Sasken Technologies Limited
(Formerly known as Sasken Communication Technologies Limited)
CIN: L72100KA1989PLC014226
139/25, Ring Road, Domlur, Bengaluru - 560 071

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

Amount in Rs lakhs

Sl. No.	Particulars	Quarter ended			Nine Months Ended		Year ended
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
I	Revenue from operations	10,839.38	10,897.12	9,044.88	31,660.25	29,133.03	39,045.58
II	Other income	1,537.18	1,086.44	605.28	3,872.09	2,817.94	3,793.14
III	Total income (I+II)	12,376.56	11,983.56	9,650.16	35,532.34	31,950.97	42,838.72
IV	**EXPENSES**						
	Employee benefits expense	7,865.04	7,627.57	6,995.09	22,763.73	21,100.68	28,188.46
	Depreciation and amortization expense	141.14	147.90	145.52	427.90	468.73	608.68
	Other expenses	1,851.67	1,605.75	1,953.64	5,282.18	5,459.01	7,354.43
	Total expenses (IV)	9,857.85	9,381.22	9,094.25	28,473.81	27,028.42	36,151.57
V	Profit before exceptional items and tax (III- IV)	2,518.71	2,602.34	555.91	7,058.53	4,922.55	6,687.15
VI	Exceptional items						2,025.00
VII	Profit before tax (V+VI)	2,518.71	2,602.34	555.91	7,058.53	4,922.55	8,712.15
VIII	Tax expense:	276.32	606.47	35.11	1,154.22	1,032.29	935.82
	(1) Current tax	443.64	458.07	(191.16)	1,241.29	679.17	383.14
	(2) Deferred tax	(167.32)	148.40	226.27	(87.07)	353.12	552.68
IX	Profit after tax (VII-VIII)	2,242.39	1,995.87	520.80	5,904.31	3,890.26	7,776.33
X	Other comprehensive income	(99.85)	(350.11)	(175.70)	(718.49)	(111.89)	(3.13)
	A (i) Items that will not be reclassified to profit or loss - remeasurement gain/(loss) on defined benefit plans	54.42	(103.45)	(95.14)	(23.68)	(309.20)	(640.36)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(18.83)	35.80	32.93	8.20	107.01	221.62
	B (i) Items that will be reclassified to profit or loss - net change in fair value of forward contracts designated to cash flow hedges	(187.87)	(434.16)	(173.55)	(1,053.68)	138.10	635.57
	(ii) Income tax relating to items that will be reclassified to profit or loss	52.43	151.70	60.06	350.67	(47.80)	(219.96)
XI	Total comprehensive income for the period (IX+X)(comprising profit and other comprehensive income for the period)	2,142.54	1,645.76	345.10	5,185.82	3,778.37	7,773.20
XII	Paid up equity share capital (face value: Rs 10 per share)	1,711.01	1,711.01	1,771.98	1,711.01	1,771.98	1,711.01
XIII	Other equity						54,359.64
XIV	Earnings per equity share						
	(1) Basic	13.11	11.66	2.94	34.51	21.95	44.24
	(2) Diluted	13.11	11.66	2.94	34.51	21.95	44.24

NOTES:

1) The audited financial results, prepared in accordance with Indian Accounting Standards ('Ind AS') for the quarter ended December 31, 2017 and the period from April 1, 2017 to December 31, 2017 have been approved by the Board of Directors of the Company at its meeting held on January 22, 2018. The statutory auditors have expressed an unqualified opinion on these financial results.

2) Amalgamation

Background

Sasken Network Engineering Limited ('SNEL'), was a wholly owned subsidiary of Sasken Technologies Limited ('STL') and was engaged in the business of developing embedded communication software for companies across the communication value chain.

The business activities of SNEL and STL complimented each other. Therefore, in order to achieve economies of scale, efficiencies and to simplify contracting and vendor management, the Board of Directors of each of these companies approved the Scheme of Amalgamation ("the Scheme") for the transfer of the business and undertaking of SNEL to STL.

The Scheme was approved by the National Company Law Tribunal, Bengaluru bench ('NCLT') vide its order dated August 31, 2017, the appointed date of the Scheme being April 1, 2015.

Accounting

The amalgamation qualifies as a 'common control transaction' as per Appendix 'C' of Ind AS 103, Business Combinations. Consequently, the amalgamation has been accounted for using the pooling of interest method and the financial information in respect of prior periods has been restated as if the amalgamation had occurred from the beginning of the preceding period, i.e. April 1, 2016. This accounting treatment is also in compliance with the Scheme approved by the NCLT.

