account of prepaid expenses ₹552 lakhs and decrease in advance to suppliers by ₹228 lakhs.

### Equity and Liabilities

### Equity

### Share Capital:

The authorized share capital is ₹5,500 lakhs comprising of 550 lakh equity shares of face value of ₹10 each. The number of shares outstanding, as on March 31, 2019 were 1,71,10,114 and these are fully paid - up. The issued, subscribed and paid - up capital as on March 31, 2019 stood at ₹1,711 lakhs, with no change as compared to March 31, 2018.

### Other equity:

Reserves and Surplus as at March 31, 2019 was ₹68,087 lakhs, as against ₹60,391 lakhs as at March 31, 2018 - an increase of ₹7,696 lakhs over the last year, which is due to the following reasons:

- Increase in profit & loss account balance by ₹9,042 lakhs due to current year profit as reduced by appropriation towards dividend. The balance retained in the profit and loss account as at March 31, 2019 was ₹65,121 lakhs after payment of interim dividend of ₹1,777 lakhs.
- Increase in General Reserve amounting to ₹20 lakhs as at March 31, 2019, is due to transfer of 10% of profit to reserve at the time of declaring dividend from one of the overseas subsidiaries.
- Closing balance of hedging reserve as at March 31, 2019 is ₹612 lakhs as against a balance of ₹(83) lakhs as at March 31, 2018. This balance represents the unrealised gain on the hedging contracts taken by the Company. The increase is due to mark to market movement of forward contracts by ₹694 lakhs.

### Non - current liabilities

### Provisions:

Non - current provisions include provision for long term employee benefit obligations. In respect of these provisions, your Company has unconditional right to defer settlement beyond twelve months from Balance Sheet date.

Non - current provisions representing 0.9% of the total liabilities were at ₹711 lakhs as at March 31, 2019, against ₹812 lakhs as at March 31, 2018. The decrease is mainly on account of valuation of pension obligation in respect of employees in one of the overseas locations.

### Current liabilities

### Financial liabilities

### Trade payables:

Trade payables includes amount due on account of goods purchased or services received in the normal course of business. As at March 31, 2019, trade payables representing 2.31% of the total liabilities, were at ₹1,835 lakhs, as against ₹1,730 lakhs as at March 31, 2018 – an increase of ₹105 lakhs. The increase is mainly due to increase in vendor liabilities of Group.

### Other financial liabilities

Other financial liabilities of the current year includes employee related payments and unclaimed dividend. Unclaimed dividend represents dividend paid, but not encashed by shareholders and is represented by bank balance of the equivalent amount. Other financial liabilities constituting 1.9% of the total liabilities as at March 31, 2019 were at ₹1,507 lakhs, as against ₹2,249 lakhs as at March 31, 2018. The decrease in other financial liability is mainly due to decrease in current year provision for variable pay due to employees.

### Deferred revenue:

Deferred revenues consist primarily of advance billings on customers for fixed price contracts, constituting 0.5% of the total liabilities, as at March 31, 2019 were at ₹380 lakhs, as against ₹1,403 lakhs as at March 31, 2018. The decrease is due to revenue being recognized during the year, based on % of completion of contracts as per revenue recognition policy.

### Other current liabilities:

Other current liabilities of the current year includes advance received from customers, capital creditors and statutory liabilities. Advance received from customers represents amount received from customers for the delivery of services in future. Capital creditors include amounts due on account of goods purchased or services received in the nature of capital expenditure. Statutory liabilities include withholding tax and social security costs payable to statutory authorities in various countries we operate in.

Other current liabilities constituting 1.7% of the total liabilities, as at March 31, 2019 were at ₹1,366 lakhs, as against ₹1,277 lakhs as at March 31, 2018. The increase is on account of advance received from customer.

### Provisions:

Current provisions include provision for employee benefit obligations, which are expected to be settled within twelve months from the Balance Sheet date and are considered to be current.

Current provisions represent 2.2% of the total liabilities, and as at March 31, 2019 were at ₹1,780 lakhs as against ₹1,822 lakhs as at March 31, 2018.

