

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
SASKEN INC.,**

Report on the Financial Statements

I have audited the accompanying financial statements of **SASKEN INC.,** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors 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 financial position, financial performance and cash flows of the Company in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 and other relevant provisions 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

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 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, 2018, and its profits and its cash flows for the year ended on that date.

Bangalore
April 20, 2018




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, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non current assets				
Financial Assets				
a) Investments	5	58,653,000	12,969,000	13,250,000
b) Other financial assets	6	10,734	10,681	10,912
Other tax assets	7	719,996	656,229	595,917
		59,383,730	13,635,910	13,856,829
Current assets				
Financial Assets				
a) Trade receivables	8	13,210,564	17,861,005	16,982,353
b) Cash and bank balances	9	33,272,771	36,845,576	6,235,325
c) Unbilled revenue	10	4,470,532	3,203,707	1,754,185
Other current assets	11	5,353,635	19,892,298	13,186,306
		56,307,502	77,802,586	38,158,169
Total		115,691,232	91,438,496	52,014,998
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	12	22,225,403	22,225,403	22,225,403
Other Equity		66,138,130	58,399,261	21,630,422
		88,363,533	80,624,664	43,855,825
Current liabilities				
Financial Liabilities				
a) Trade payables	13	19,256,648	3,737,914	6,928,083
b) Other financial liabilities	14	7,341,372	6,094,387	778,341
Provisions	15	293,040	547,069	174,499
Current tax liabilities	16	436,639	434,462	278,250
		27,327,699	10,813,832	8,159,173
Total		115,691,232	91,438,496	52,014,998


The accompanying notes form an integral part of the financial statements

In terms of my report attached



 S.S. Swamy
 Chartered Accountant
 Membership Number: 019990

Place : Bengaluru
 Date : April 20, 2018

For and on behalf of Board of Directors of
 Sasken Inc


 Rajiv C. Mody
 Chairman
 DIN: 00092037


 Neeta Revankar
 Director
 DIN: 00145580



Statement of Profit and Loss

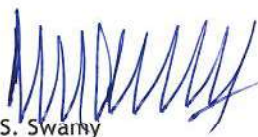
Amount in INR

	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
I Revenue from Operations	17	113,569,110	137,093,792
II Other Income	18	868,057	852,482
III Total Revenue (I+II)		114,437,167	137,946,274
IV Expenses:			
Employee benefits	19	11,094,320	14,919,846
Other operational expense	20	70,213,244	83,850,500
		81,307,564	98,770,346
V Profit/(loss) before tax (III-IV)		33,129,603	39,175,928
VI Tax expense/(credit):			
Current tax		-	172,762
VII Profit/(loss) for the period (V-VI)		33,129,603	39,003,167
VIII Other comprehensive income			
B) (i) Items that will be reclassified to statement of the profit and loss		545,226	(2,234,328)
Total other comprehensive income		545,226	(2,234,328)
IX Total comprehensive income for the period (VII+VIII)		33,674,829	36,768,838
X Earnings Per Equity Share (EPS) in USD, (Share par value \$0.01 eah)			
Basic and diluted		0.92	1.08
Weighted average number of Equity Shares used in computation of			
Basic and diluted EPS		36,054,347	36,054,347

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

In terms of my report attached


For and on behalf of Board of Directors of
Sasken Inc


S.S. Swamy

Chartered Accountant

Membership Number: 019990




Rajiv C Mody

Director

DIN: 00092037


Neeta S Revankar

Director

DIN: 00145580

Place : Bengaluru

Date : April 20, 2018



Sasken Inc

Statement of Profit and Loss

A. Equity share capital

	Amount in INR
Balance as at April 01, 2016	22,225,403.00
Changes in equity share capital during	-
Balance as at March 31, 2017	22,225,403.00

	Amount in INR
Balance as at April 01, 2017	22,225,403.00
Changes in equity share capital during	-
Balance as at March 31, 2017	22,225,403.00

