

**CA S.S. Swamy**

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**Chartered Accountant**



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
SASKEN COMMUNICATION TECHNOLOGIES (SHANGHAI) CO., LIMITED**

**Report on the Audit of Financial Statements**

I have audited the accompanying financial statements of **SASKEN COMMUNICATION TECHNOLOGIES (SHANGHAI) CO., LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and notes thereon, including a summary of the significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. My responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am 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 my audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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

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### **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 my auditor's report thereon.

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

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

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

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act 2013 (the "Act") with respect to preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is 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.

Company's management is also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility for the Audit of Financial Statements**

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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report that includes my 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my 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, I report that:

- I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
- In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
- The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- In my opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

(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 Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

- The Company has disclosed the impact of pending litigations as at 31st March 2020 on its financial position in its Financial Statements.
- The Company did not have any materials long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31st March 2020.

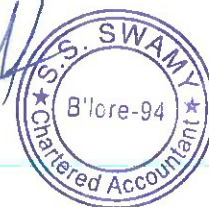
Bangalore

Date: April 27, 2020

Signature:

Name: S.S. Swamy

Membership No. 019990





Sasken Communication Technologies (Shanghai) Co., Limited

Balance sheet

| Particulars                         | Notes | Amount in Rs.           |                         |
|-------------------------------------|-------|-------------------------|-------------------------|
|                                     |       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>ASSETS</b>                       |       |                         |                         |
| <b>Non-current assets</b>           |       |                         |                         |
| Property, plant and equipment       | 4     | -                       | 150,345                 |
| Financial assets                    |       |                         |                         |
| Other financial assets              | 5     | 264,577                 | 808,224                 |
| Other non-current assets            | 6     | -                       | 966,443                 |
| <b>Total non-current assets</b>     |       | <b>264,577</b>          | <b>1,925,012</b>        |
| <b>Current assets</b>               |       |                         |                         |
| Financial assets                    |       |                         |                         |
| Trade receivables                   | 7     | 20,892,090              | 49,166,284              |
| Cash and cash equivalents           | 8     | 18,332,431              | 79,048,470              |
| Other financial assets              | 9     | -                       | 195,387                 |
| Unbilled revenue                    |       | -                       | 15,858,628              |
| Other current assets                | 10    | 73,698                  | 2,820,127               |
| <b>Total current assets</b>         |       | <b>39,298,219</b>       | <b>147,088,895</b>      |
| <b>Total assets</b>                 |       | <b>39,562,796</b>       | <b>149,013,907</b>      |
| <b>EQUITY AND LIABILITIES</b>       |       |                         |                         |
| <b>Equity</b>                       |       |                         |                         |
| Equity share capital                | 11    | 32,991,492              | 70,696,054              |
| Other equity                        | 12    | (6,134,080)             | 58,924,167              |
|                                     |       | <b>26,857,412</b>       | <b>129,620,221</b>      |
| <b>Liabilities</b>                  |       |                         |                         |
| <b>Current liabilities</b>          |       |                         |                         |
| Financial liabilities               |       |                         |                         |
| Trade payables                      | 13    | 8,999,999               | 11,536,241              |
| Other financial liabilities         |       |                         |                         |
| Deferred revenue                    |       |                         |                         |
| Other current liabilities           | 14    | 3,705,385               | 7,857,445               |
| <b>Total current liabilities</b>    |       | <b>12,705,384</b>       | <b>19,393,686</b>       |
| <b>Total equity and liabilities</b> |       | <b>39,562,796</b>       | <b>149,013,907</b>      |

The accompanying notes form an integral part of the financial statements

As per my report of even date

Sasken Communication Technologies (Shanghai)  
Co., Limited

S.S. Swamy  
Chartered Accountant  
Membership No.019990

Neeta Revankar  
Legal Representative  
DIN: 00145580

Date : April 27, 2020  
Place: Bengaluru



Sasken Communication Technologies (Shanghai) Co., Limited

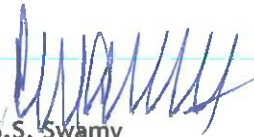
Statement of profit and loss

Amount in Rs.

