

**INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF DIRECTORS OF  
SASKEN INC.,****Report on the Audit of Financial Statements**

I have audited the accompanying financial statements of **SASKEN INC.**, ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, 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 2019, and profit 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.

**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.

1/4

Contd. 2





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 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.

2/4

Contd..3





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.

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

3/4

contd.. 4



**CA S.S. Swamy**

B.Sc. B.Com. F.C.A., CAIIB

**Chartered Accountant**



Tel: 22424932 (O)

23416843 (R)

9845158963(M)

Office: 'Arya Plaza' 3/5, II Floor,  
Bull Temple Road,  
BANGALORE – 560 018.

- A -

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:

- a) 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.
- b) 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.
- c) 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.
- d) 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:

- i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its Financial Statements.
- ii. 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 2019.

Bangalore  
April 23, 2019



  
S.S. SWAMY  
CHARTERED ACCOUNTANT  
3/5, II Floor, 'Arya Plaza'  
Bull Temple Road  
BANGALORE-560 018  
Membership No. 019990

## Balance Sheet

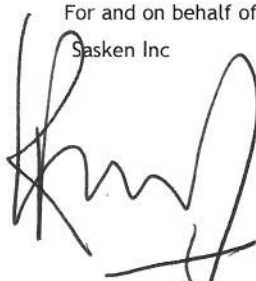
Amount in INR


	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets	4	3,019,545	-
Capital work-in-progress		27,934	-
<b>Financial Assets</b>			
a) Investments	5	205,942,342	58,653,000
b) Other financial assets	6	306,909	10,734
Other tax assets	7	1,725,152	719,996
		<u>211,021,882</u>	<u>59,383,730</u>
<b>Current assets</b>			
<b>Financial Assets</b>			
a) Trade receivables	8	14,598,452	13,210,564
b) Cash and bank balances	9	21,021,201	33,272,771
c) Unbilled revenue	10	6,555,420	4,470,532
Other current assets	11	588,299	5,353,635
		<u>42,763,372</u>	<u>56,307,502</u>
Total		<u>253,785,254</u>	<u>115,691,232</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	12	39,553,757	22,225,403
Other Equity		187,041,992	66,138,130
		<u>226,595,749</u>	<u>88,363,533</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
a) Trade payables	13	25,136,612	19,256,648
b) Other financial liabilities	14	610,645	7,341,372
Provisions	15	287,443	293,040
Current tax liabilities	16	1,154,805	436,639
		<u>27,189,505</u>	<u>27,327,699</u>
Total		<u>253,785,254</u>	<u>115,691,232</u>

The accompanying notes form an integral part of the financial statements

  
  
**S.S. Swamy**  
 Chartered Accountant  
 Membership Number: 019990



For and on behalf of Board of Directors of  
 Sasken Inc  
  
**Rajiv C Mody**  
 Chairman  
 DIN: 00092037

  
**Neeta Revankar**  
 Director  
 DIN: 00145580

Place : Bengaluru

Date : April 23, 2019

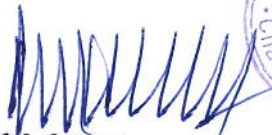
## Statement of Profit and Loss

Amount in INR


	Notes	Year Ended March 31, 2019	Year ended March 31, 2018
I Revenue from Operations	17	89,089,006	113,569,110
II Other Income	18	18,732,636	868,057
III Total Revenue (I+II)		107,821,642	114,437,167
IV Expenses:			
Employee benefits	19	9,686,734	11,094,320
Other operational expense	20	57,957,480	70,213,244
Depreciation and amortization expense		200,209	
		67,844,423	81,307,564
V Profit/(loss) before tax (III-IV)		39,977,219	33,129,603
VI Tax expense/(credit):			
Current tax		711,694	-
VII Profit/(loss) for the period (V-VI)		39,265,525	33,129,603
VIII Other comprehensive income			
B) (i) Items that will be reclassified to statement of the profit and loss		9,687,565	545,226
Total other comprehensive income		9,687,565	545,226
IX Total comprehensive income for the period (VII+VIII)		48,953,091	33,674,829
X Earnings Per Equity Share (EPS) in USD, (Share par value \$0.01 eah)			
Basic and diluted		0.63	0.92
Weighted average number of Equity Shares used in computation of			
Basic and diluted EPS		61,887,680	36,054,347

The accompanying notes form an integral part of the financial statements.