B. Other equity

Particulars	Amount in INR			
	Attributable to the owners of the Company			Total
	Reserves and surplus	Items of OCI	Foreign exchange translation reserve	
Balance as at April 01, 2016	562,197,736.00	(526,786,698.00)	(13,780,615.00)	21,630,423.00
Movement during the year	-	-	(2,234,328.00)	(2,234,328.00)
Profit for the year	39,003,166.00	-	-	39,003,166.00
FCTR capitalised on IND AS transition	(13,780,615.00)	-	-	-
Balance as at March 31, 2017	562,197,736.00	(501,564,147.00)	(2,234,328.00)	58,399,261.00

Particulars	Amount in INR			
	Attributable to the owners of the Company			Total
	Reserves and surplus	Items of OCI	Foreign exchange translation reserve	
Balance as at April 01, 2017	562,197,736.00	(501,564,147.00)	(2,234,328.00)	58,399,261.00
Movement during the year	-	-	545,226.00	545,226.00
Profit for the year	33,129,603.00	-	-	33,129,603.00
Dividends paid (including dividend distribution tax thereon)	(25,935,960.00)	-	-	(25,935,960.00)
Balance as at March 31, 2018	562,197,736.00	(494,370,504.00)	(1,689,102.00)	66,138,130.00

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

In terms of my report attached

For and on behalf of Board of Directors of
Sasken Inc

S.S. Swamy
Chartered Accountant
Membership Number: 019990

Rajiv C. Jady
Director
DIN: 00092037

Neeta S Revankar
Director
DIN: 00145580



Place : Bengaluru

Date : April 20, 2018



Sasken Inc
Cash Flow Statement

Amount in INR

	For year ended March 31, 2018	For year ended March 31, 2017
A. Cash flow from operating activities:		
Net Profit/(Loss) before tax	33,129,603	39,175,928
Adjustments for:		
Interest Income	(212,358)	(852,482)
Operating profit before working capital changes	32,917,245	38,323,446
Adjustments for (increase) / decrease in operating assets:		
(Increase)/decrease in Trade Receivables	4,740,020	(1,238,807)
(Increase)/decrease in other current assets	14,554,731	(6,985,641)
(Increase)/decrease in other financial assets	68,335	(280,769)
(Increase)/decrease in unbilled revenue	(1,167,060)	(1,486,725)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	15,537,481	(3,043,189)
Increase/(decrease) in Current Liabilities and provisions	1,028,379	5,714,723
Cash generated from operations	67,679,130	31,003,039
Direct taxes (paid) / refund received	(61,590)	(89,732)
Net cash inflow/ (out flow) from operating activities	67,617,540	30,913,306
B. Cash flow from investing activities:		
Investment in Body Corporate	(45,684,000)	281,000
Interest Income	212,358.00	852,482
Net cash used in investing activities	(45,471,642)	1,133,482
C. Cash flow from financing activities:		
Dividend paid	(25,935,960)	-
Net cash used in financing activities	(25,935,960)	-
Net increase/(Decrease) in Cash and Bank balances (A+B)	(3,790,062)	32,046,788
Impact on Cash Flow on account of Bank Translation	217,257	(1,436,540)
Cash and Bank balances at the beginning of the year	36,845,576	6,235,325
Cash and Bank Balances at the end of the quarter	33,272,771	36,845,574
Balances with banks		
-in Current account	33,272,771	36,845,576
Cash and Bank Balances at the end of the quarter	33,272,771	36,845,576