| Particulars                                      | Notes | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|--|-------|--|--|
| Revenue from operations                          | 15    | 40,434,684                               | 160,256,084                              |
| Other income                                     | 16    | 1,342,573                                | 1,071,910                                |
| <b>Total income</b>                              |       | <b>41,777,257</b>                        | <b>161,327,995</b>                       |
| <b>Expenses</b>                                  |       |  |  |
| Employee benefits                                | 17    | 68,142,968                               | 145,245,001                              |
| Depreciation and amortisation                    | 4     | 150,440                                  | 158,719                                  |
| Other expenses                                   | 18    | 19,017,266                               | 11,332,796                               |
| <b>Total expenses</b>                            |       | <b>87,310,674</b>                        | <b>156,736,517</b>                       |
| <b>Profit before income tax</b>                  |       | <b>(45,533,417)</b>                      | <b>4,591,478</b>                         |
| <b>Tax expenses:</b>                             |       |  |  |
| Current income taxes                             | 19    | (907,530)                                | 1,633,234                                |
|  |       | <b>(907,530)</b>                         | <b>1,633,234</b>                         |
| <b>Profit after tax for the period</b>           |       | <b>(44,625,887)</b>                      | <b>2,958,244</b>                         |
| Foreign Exchange Translation Reserve             |       | (20,432,360)                             | (1,335,963)                              |
| <b>Other comprehensive income</b>                |       | <b>(20,432,360)</b>                      | <b>(1,335,963)</b>                       |
| <b>Total comprehensive income for the period</b> |       | <b>(65,058,247)</b>                      | <b>1,622,282</b>                         |

The accompanying notes form an integral part of the financial statements  
As per my report of even date

Sasken Communication Technologies  
(Shanghai) Co., Limited

  
S.S. Swamy  
Chartered Accountant  
Membership No.019990



  
Neeta Revankar  
Legal Representative  
DIN: 00145580



Date : April 27, 2020  
Place: Bengaluru

Sasken Communication Technologies (Shanghai) Co., Limited  
Statement of changes in equity

A. Equity share capital

| Balance as at 1st April 2018 | Changes in equity share capital during the year | Balance as at March 31, 2019 |
|------------------------------|---|------------------------------|
| 70,696,054                   | -   | 70,696,054                   |
| Balance as at 1st April 2019 | Changes in equity share capital during the year | Balance as at March 31, 2020 |
| 70,696,054                   | (37,704,562.00)                                 | 32,991,492                   |

B. Other Equity

| Particulars                    | General Reserve | Retained Earning | Other Reserves | Total        |
|--------------------------------|-----------------|------------------|----------------|--------------|
| Balance as at April 1, 2018    | 4,668,980       | 54,367,273       | 15,026,432     | 74,062,685   |
| Profit / (loss) for the period | -               | 2,958,244        | -              | 2,958,244    |
| Dividend Paid                  | -               | (16,760,799)     | -              | (16,760,799) |
| Transferred to General reserve | 1,984,766       | (1,984,766)      | -              | -            |
| Movement for the period        | -               | -                | (1,335,963)    | (1,335,963)  |
| Balance as at March 31, 2019   | 6,653,746       | 38,579,952       | 13,690,469     | 58,924,167   |

| Particulars                    | General Reserve | Retained Earning | Other Reserves | Total        |
|--------------------------------|-----------------|------------------|----------------|--------------|
| Balance as at April 1, 2019    | 6,653,746       | 38,579,952       | 13,690,469     | 58,924,167   |
| Profit / (loss) for the period | -               | (44,625,887)     | -              | (44,625,887) |
| Dividend Paid                  | -               | -                | -              | -            |
| Movement for the period        | -               | -                | (20,432,360)   | (20,432,360) |
| Balance as at March 31, 2020   | 6,653,746       | (6,045,935)      | (6,741,891)    | (6,134,080)  |