For and on behalf of Board of Directors of  
Sasken Inc

  
S.S. Swamy  
Chartered Accountant  
Membership Number: 019990



  
Rajiv C Mody  
Chairman  
DIN: 00092037

  
Neeta Revankar  
Director  
DIN: 00145580

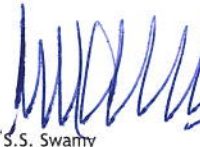
Place : Bengaluru  
Date : April 23, 2019

Sasken Inc  
Cash Flow Statement

Amount in INR

	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash flow from operating activities:</b>		
Net Profit/(Loss) before tax	39,977,219	33,129,603
Adjustments for:		
Interest Income	(3,723,776)	(212,358)
<b>Operating profit before working capital changes</b>	<b>36,253,443</b>	<b>32,917,245</b>
Adjustments for (increase) / decrease in operating assets:		
(Increase)/decrease in Trade Receivables	(581,107)	4,740,020
(Increase)/decrease in other current assets	5,092,288	14,554,731
(Increase)/decrease in other financial assets	3,330,465	68,335
(Increase)/decrease in unbilled revenue	(1,811,869)	(1,167,060)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	4,704,012	15,537,481
Increase/(decrease) in Current Liabilities and provisions	(7,229,292)	1,028,379
<b>Cash generated from operations</b>	<b>39,757,940</b>	<b>67,679,130</b>
Direct taxes (paid) / refund received	(998,684)	(61,590)
<b>Net cash inflow/ (out flow) from operating activities</b>	<b>38,759,256</b>	<b>67,617,540</b>
<b>B. Cash flow from investing activities:</b>		
Investment in Body Corporate	(147,289,342)	(45,684,000)
Interest Income	3,723,776	212,358
Acquisition of property	(3,047,479)	
<b>Net cash used in investing activities</b>	<b>(146,613,045)</b>	<b>(45,471,642)</b>
<b>C. Cash flow from financing activities:</b>		
Dividend paid	(14,691,000)	(25,935,960)
Increase/(Decrease) in Share Capital	17,328,354	-
Security Premium	86,641,771	-
<b>Net cash used in financing activities</b>	<b>89,279,125</b>	<b>(25,935,960)</b>
<b>Net increase/(Decrease) in Cash and Bank balances (A+B)</b>	<b>(18,574,664)</b>	<b>(3,790,062)</b>
Impact on Cash Flow on account of Bank Translation	6,323,094	217,257
Cash and Bank balances at the beginning of the year	33,272,771	36,845,576
<b>Cash and Bank Balances at the end of the quarter</b>	<b>21,021,201</b>	<b>33,272,771</b>
<b>Balances with banks</b>		
-in Current account	21,021,201	33,272,771
<b>Cash and Bank Balances at the end of the quarter</b>	<b>21,021,201</b>	<b>33,272,771</b>

The accompanying notes form an integral part of the financial statements

  
S.S. Swamy  
Chartered Accountant  
Membership Number: 019990



  
For and on behalf of the Board of Directors of  
Sasken Inc  
Rajiv C. Mody  
Director  
DIN: 00092037

  
Neeta Revankar  
Director  
DIN: 00145580

Place : Bangalore  
Date : April 23, 2019

Sasken Inc

Statement of changes in equity

A. Equity share capital

Amount in INR		
	Changes in equity share capital during	Balance as at March 31, 2018
Balance as at April 01, 2017	22,225,403	22,225,403
	-	
Balance as at April 01, 2018	Changes in equity share capital during	Balance as at March 31, 2019
	17,328,354	39,553,757

B. Other equity

Particulars	Attributable to the owners of the Company			Total
	Reserves and surplus	Retained earnings	Foreign exchange translation reserve	
Balance as at April 01, 2017	562,197,736	(501,564,147)	(2,234,328)	58,399,261
Movement during the year	-	-	545,226	545,226
Profit for the year	-	33,129,603	-	33,129,603
Dividends paid (including dividend distribution tax thereon)	-	(25,935,960)	-	(25,935,960)
Balance as at March 31, 2018	562,197,736	(494,370,504)	(1,689,102)	66,138,130

Particulars	Attributable to the owners of the Company			Total
	Reserves and surplus	Retained earnings	Foreign exchange translation reserve	
Balance as at April 01, 2018	562,197,736	(494,370,504)	(1,689,102)	66,138,130
Movement during the year	86,641,771	-	9,687,565	96,329,336
Profit for the year	-	39,265,525	-	39,265,525
Dividends paid (including dividend distribution tax thereon)	-	(14,691,000)	-	(14,691,000)
Balance as at March 31, 2019	648,839,507	(469,795,979)	7,998,463	187,041,992

The accompanying notes form an integral part of the financial statements.