The accompanying notes form an integral part of the financial statements

In terms of my report attached


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 20, 2018



Notes to financial statements for the period ended March 31, 2018

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets			
5. Investments			
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	312,276,332	310,719,024	317,451,389
Less : Provision for Diminution of Investments	(312,276,332)	(310,719,024)	(317,451,389)
B. Investment in Preference Shares (Trade, unquoted at cost less provision for diminution)			
Investment in 102,944 Shares of USD 0.0001 of Series C Preference Stock 21E6 Inc	65,169,871	64,844,936	62,249,939
Less: Provision for diminution in value of investment	(65,169,871)	(64,844,936)	(62,249,939)
C. Loan to Janacare Inc	58,653,000	12,969,000	13,250,000
	58,653,000	12,969,000	13,250,000
Aggregate amount of unquoted investments	-	-	-
Aggregate provision for diminution in value of investments	(377,446,203)	(375,563,960)	(379,701,328)
6. Other financial assets			
Security deposits	10,734	10,681	10,912
Total	10,734	10,681	10,912
7. Other tax assets			
Advance income tax (net)	719,996	656,229	595,917
Total	719,996	656,229	595,917
8. Trade receivables			
Unsecured considered good			
Outstanding for more than six months from due date	7,494,550	7,457,175	-
Outstanding for less than six months from due date	5,716,014	10,403,830	16,982,353
Unsecured considered doubtful			
Outstanding for more than six months from due date	-	-	7,618,750
Less: Provision for doubtful debts	-	-	(7,618,750)
Total	13,210,564	17,861,005	16,982,353
9. Cash and bank balances			
Cash and cash equivalents	-	-	-
Balances with banks	33,272,771	36,845,576	6,235,325
Total	33,272,771	36,845,576	6,235,325
10. Unbilled revenue			
Unbilled Revenues	4,470,532	3,203,707	1,754,185
Total	4,470,532	3,203,707	1,754,185
11. Other current assets			
Prepaid Exp & other recoveries	5,346,686	4,639,983	7,790
Advance to suppliers	6,949	15,180,842	12,769,746
Loans and Advances to Employees	-	71,473	408,770
Total	5,353,635	19,892,298	13,186,306



Notes to financial statements for the period ended March 31, 2018

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
12. Share capital			
Authorised capital			
40,000,000 Equity shares of \$ 0.01 each	26,592,000	26,592,000	26,592,000
(At March 31, 2017, 40,000,000 Equity shares of \$0.01 each)			
Issued, subscribed and paid up capital			
36,054,347 Equity shares of \$ 0.01 each fully paid up	22,225,403	22,225,403	22,225,403
(At March 31, 2017, 36,054,347 Equity shares of \$0.01 each)			
	22,225,403	22,225,403	22,225,403
Shareholders holding more than 5 percent shares in the Company:	No. of shares	No. of shares	No. of shares
Sasken Technologies Limited (100% holding)	36,054,347	36,054,347	36,054,347
Reconciliation of the number of shares outstanding at the beginning and end of the reporting period:	No. of shares	No. of shares	No. of shares
Outstanding at the beginning of the period	36,054,347	36,054,347	36,054,347
Add: Conversion of loan to equity	-	-	-
Outstanding at the end of the period	36,054,347	36,054,347	36,054,347
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
13. Trade payables			
For goods, services and expenses			
- Dues to other creditors	19,256,648	3,737,914	6,928,083
Total	19,256,648	3,737,914	6,928,083
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14. Other financial liabilities			
Interest accrued and due on Inter co borrowings			
Deferred revenues	7,341,372	6,094,387	778,341
Total	7,341,372	6,094,387	778,341
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
15. Provisions			
Provision for Employee compensated absences	293,040	547,069	174,499
Total	293,040	547,069	174,499
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16. Current tax liabilities			
Provision for Income Tax (net)	436,639	434,462	278,250
Total	436,639	434,462	278,250



Sasken Inc

Notes to financial statements for the period ended March 31, 2018

	Year ended March 31, 2018	Year ended March 31, 2017
17. Revenue from operations		
Sale of software services	113,569,110	137,093,792
Total	113,569,110	137,093,792

	Year ended March 31, 2018	Year ended March 31, 2017
18. Other Income		
Miscellaneous income	655,699	-
Other interest income	212,358	852,482
Total	868,057	852,482



Notes to financial statements for the period ended March 31, 2018

	Year ended March 31, 2018	Year ended March 31, 2017
19. Employee Benefits		
Salaries & Bonus	9,789,562	12,488,721
Contribution to Provident and Other Funds	924,357	964,926
Staff Welfare	380,401	1,399,467
Recruitment and Relocation	-	66,732
Total	11,094,320	14,919,846