The accompanying notes form an integral part of the financial statements

As per my report of even date

Sasken Communication Technologies (Shanghai)  
Co., Limited

*Neeta*

Neeta Revankar  
Legal Representative  
DIN: 00145580

*S.S. Swamy*  
S.S. Swamy  
Chartered Accountants  
Membership No. 019990



Date : April 27, 2020  
Place: Bengaluru



Sasken Communication Technologies (Shanghai) Co., Limited

Cash Flow Statement

Amounts in Rs.

| Particulars  | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|--|--|--|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>               |  |  |
| Net profit before taxation                                   | (45,533,417)                             | 4,591,478                                |
| Adjustments for:   |  |  |
| Depreciation and amortization                                | 150,440                                  | 158,719                                  |
| Unrealised exchange (gain) / loss                            | (1,381,319)                              | 1,718,576                                |
| Other income   | (154,272)                                | (291,920)                                |
| Operating profit before working capital changes              | (46,918,568)                             | 6,176,852                                |
| Adjustments for:   |  |  |
| (Increase)/decrease in Trade Receivables                     | 31,500,787                               | (3,394,419)                              |
| (Increase)/decrease in Other Financial Assets                | 20,132,399                               | 1,216,603                                |
| Increase/(decrease) in Trade Payables                        | (2,874,069)                              | 307,132                                  |
| Increase/(decrease) in Liabilities                           | (4,466,657)                              | 1,353,956                                |
| Cash generated from operations                               | (2,626,108)                              | 5,660,125                                |
| Income taxes paid (net)                                      | 1,912,688                                | (7,581,348)                              |
| Net cash generated from/ (used in) operating activities      | (713,420)                                | (1,921,223)                              |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>               |  |  |
| Purchase of property, plant and equipment and intangible ass | 5,954                                    | (7,187)                                  |
| Dividend paid to STL   | -  | (16,760,799)                             |
| Other income   | 154,272                                  | 291,920                                  |
| Net cash generated from investing activities                 | 160,226                                  | (16,476,066)                             |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>               |  |  |
| Capital Reduction  | (37,704,562)                             | -  |
| Net cash used in financing activities                        | (37,704,562)                             | -  |
| Net increase in cash and cash equivalents                    | (38,257,757)                             | (18,397,288)                             |
| Impact on account of Foreign Currency Translation            | (22,458,282)                             | (912,890)                                |
| Cash and cash equivalents at the beginning of the period     | 79,048,470                               | 98,358,649                               |
| Cash and cash equivalents at the end of the period           | 18,332,431                               | 79,048,470                               |

The accompanying notes form an integral part of the financial statements  
As per my report of even date

Sasken Communication Technologies  
(Shanghai) Co., Limited

S.S. Swamy  
Chartered Accountant  
Membership No.019990



Neeta

Neeta Revankar  
Legal Representative  
DIN: 00145580



Date : April 27, 2020  
Place: Bengaluru



## 4. Property, plant and equipment

| Particulars                        | Computers | Office Equipment | Total    |
|------------------------------------|-----------|------------------|----------|
| <b>Gross Block</b>                 |           |                  |          |
| As at April 01, 2018               | 743,710   | 127,090          | 870,800  |
| Additions during the year          | -         | 4,812            | 4,812    |
| Adjustments                        | 6,781     | 1,146            | 7,927    |
| As at March 31, 2019               | 736,929   | 130,756          | 867,670  |
| Additions during the year          | -         | -                | -        |
| Adjustments                        | (29,522)  | (5,238)          | (34,760) |
| As at March 31, 2020               | 766,451   | 135,994          | 902,428  |
| <b>Depreciation / Amortization</b> |           |                  |          |
| As at April 01, 2018               | 440,412   | 125,726          | 566,138  |
| Charge for the year                | 156,940   | 1,779            | 158,719  |
| Adjustments                        | 6,360     | 1,172            | 7,532    |
| As at March 31, 2019               | 590,992   | 126,333          | 717,325  |
| Charge for the year                | 145,904   | 4,536            | 150,440  |
| Adjustments                        | (29,555)  | (5,125)          | (34,680) |
| As at March 31, 2020               | 766,451   | 135,994          | 902,428  |
| <b>Net Block</b>                   |           |                  |          |
| As at March 31, 2019               | 145,937   | 4,423            | 150,360  |
| As at March 31, 2020               | -         | -                | -        |