For and on behalf of Board of Directors of  
Sasken Inc

*[Signature]*  
S.S. Swamy  
Chartered Accountant  
Membership Number: 019990

*[Signature]*  
Neetha S Revankar  
Director  
DIN: 00145580



Place : Bengaluru  
Date : April 23, 2019

Sasken Inc

Notes to the financial statements for the Year ended March 31, 2019

Amounts in Rs. Lakhs

4. Property, plant and equipment

Particulars	Computers	Electrical fittings	Furniture and fixtures	Office equipment	Plant and equipment	Total
<b>Gross Block</b>						
As at April 01, 2017	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-
Additions during the year	1,264,934.67	139,731.41	1,513,051.10	301,136.49	0.69	3,218,854.36
Deletions during the year	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
As at March 31, 2019	1,264,934.67	139,731.41	1,513,051.10	301,136.49	0.69	3,218,854.36
<b>Depreciation / Amortization</b>						
As at April 01, 2017	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-
Charge for the year	86,041	9,358	93,962	10,848	-	200,209
Deletions during the year	-	-	-	-	-	-
Adjustments	(387)	(42)	(422)	(49)	-	(900)
As at March 31, 2019	85,654	9,316	93,541	10,799	-	199,310
<b>Net Block</b>						
As at March 31, 2018	-	-	-	-	-	-
As at March 31, 2019	1,179,281	130,416	1,419,511	290,337	0.69	3,019,545



29

## Notes to financial statements for the period ended March 31, 2019

	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<b>5. Investments</b>		
A. Investment in Limited Liability Partnerships (Trade, unquoted, at cost less provision for diminution)		
Investment in Omni Capital Fund L.L.P, a Limited Liability Partnership in USA	331,347,374	312,276,332
Less :Provision for Diminution of Investments	(331,347,374)	(312,276,332)
B. Investment in Preference Shares (Trade, unquoted at cost less provision for diminution)		
Investment in Nil ( March 31, 2018: 102,944 )shares of USD 0.0001 of Series C Preference Stock 21E6 Inc	-	65,169,871
Less: Provision for diminution in value of investment	-	(65,169,871)
C. Investments in Jana Care, Inc.- Series -A preferred stock ( Previous Year - Investment in promissory notes )	205,942,342	58,653,000
	205,942,342	58,653,000
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in value of investments	(331,347,374)	(377,446,203)
	As at March 31, 2019	As at March 31, 2018
<b>6. Other financial assets</b>		
Security deposits	306,909	10,734
Total	306,909	10,734
	As at March 31, 2019	As at March 31, 2018
<b>7. Other tax assets</b>		
Advance income tax (net)	1,725,152	719,996
Total	1,725,152	719,996
	As at March 31, 2019	As at March 31, 2018
<b>8. Trade receivables</b>		
Unsecured considered good	14,598,452	13,210,564
Total	14,598,452	13,210,564
	As at March 31, 2019	As at March 31, 2018
<b>9. Cash and bank balances</b>		
Balances with banks	21,021,201	33,272,771
Total	21,021,201	33,272,771
	As at March 31, 2019	As at March 31, 2018
<b>10. Unbilled revenue</b>		
Unbilled Revenues	6,555,420	4,470,532
Total	6,555,420	4,470,532
	As at March 31, 2019	As at March 31, 2018
<b>11. Other current assets</b>		
Prepaid Exp & other recoveries	303,170	5,346,686
Advance to suppliers	2,213	6,949
Loans and Advances to Employees	282,916	-
Total	588,299	5,353,635



pm

## Notes to financial statements for the period ended March 31, 2019

	As at March 31, 2019	As at March 31, 2018
<b>12. Share capital</b>		
Authorised capital		
110,000,000 Equity shares of \$ 0.01 each	73,541,000	26,592,000
(At March 31, 2018, 110,000,000 Equity shares of \$0.01 each)		
Issued, subscribed and paid up capital		
61,887,680 Equity shares of \$ 0.01 each fully paid up	39,553,757	22,225,403
(At March 31, 2018, 36,054,347 Equity shares of \$0.01 each)		
	<u>39,553,757</u>	<u>22,225,403</u>
Shareholders holding more than 5 percent shares in the Company:	No. of shares	No. of shares
Sasken Technologies Limited (100% holding)	61,887,680	36,054,347
	As at March 31, 2019	As at March 31, 2018
<b>13. Trade payables</b>		
For goods, services and expenses		
- Dues to other creditors	25,136,612	19,256,648
Total	<u>25,136,612</u>	<u>19,256,648</u>
	As at March 31, 2019	As at March 31, 2018
<b>14. Other financial liabilities</b>		
Deferred revenues	610,645	7,341,372
Total	<u>610,645</u>	<u>7,341,372</u>
	As at March 31, 2019	As at March 31, 2018
<b>15. Provisions</b>		
Provision for Employee compensated absences	287,443	293,040
Total	<u>287,443</u>	<u>293,040</u>
	As at March 31, 2019	As at March 31, 2018
<b>16. Current tax liabilities</b>		
Provision for Income Tax (net)	1,154,805	436,639
Total	<u>1,154,805</u>	<u>436,639</u>