	Year ended March 31, 2018	Year ended March 31, 2017
20. Other operational expense		
Rent	65,396	62,219
Communication expenses	-	3,698
Printing and Stationery	15,658	-
Travel expenses	818,841	1,339,518
Professional, legal and consultancy charges	49,926,887	79,798,611
Contract staff cost	19,257,499	2,437,286
Doubtful debts provided/(reversed),net	-	(7,804,924)
Bad debts	-	7,804,924
Rates and taxes	55,333	91,949
Miscellaneous expenses	73,630	117,219
Total	70,213,244	83,850,500



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. 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. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 4.

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 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.

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) 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 (see Note 4).

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 & 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, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases 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 year end using the projected unit credit method. Provision is made for the shortfall between the actuarial valuation carried out as at balance sheet date as per projected unit credit method and the fair value of the plan assets with the 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.

k) Standards issued but not yet effective :

The standards issued but not yet effective upto the date of issuance of the financial statements is "Ind AS 115 - Revenue from contracts with customers. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition standards Ind AS 11 and Ind AS 18." This standard has been currently deferred. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

Appendix B to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

Appendix B, Foreign Currency Transactions and Advance Consideration has been inserted in Ind AS 21. It requires the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of Appendix B is annual reporting periods beginning on or after April 1, 2018. The impact of adopting Appendix B is not expected to have a material impact on the Company's financial statements.

4. Explanation to transition to Ind AS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP'). The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016. In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.



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, 2018 amounting to USD 4,791,719.26, Rs.312,276,332 (March 31, 2017 USD 4,791,719.26, Rs.310,719,024).

Saken Inc has evaluated its investment in 21E6 Inc, USA for the purpose of determination of potential diminution in value of investment and based on such evaluation and determination, a provision for a provision for diminution in the value of investment as at December 31, 2017 amounting to USD 999,998.02, Rs 65,169,871 (March 31, 2017 USD 999,998.02, Rs. 64,844,936).

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-18	31-Mar-17
North America (including Canada)	480.91	352.17
Europe (EMEA)	158.48	68.81
Asia Pacific (other than India)	496.06	946.16
India	0.24	3.81
Total	1135.69	1370.94

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

Amount in Rs. Lakhs

Region	As at Mar 31, 2018	As at March 31, 2017
North America (including Canada)	176.81	77.32
Europe (EMEA)	-	15.50
Asia Pacific (other than India)	-	118.32
India	-	-
Total	176.81	211.14

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-18	31-Mar-17
Rent Expenses included in profit & loss account towards operating leases	0.65	0.62

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

Amount in Rs. Lakhs

	As at 31-Mar-18	As at 31-Mar-17
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

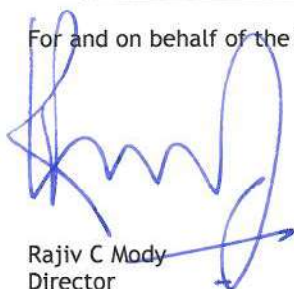
Name of the party	Nature of Balances	As at 31-Mar-18	As at 31-Mar-17
Sasken Technologies Ltd	(i) Subscription of Share Capital	5,844.23	5,844.23
	(ii) Payable balances (incl. provisions)	(106.44)	(138.04)

ii) Transactions during the year:

Amount in Rs. Lakhs

Name of the party	Relationship	Nature of Transactions	For the year ended	
			31-Mar-18	31-Mar-17
Sasken Communication Technologies Ltd	Holding company	(i) Software development services procured from	494.39	794.18
		(ii) Interest on Loan	Nil	Nil
		(iii) Expenses transferred by SCTL	(16.24)	(14.05)
Sasken Communication Technologies Mexico	Subsidiary of the holding Company	(i) Interest on Loan	Nil	Nil

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



Rajiv C Mody
Director

DIN: 00092037

Place: Bangalore
Date : April 20, 2018

Neeta Revankar
Director

DIN: 00145580