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to the financial statements for the Year ended March 31, 2020

Non-current assets

Amount in Rs.

|   |                        |                         |                         |
|---|------------------------|-------------------------|-------------------------|
| 5 | Financial assets       |                         |                         |
|   | Other financial assets |                         |                         |
|   | Particulars            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|   | Security Deposits      | 264,577                 | 808,224                 |
|   | <b>Total</b>           | <b>264,577</b>          | <b>808,224</b>          |

|   |                          |                         |                         |
|---|--------------------------|-------------------------|-------------------------|
| 6 | Other non-current assets |                         |                         |
|   | Particulars              | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|   | Advance income taxes     | -                       | 966,443                 |
|   | <b>Total</b>             | <b>-</b>                | <b>966,443</b>          |

Current assets

|   |                              |                         |                         |
|---|------------------------------|-------------------------|-------------------------|
| 7 | Trade receivables            |                         |                         |
|   | Particulars                  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|   | <i>Unsecured</i>             |                         |                         |
|   | Considered good              | 20,892,090              | 49,166,284              |
|   | <b>Total</b>                 | <b>20,892,090</b>       | <b>49,166,284</b>       |
|   | <b>Net trade receivables</b> | <b>20,892,090</b>       | <b>49,166,284</b>       |

|   |   |                         |                         |
|---|---|-------------------------|-------------------------|
| 8 | Cash and cash equivalents                                       |                         |                         |
|   | Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|   | Balances with Banks   |                         |                         |
|   | On current accounts   | 18,332,396              | 78,901,476              |
|   | Cash on hand  | 35                      | 146,994                 |
|   | <b>Cash and cash equivalents in the statement of cash flows</b> | <b>18,332,431</b>       | <b>79,048,470</b>       |

|   |                        |                         |                         |
|---|------------------------|-------------------------|-------------------------|
| 9 | Other financial assets |                         |                         |
|   | Particulars            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|   | Advances to employees  | -                       | 195,387                 |
|   | <b>Total</b>           | <b>-</b>                | <b>195,387</b>          |

|    |  |                         |                         |
|----|--|-------------------------|-------------------------|
| 10 | Other current assets                     |                         |                         |
|    | Particulars                              | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|    | Balances with government authorities     | -                       | 77,212                  |
|    | Advances to suppliers                    | 73,698                  | 846,824                 |
|    | Prepaid expenses                         | -                       | 645,483                 |
|    | Receivables towards sale of fixed assets | -                       | 1,250,607               |
|    | <b>Total</b>                             | <b>73,698</b>           | <b>2,820,127</b>        |



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to the financial statements for the Year ended March 31, 2020

Amount in Rs.

|    |                             |   |                         |                         |
|----|-----------------------------|---|-------------------------|-------------------------|
| 11 | <b>Equity share capital</b> | Particulars                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|    |                             | Issued, subscribed and paid up capital: |                         |                         |
|    |                             | Share Capital                           | 32,991,492              | 70,696,054              |
|    |                             | <b>Total</b>                            | <b>32,991,492</b>       | <b>70,696,054</b>       |

|    |                     |                        |                         |                         |
|----|---------------------|------------------------|-------------------------|-------------------------|
| 12 | <b>Other equity</b> | Particulars            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|    |                     | i. General reserve     | 6,653,746               | 6,653,746               |
|    |                     | ii. Retained earnings  | (6,045,935)             | 38,579,952              |
|    |                     | iii. Other Reserve-FCR | (6,741,891)             | 13,690,469              |
|    |                     | <b>Total</b>           | <b>(6,134,080)</b>      | <b>58,924,167</b>       |