Sasken Inc

Notes to financial statements for the period ended March 31, 2019

Amount in INR

	Year ended March 31, 2019	Year ended March 31, 2018
<b>17. Revenue from operations</b>		
Sale of software services	89,089,006	113,569,110
Total	89,089,006	113,569,110

	Year ended March 31, 2019	Year ended March 31, 2018
<b>18. Other Income</b>		
Miscellaneous income	15,008,858	655,699
Other interest income	3,723,776	212,358
Exchange gain	2	-
Total	18,732,636	868,057



DM

Notes to financial statements for the period ended March 31, 2019

Amount in INR

	Year ended March 31, 2019	Year ended March 31, 2018
<b>19. Employee Benefits</b>		
Salaries & Bonus	8,361,937	9,789,562
Contribution to Provident and Other Funds	775,529	924,357
Staff Welfare	521,640	380,401
Recruitment and Relocation	27,628	-
Total	9,686,734	11,094,320

	Year ended March 31, 2019	Year ended March 31, 2018
<b>20. Other operational expense</b>		
Rent	1,127,631	65,396
Repairs and maintenance		
-Plant and machinery	72,811	-
-Building	22,711	-
-Others	389,251	-
Communication expenses	93,739	-
Printing and Stationery	67,081	15,658
Travel expenses	216,381	818,841
Electricity and water charges	96,180	-
Professional, legal and consultancy charges	17,787,228	49,926,887
Insurance	25,268	-
Contract staff cost	37,822,830	19,257,499
Selling expenses - others	2,173	-
Rates and taxes	173,458	55,333
Miscellaneous expenses	60,738	73,630
Total	57,957,480	70,213,244



*DM*

**Sasken Inc.**

Notes forming part of the financial statements for the quarter ended March 31, 2019

**1. Company overview**

Sasken Inc was incorporated on September 25, 2007 in the State of Delaware, U.S a wholly owned subsidiary of Sasken Technologies Limited. Sasken Inc will derive its revenues by licencing the multimedia software to its customers so they in turn could embed Sasken's software into their products. Once the finished product is manufactured by its customers, Sasken receives licencing fees and/or royalty fee depending upon the contractual relationship, Sasken Inc also provides services to its customers in multimedia software segment.

**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. Up to the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of the Indian GAAP ("Previous GAAP"), which included Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1 April 2016. 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.

**b) Use of estimates & 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.

**c) 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 labour 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.

**3. Significant accounting policies**

**a) Property, Plant & Equipment (including intangible assets)**

**i) Recognition & 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) 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.



*SM*

### iii) Depreciation & 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 life (SLM)	Schedule II Estimated life (SLM)
Computers	3	3
Electrical Fittings	5	10
Furniture & Fixtures	10	10
Office Equipment	5	5
Test and Control Equipments	4	15

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

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

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

### 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, fulfilment 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 of property, plant and equipment, 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 recognised 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 recognised as an integral part of the total lease expense over the term of the lease.

### c) Foreign Currency

#### Foreign currency transactions:

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. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. 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-qualifying cash flow hedges to the extent that the hedges are effective.

#### 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.

### d) Financial instruments

#### 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.



**Classification and subsequent measurement of Financial assets :**

On initial recognition, a financial asset is classified as measured at (i) Amortised Cost (ii) FVTPL (iii) 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL: (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) 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.

**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.

**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.

**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 currency. 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 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 recognised in OCI and accumulated in the other equity under cash flow hedging reserve. 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. 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.

**e) Impairment****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 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.



#### **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 CGUs. An impairment loss is recognised 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 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. 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.

#### **f) Employee benefits :**

##### **Post-employment and pension plans :**

The Company participates 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 actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial 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.