### Income tax liabilities:

Income tax liability consists of provision for income taxes. This represents 2.5% of the total liabilities, as at March 31, 2019 was ₹2,010 lakhs, as against ₹1,869 lakhs as at March 31, 2018. The increase of ₹141 lakhs is mainly due to increase of provisions for the current year, net of some reversal of provisions no longer needed.

### Cash flow:

During the financial year 2018-19, cash flow from operating activities is ₹3,387 lakhs in FY 2019 as against ₹9,241 lakhs in FY 2018. The decrease is mainly due to increase in trade receivable, unbilled receivable & contract assets by ₹2,433 lakhs, and decrease in trade payables & deferred revenue by ₹2,298 lakhs and other financial liabilities by ₹1,303 lakhs.

There is an increase in trade receivable as day sales outstanding has increased to 60 days in financial year 2019, compared to 57 days in 2018. Increase in unbilled receivable and contract assets is due to the fact that the act of invoicing is pending and for some contracts milestone has not been delivered as per the contractual terms. During the year there has been a decrease in deferred revenue as revenue is recognised based on percentage of completion of contract. Also there is a decrease in other financial liabilities as our liabilities for variable pay-outs have decreased.

The outflow on account of taxes was ₹1,387 lakhs during the current year. Of the cash generated ₹1,777 lakhs was utilized towards distribution of dividend (including tax thereon). The balance at the end of the year including treasury investments is ₹52,753 lakhs.

### Other Information:

| Particulars | FY 2019 | FY 2018 | Variance |
|---|---|---|---|
| Current Ratio | 2.97 | 1.70 | 75.4% |
| Operating Cash Flow / Sales Ratio | 4.0 | 15.7 | (74.8%) |

### Current ratio:

During the year current ratio has increased to 2.97 from 1.70. This is mainly attributable to increase in investments which are maturing within next 12 months, unbilled receivables, contracts assets, trade receivables and decrease in deferred revenue and other financial liabilities.

### Operating Cash Flow / Sales ratio:

During the year Operating Cash Flow / Sales ratio has decreased to 4.0% from 15.7%. Operating cash flow has reduced mainly due to reduced collections (DSO has increased to 60 from 57 days) coupled with increase in unbilled receivable & contract asset also due to decrease in deferred revenue and other financial liabilities.

## Threats, Risks and Concerns

### Business Risks:

Our business focus is to serve customers in verticals ranging from automotive, industrial, electronics, communications and devices, semiconductors and enterprises by offering a bouquet of product engineering services. The rapid evolution of technologies continues to exert a disruptive pressure across all these segments. As called out in the previous years, technologies such as cloud, big data, mobile devices, and analytics continue to be central focus areas for both incumbents and challengers addressing these business lines. Additionally, developments in AI, ML, and cognitive sciences continue to drive change in the industry. The surge in platform-based business entities has resulted in enterprises making investments to span the physical to digital divide. In light of these changes, companies are continuing to accelerate their investments in research and development. Therefore, for your Company, it is vital to keep abreast of these developments and make prudent investments. We continue to make a concerted effort to keep our technical competencies best in class.

The ability to scale our key accounts is critical to our business success. Customer concentration is a natural outcome of our business given that we focus on building deep and enduring relationships with our customers. A majority of our customers are located in geographies such as North America, Europe and East Asia. In the current year, some of the geopolitical risks include a strict visa regime driven by the political mandate to encourage growth in domestic employment. We see this development mainly in the North American region, which may affect our onsite business interests. There is also a likely impact due to the adverse movement of Rupee vs. the US dollar because of rising crude prices. We believe that we have taken cognizance of these risks and have put in place mechanisms to mitigate these and any other likely headwinds. The diverse segmental focus provides us a natural hedge against the possible risks emanating from customer and geographic concentration. We have instituted prudent fiscal policies to protect ourselves from the vagaries of currency movements. Over the years, we have worked to keep our onsite presence limited and deliver the vast majority of our work from India, which insulates us to some extent, against protectionist measures that are prevalent in some geographies.