|                    |  |                         |                         |
|--------------------|--|-------------------------|-------------------------|
| i. General reserve | Particulars                              | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|                    | Opening Balance                          | 6,653,746               | 4,668,980               |
|                    | Add: Transfer from Profit & Loss Account | -                       | 1,984,766               |
|                    | <b>Total</b>                             | <b>6,653,746</b>        | <b>6,653,746</b>        |

|                       |                                      |                         |                         |
|-----------------------|--------------------------------------|-------------------------|-------------------------|
| ii. Retained earnings | Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|                       | Opening Balance                      | 38,579,952              | 54,367,273              |
|                       | Add: Profit for the period           | (44,625,887)            | 2,958,244               |
|                       | Less: Transferred to general reserve | -                       | (1,984,766)             |
|                       | Less: Dividend paid                  | -                       | (16,760,799)            |
|                       | <b>Total</b>                         | <b>(6,045,935)</b>      | <b>38,579,952</b>       |

|  |                                  |                         |                         |
|--|----------------------------------|-------------------------|-------------------------|
| iii. Other Reserves - Foreign Currency Translation Reserve | Particulars                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|  | Opening Balance                  | 13,690,469              | 15,026,432              |
|  | Add: Movements during the period | (20,432,360)            | (1,335,963)             |
|  | <b>Total</b>                     | <b>(6,741,891)</b>      | <b>13,690,469</b>       |



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to the financial statements for the Year ended March 31, 2020

Current liabilities

Amount in Rs.

Financial liabilities

13 Trade payables

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Outstanding dues of creditors other than micro enterprises and small enterprises | 8,999,999               | 11,536,241              |
| <b>Total</b>   | <b>8,999,999</b>        | <b>11,536,241</b>       |

14 Other current liabilities

| Particulars           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------|-------------------------|-------------------------|
| Statutory liabilities | 3,705,385               | 7,857,445               |
| <b>Total</b>          | <b>3,705,385</b>        | <b>7,857,445</b>        |

Current tax liabilities

| Particulars                                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Provision for taxation, net of advance tax | -                       | -                       |
| <b>Total</b>                               | <b>-</b>                | <b>-</b>                |



Sasken Communication Technologies (Shanghai) Co., Limited

Notes to the financial statements for the Year ended March 31, 2020

15 Revenue from operations

| Particulars       | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|-------------------|--|--|
| Revenue           |  |  |
| Software services | 40,434,684                               | 160,256,084                              |
| <b>Total</b>      | <b>40,434,684</b>                        | <b>160,256,084</b>                       |

16 Other income

| Particulars           | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|-----------------------|--|--|
| Interest income from: |  |  |
| on Others             | 154,272                                  | 291,920                                  |
| Exchange gain (net)   | 1,104,365                                | 779,990                                  |
| Miscellaneous income  | 83,936                                   | -  |
| <b>Total</b>          | <b>1,342,573</b>                         | <b>1,071,910</b>                         |

Expenses

17 Employee benefits expense

| Particulars                               | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|---|--|--|
| Salaries & Bonus                          | 64,372,562                               | 128,787,833                              |
| Contribution to Provident and Other Funds | 3,444,505                                | 12,887,539                               |
| Staff Welfare                             | 176,806                                  | 1,705,777                                |
| Recruitment and Relocation                | 149,095                                  | 1,863,852                                |
| <b>Total</b>                              | <b>68,142,968</b>                        | <b>145,245,001</b>                       |