- **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 yearend 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 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, 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 recognised in profit or loss.
- **Provident fund :** Employees other than the employees at foreign branches 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 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 fund assets based on the Government specified rate of return.
- **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 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 actuarial gains and losses are recognised in OCI.
- **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.



**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 recognised as an expense as the related service is rendered by employees.

**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 actuarial valuation using the projected unit credit method. Accumulated leaves, which is 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.

**g) 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.

**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 recognised 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.

**Deferred tax :**

Deferred tax is recognised 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 recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for :

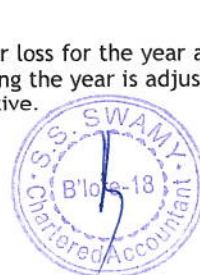
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates 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.

**h) 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 numbers 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.



i) **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 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.

j) **Cash and cash equivalents :**

Cash and cash equivalents in the cash flow statement comprise of cash at bank and in hand. The cash flow statement is prepared under the indirect method.



**21. Other Notes:****a. Investments :**

Sasken Inc has evaluated its investment in Omni Capital LLP, USA for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, a provision for diminution in the value of investment as at March 31, 2019 amounting to USD 4,791,719.26, Rs. 331,347,374 (March 31, 2018 USD 4,791,719.26, Rs.312,276,332).

Sasken Inc has disinvested from 21E6 Inc, USA during the quarter ended September 30, 2018. However, we had a provision for diminution in the value of investment as at March 31, 2018 USD 999,998.02, Rs. 65,169,871.

**b. Segment Reporting**

The Company provides software services and software products, which in the opinion of the management represents a single business segment and hence no separate disclosure has been made. The geographical segment information is disclosed based on location of the customers.

**Geographic Segment Information:****Revenues:**

Amount in Rs. Lakhs

Region	For the year ended	
	31-Mar-19	31-Mar-18
North America (including Canada)	669.61	480.91
Europe (EMEA)	16.82	158.48
Asia Pacific (other than India)	188.44	496.06
India	16.02	0.24
<b>Total</b>	<b>890.89</b>	<b>1135.69</b>

**Assets:****Sundry Debtors & Unbilled Revenue:**

Amount in Rs. Lakhs

Region	As at March 31, 2019	As at March 31, 2018
North America (including Canada)	192.81	176.81
Europe (EMEA)	1.38	-
Asia Pacific (other than India)	1.40	-
India	15.95	-
<b>Total</b>	<b>211.54</b>	<b>176.81</b>

**c. Operating Leases :**

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

**i) Rent Expenses :**

Amount in Rs Lakhs

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
Rent Expenses included in profit & loss account towards operating leases	5.34	0.65

**ii) Minimum lease obligation under non-cancellable lease contracts amount to:**

Amount in Rs. Lakhs

	As at 31-Mar-19	As at 31-Mar-18
Due in one year of the balance sheet date	Nil	Nil
Due between one to five years (\$ nil )	Nil	Nil



**d. Related Party Disclosures:**

**Name of the related parties and description of relationship -**

Holding Company : Sasken Technologies Limited, India

Fellow Subsidiary : Sasken Communication Technologies Mexico S.A De C.V

Transactions and balances due to/(from) Holding company/Other Subsidiaries of the holding Co are as shown below:


**i) Balances:**

		Amount in Rs. Lakhs	
Name of the party	Nature of Balances	As at 31-Mar-19	As at 31-Mar-18
	(i)Subscription of Share Capital	6,883.93	5,844.23
Sasken Technologies Ltd	(ii)Payable balances (incl. provisions)	(68.35)	(106.44)

**ii) Transactions during the year:**

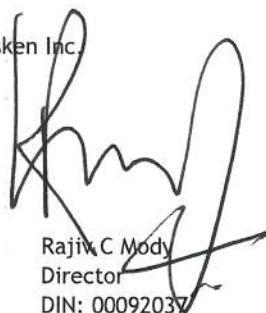
			Amount in Rs. Lakhs	
Name of the party	Relationship	Nature of Transactions	For the year ended	
			31-Mar-19	31-Mar-18
Sasken Technologies Limited	Holding Company	(i) Software development services procured from	169.87	494.39
		(ii) Expenses transferred by SCTL	(2.60)	(16.24)

For and on behalf of the Board of Directors of Sasken Inc.



S.S. Swamy  
Chartered Accountant  
Membership Number: 019990



  
Rajiv C. Mody  
Director  
DIN: 00092037



Neeta Revankar  
Director  
DIN: 00145580

Place: Bangalore  
Date : April 23, 2019