### HR Risks:

Since inception, we take pride in being a knowledge Company and have built a workforce that is valued by our customers and envied by our competitors. Our engineering workforce comprises young, bright and highly skilled engineers whose knowledge of programming, standards, technologies and the domain is among the best in the industry. The ability to attract, train and retain our talent pool is critical to our success. The intense competition for talent has resulted in the need to offer competitive salaries and provide annualized increments. Over the years, we have put in place systems and processes that help us address these challenges and ensure that our employees are abreast with the latest developments. We continuously monitor and track our employment costs and make sure that they are in line with industry practice. Additionally, our compensation philosophy is centered on the pillars of external parity and internal equity.

As we continue to serve customers across the globe, we need to have a workforce that is mobile and willing to relocate based on business needs. We have created enabling policies that support the seamless relocation of our workforce. Our performance management system provides insights into the developmental needs of our workforce, covering both technical and behavioural requirements. Our in-house learning and development team offer continuous learning programmes to help our employees' upskill their competencies at their convenience. In addition to competitive salaries, we have a number of reward and recognition programmes that provide both financial and non-financial incentives for exceptional contributors and those with long tenure in the company.

### Financial risks:

### Foreign Exchange Fluctuation Risk

About two-thirds of the Group revenues are derived from its global customers and are denominated in US Dollars and/or Euros. However, as we execute a majority of our contracts from India, a significant portion of the expenses we incur are Rupee denominated. We are therefore subject to currency fluctuation as movements in the exchange rate have an influence on our operating profit. Developments such as protectionist measures, volatility in crude pricing and changes in business mix may result in us being adversely impacted by fluctuations in currencies. As our contracts may be denominated in multiple currencies, we carry the risk of managing cross-currency fluctuations.

To effectively contain the risk on account of foreign exchange fluctuations, the Group takes appropriate hedges both in terms of forward and options contracts. Our policy for covering vagaries on account of foreign currency exposure is geared only toward containment of risk. Our policy has adequate safeguards to ensure unhedged exposures are subject to predefined downside limits for the purpose of deciding the quantum of hedge taken during a financial period.

### Liquidity Risk

We continue to be debt - free and have sufficient cash to meet our strategic and operational objectives. The Board reviews the liquidity position of the Group periodically. Your Company and its subsidiaries had adequate resources to meet the working capital requirements through internal cash accruals during the current year. Cash surplus generated by the business are invested in line with Board approved policy which factors interest risk, credit risk and reinvestment risks. The Group has access to fund based and non - fund based lines of credit, to meet any working capital requirements.

### Internal Control Systems

The Group aims to manage risk so as to protect the value of the shareholders. The identification and mitigation of risk comprise documenting 'Entity level' risks and controls. The exercise involves identifying significant risks on account of (a) locations and (b) business processes. This is followed by (a) documenting the process flows; (b) creation of risk registers; (c) assessment of controls by way of testing and (d) periodic reporting & monitoring. The risk register captures areas of potential financial and operational risks and the associated internal controls that are in place or have been identified.

Annual certification is an important procedure. It starts with the 'control' owner and then moves on to the 'process' owner and upwards, leading to the CEO and CFO certification. Your Company complies with the requirements of Enterprise Risk Management (ERM), which is mandated by various Regulations including Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Companies Act, 2013.

There is a periodic assessment of the risks and controls for the existing and new process flows. We evaluate the risk and put in place controls to mitigate the same whenever we come across any weakness in the existing process. We have adopted policies and procedures to ensure prevention and detection of frauds and errors, have measures to safeguard our assets and ensuring the accuracy and completeness of accounting records with reliable financial disclosures. The Internal auditors carry out audit as per the scope mandated by the Audit Committee. The Internal Auditors periodically review operating effectiveness of internal financial controls and report the findings to the Audit Committee. As a measure of good corporate governance, all matters of significant importance or relevance have been reported to the Audit Committee as well as Company's Statutory and / or Internal Auditors.

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