18 Other expenses

| Particulars                                 | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|---|--|--|
| Rent  | 2,547,549                                | 3,866,388                                |
| On Plant & machinery                        | 2,099                                    | 6,561                                    |
| On Building                                 | 179,393                                  | 209,834                                  |
| On Others                                   | 76,669                                   | 4,934                                    |
| Communication expense                       | 94,063                                   | 249,058                                  |
| Travel expense                              | 322,044                                  | 1,666,119                                |
| Electricity and water charges               | 5,167                                    | 29,624                                   |
| Professional, legal and consultancy charges | 4,608,610                                | 4,254,475                                |
| Insurance                                   | -  | 5,875                                    |
| Selling expense - others                    | -  | 95,429                                   |
| Audit fees (fees for local GAAP financials) | 351,402                                  | 461,958                                  |
| Rates and taxes                             | 266,766                                  | 240,782                                  |
| Printing & Stationery                       | 1,432                                    | 64,075                                   |
| Bad debts written off                       | 10,301,440                               | -  |
| Miscellaneous expenses                      | 248,742                                  | 177,684                                  |
| <b>Total</b>                                | <b>19,017,266</b>                        | <b>11,332,796</b>                        |





Sasken Communication Technologies (Shanghai) Co., Limited

Notes to the financial statements for the Year ended March 31, 2020

Amounts in Rs.

19 Tax expense

Amounts recognised in profit and loss

|                | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |
|----------------|--|--|
| Current tax    |  |  |
| Current period | (907,530)                                | 1,633,234                                |
| Tax expense    | (907,530)                                | 1,633,234                                |



Notes to the financial statements

1. Company Overview

1. The company is a wholly owned subsidiary of Sasken Technologies Limited (formerly known as Sasken Communication Technologies Limited). Key Management Personnel: Ms. Neeta Revankar, Managing Director. The company was incorporated on 4th January 2006 under the People's Republic of China Laws

2. Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. These financial statements have been prepared for the purpose of consolidation with Sasken Technologies Limited the Holding Company. 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 financial statements, where applicable.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied.

B. Functional and presentation currency

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

C. Basis of measurement

The financial statements have been prepared on the historical cost convention and on accrual basis except for the following material items which have been measured at fair value:

| Items   | Measurement Basis   |
|---|---|
| Derivative financial instruments                                      | Fair value  |
| Financial instruments 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 |

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, 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 recognised prospectively.

Assumptions and estimation uncertainties

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

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

a) Revenue recognition:

The Company uses the percentage of completion method using the 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:

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 cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

c) Income taxes:

The operations of Sasken China are taxable under the tax laws of People Republic of China.



**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 carryforwards 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 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 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 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
- 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 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 recognised in profit or loss.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**iii. Subsequent expenditure**

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

**iv. Depreciation and Amortization**

Based on an independent assessment, the management has estimated the useful lives of the following classes of assets, which are lower than or equal to those indicated in Schedule II. 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:

| Type of asset           | Estimated useful life | Useful life as per Schedule II |
|-------------------------|-----------------------|--------------------------------|
| Building                | 20                    | 60                             |
| Computers               | 3                     | 3                              |
| Electrical and fittings | 5                     | 10                             |
| Furniture and fixtures  | 10                    | 10                             |
| Office equipment        | 5                     | 5                              |
| Plant and equipments    | 5                     | 15                             |

Leasehold improvements are amortized over the shorter of the estimated useful life of the assets and the related lease term.



Intangible assets are amortized over the estimated useful life, on a straight line basis, as follows:

1. Computer Software -
  - a. Computer Software used for development of software/rendering software services - over the life of the project/product - 1 year to 5 years.
  - b. Generic Computer Software - over 1 year.
  - c. Product Software for administration purposes - 3 years.
2. Technical know-how - over a period of 3 years.

#### v. Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Equipment or facilities that are acquired or constructed for research and development activities, which have alternative future uses are capitalized as tangible assets. Depreciation on such assets, during the research phase, is charged to expense as research and development costs.

#### vi. Capitalization and Amortization of Software Products

Costs incurred during the research phase are expensed off as period costs. Costs incurred towards development of computer software products meant for sale, lease or otherwise marketed, are capitalized subsequent to establishing the technological feasibility provided future economic benefit is probable and the Company has an intention and ability to complete and use or sell software and costs can be measured reliably. The costs are expensed as period costs, if the technological feasibility is not established. Capitalization ceases when the product is ready for general release to customers. Capitalized software product costs are amortized on a straight line method over the remaining estimated economic life of the product. The unamortized cost of capitalized software products is carried at cost, less accumulated amortization less

#### (c) Leases

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognise a lease liability at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The Company has measured the lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company has recognized a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The Company has chosen to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. The right-of-use assets is depreciated using the straight-line method from the date of initial application over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### (d) Revenue

The Company derives its revenues from rendering software services, product and technology licensing and installation and commissioning

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, significant terms of the arrangement are enforceable, the revenue can be reliably measured and the collection is probable. The following specific recognition criteria must also be met before revenue is recognized.

Revenue and costs relating to time and material contracts are recognized as the services are rendered. Revenue from fixed price service contracts and customized products or technology developments is recognized based on the proportionate completion method. Revenue from maintenance contracts is recognized ratably over the term of the maintenance arrangement.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period. 'Deferred revenues' represent billing in excess of revenue recognized.

Revenue from royalty is recognized on an accrual basis based on customer confirmation of shipment volumes, provided collection is probable.

Revenue related to post contract customer support is recognized rateably over the support period.

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

The Company recognizes revenue which is litigated once the litigation has reached finality and has the assurance of collecting the award.

#### (e) 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.

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

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI);
- qualifying cash flow hedges to the extent that the hedges are effective.





**Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(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.

**(f) Financial Instruments**

**i. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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 (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

- amortised
- FVTPL

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 amortised 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 amortised 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 recognised in profit or loss. However, see Note 3(c)(v) for derivatives designated as hedging instruments.  |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

**Financial liabilities:**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised 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 expire.

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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**iv. Derivative financial instruments and hedge accounting**

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates





### 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 recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised 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 recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount

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.

### (g) Impairment

#### i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised 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 90 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.

#### i. Impairment of non financial assets

The Company's non-financial assets, other than inventories and 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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised 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.

### (h) Retirement and other employee Benefits

#### 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 a gratuity fund maintained by an insurance company. The amount of contribution is determined based upon actuarial valuations as at the year end. Such contributions are charged off to the Statement of profit and loss. 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 funded balance with the insurance company.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. 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 recognised in profit or loss.



## ii. Provident Fund

Employees other than the employees at foreign branches are eligible to receive Provident Fund benefits through a defined benefit plan in which both employee and employer make monthly contributions to the plan. The Company has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the return, if any, which is provided for based on actuarial valuation carried out, as at the balance sheet date. Contributions towards Provident Fund are charged to the Statement of profit and loss on an accrual basis.

## 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 actuarial valuation carried out as at the year end, as per the projected unit credit method and the funded balance.

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 actuarial gains and losses are recognised in OCI.

## iv. Compensated absences

Short-term compensated absences are provided based on estimates. Long-term compensated absences are provided for based on actuarial valuation, done as per projected unit credit method, as at Balance Sheet date. The Company presents the compensated absences as a current liability in the balance sheet wherever it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

## v. Other employee benefits

The Company operates other long term benefit plan covering all eligible employees. The plan provide for lump sum payments at the end of agreed tenure. The cost of providing benefit under this plan is determined by the actuarial valuation, done as per projected unit credit method as at each Balance Sheet date.

## vi. 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.

## vii. Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## (f) Income Taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised 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.

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

### ii. Deferred tax

Deferred tax is recognised 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 recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised 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 recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ 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.

**(j) Earnings Per Share**

Basic earnings per share are calculated 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 numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation 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 are adjusted for the effects of all dilutive potential equity shares.

**(k) Provisions and contingencies**

A provision is recognized when an enterprise 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 recognised 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 recognised or disclosed in the financial statement.

**(l) Warranty Provisions**

Provision for warranty related costs are recognised when the license is provided or service provided. Provision is based on historical experience. The estimate of such warranty related costs is revised periodically.

**(m) 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.



20 Related Party Disclosures

The following table summarizes the transactions and balances of the Company with group companies:

| Holding Company  | Sasken Technologies Limited              |  |               |
|--|--|--|---------------|
| Fellow Subsidiary Company  | Sasken China Oy                          |  |               |
| Transactions   | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 |               |
| Sasken Technologies Limited<br>(formerly known as Sasken Communication Technologies Limited) |  |  |               |
| Capital Reduction  | 37,704,562                               | -  |               |
| Dividend Paid  | -  | (16,760,799)                             |               |
| Balances   | As at<br>March 31, 2020                  | As at<br>March 31, 2019                  | Amount in Rs. |
| Sasken Technologies Limited<br>(formerly known as Sasken Communication Technologies Limited) |  |  |               |
| Subscription to the Share Capital  | 32,991,492                               | 70,696,054                               |               |
| Receivable   | 20,892,023                               | 19,090,629                               |               |
| Payable (Incl. provisions)   | 4,911,208                                | 4,487,744                                |               |
| Sasken Finland Oy  |  |  |               |
| Receivable   | -  | 9,651,260                                |               |

21 Operating lease

The Company has operating leases for office premises that are (a) renewable on a periodic basis.

| Particulars  | For the<br>Years Ended<br>March 31, 2020 | For the<br>Years Ended<br>March 31, 2019 | Amount in Rs. |
|--|--|--|---------------|
| Rent expenses included in profit & loss account towards operating leases   | 2,547,549                                | 2,756,808                                |               |
| Minimum lease obligation under non-cancellable lease contracts amounts to: |  |  |               |
| Particulars  | As at<br>March 31, 2020                  | As at<br>March 31, 2019                  | Amount in Rs. |
| Due in one year of the balance sheet date                                  | 349,430                                  | 943,019                                  |               |
| Due between one to five years  | -  | -  |               |

22 The Company has following foreign currency exposures which are not hedged:

| Particulars                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |  |
|----------------------------|-------------------------|-------------------------|--|
|                            | US Dollar (USD)         | US Dollar (USD)         |  |
| Amount in Foreign Currency |                         |                         |  |
| Loans & Advances           | 276,075.62              | 276,075.62              |  |
| Current Liabilities        | 64,898.68               | 64,898.68               |  |
| Net Receivable/ (Payable)  | 211,176.94              | 211,176.94              |  |
| Amount in Rs.              |                         |                         |  |
| Loans & Advances           | 20,892,023              | 19,090,629              |  |
| Current Liabilities        | 4,911,208               | 4,487,744               |  |
| Net Receivable/ (Payable)  | 15,980,815              | 14,602,885              |  |
| Particulars                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |  |
|                            | Euros (EUR)             | Euros (EUR)             |  |
| Amount in Foreign Currency |                         |                         |  |
| Loans & Advances           | -                       | 124,294.22              |  |
| Current Liabilities        | -                       | -                       |  |
| Net Receivable/ (Payable)  | -                       | 124,294.22              |  |
| Amount in Rs.              |                         |                         |  |
| Loans & Advances           | -                       | 124,294.22              |  |
| Current Liabilities        | -                       | -                       |  |
| Net Receivable/ (Payable)  | -                       | 9,651,260               |  |

23 Other Notes

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Nil, (As at March 31, 2019: Nil)
- b) Contingent Liabilities - Bank Guarantee given amounting to Rs. Nil (As at March 31, 2019: Rs. Nil)

S.S. Swamy  
Chartered Accountant  
Membership No.019990



Date : April 27, 2020

Sasken Communication Technologies  
(Shanghai) Co., Limited

Neeta  
Neeta Revankar  
Legal Representative  
DIN: 00145580

Date : April 27, 2020