The following table represents the particulars of assets and liabilities (after elimination of inter-company balances), transferred by SNEL to STL as a consequence of the amalgamation:

Amount in Rs. Lakhs

Particulars	**Amount**
Property, plant and equipment	7.91
Non-current assets	547.68
Current assets	200.52
Other equity	(453.79)
Current liabilities	2.68
Net assets transferred	305.00
Purchase consideration (value of investment in SNEL)	305.00

Notes (continued)

Amalgamation (continued)

The statement of profit and loss for the three months ended December 31, 2016, nine months ended December 31, 2016 and year ended March 31, 2017 as reported and as adjusted to give effect to the amalgamation are as follows:

Amount in Rs. Lakhs

Particulars	For three months ended December 31, 2016			For nine months ended December 31, 2016		
	As reported previously	Amalgamation adjustments	Post amalgamation	As reported previously	Amalgamation adjustments	Post amalgamation
Other income	935.79	1.91	937.70	2,607.83	5.60	2,613.43
Employee benefits expense	7,011.11	-	7,011.11	21,365.57	0.01	21,365.58
Depreciation and amortisation expense	144.96	0.61	145.57	454.05	5.83	459.88
Other expenses	1,874.23	4.39	1,878.62	5,409.81	7.93	5,417.74
Profit/(loss) before income tax	**799.01**	**(3.09)**	**795.92**	**4,425.01**	**(8.16)**	**4,416.85**
Tax expenses:						
Deferred taxes	164.43	-	164.43	222.69	-	222.69
Profit/(loss) for the period	**825.74**	**(3.09)**	**822.65**	**3,523.15**	**(8.16)**	**3,514.99**
Number of shares	**17,719,813**		**17,719,813**	**17,719,813**		**17,719,813**
Basic EPS	**4.66**		**4.64**	**19.88**		**19.84**
Diluted EPS	**4.66**		**4.64**	**19.88**		**19.84**

Amount in Rs. Lakhs

Particulars	For the year ended March 31, 2017		
	As reported previously	Amalgamation adjustments	Post amalgamation
Other income	2,956.07	7.77	2,963.84
Employee benefits expense	28,716.65	0.01	28,716.66
Depreciation and amortisation expense	590.74	6.12	596.86
Other expenses	7,242.91	3.55	7,246.46
Profit/(loss) before income tax	**7,257.51**	**(1.91)**	**7,255.60**
Tax expenses:			
Deferred taxes	273.93	(29.48)	244.45
Profit/(loss) for the period	**6,600.44**	**27.57**	**6,628.01**
Number of shares	**17,577,828**		**17,577,828**
Basic EPS	**37.55**		**37.71**
Diluted EPS	**37.55**		**37.71**

3) These are the Company's third financial results prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared financial results in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' / 'IGAAP'). These financial results, including the comparative information for the quarter and year to date period ended December 31, 2016, and for the year ended March 31, 2017 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. In presenting the comparative information, 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 results / statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance.

First time adoption of Ind AS

In preparing these financial results, the Company has applied the following significant optional exemptions, in addition to those which are mandatory:

Optional exemptions availed –

- **Business combinations** - Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind AS 103") prospectively from the transition date or from a specific date prior to the transition date. The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to transition date have not been restated. The Company has availed the same exemption for investments in joint ventures.

- **Investments in subsidiaries and associates** – If a first-time adopter measures an investment in subsidiary or an associate at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS balance sheet at (a) cost determined in accordance with Ind AS 27; or (b) deemed cost.

  The deemed cost of such an investment shall be its:

  (i) Fair value at the entity's date of transition to Ind AS in its separate financial statements; or

  (ii) Previous GAAP carrying amount at that date.

  A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost. The Company has elected to carry its investment in subsidiaries and associates at deemed cost which is its previous GAAP carrying amount at the date of transition to Ind AS.

- **Property plant and equipment and intangible assets** - As per Ind AS 101 an entity may elect to:

  (i) Measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

  (ii) Use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to fair value or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index;

  The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, intangible assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

  (iii) Use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

  The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. Appropriate adjustments related to decommissioning liabilities have been made.

- **Joint ventures - transition from proportionate consolidation to the equity method** - As per Ind AS 101, when changing from proportionate consolidation method to equity method, an entity may measure its investment in a joint venture at date of transition as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition.The resulted amount is regarded as the deemed cost of the investment in the joint venture at initial recognition. The Company has opted to avail this exemption.

Reconciliation between Previous GAAP and Ind AS

(i) Effect of Ind AS adoption on equity as at March 31, 2017, December 31, 2016 and April 1, 2016:

Amount in Rs. lakhs

Particulars	Note	As at March 31, 2017	As at December 31, 2016	As at April 1, 2016
Equity under previous GAAP		54,168.51	53,093.52	49,875.27
Effect of amalgamation		481.35	445.63	453.79
Resultant Equity under previous GAAP		**54,649.86**	**53,539.15**	**50,329.06**
Depreciation on leasehold improvements	A	(71.04)	(68.10)	(59.26)
Fair valuation of investments in mutual funds	B	2,101.64	1,445.64	1,265.78
Accounting for investments in tax free bonds using effective interest rate method	C	(7.91)	(5.96)	(0.05)
Dividend on preference shares	C	-	31.38	-
Tax effect on the above	D	(601.90)	(366.54)	(295.33)
Equity as per Ind AS		**56,070.65**	**54,575.57**	**51,240.20**

(ii) Effect of Ind AS adoption on total comprehensive income for the quarter and nine months ended December 31, 2016 and year ended March 31, 2017:

Amount in Rs. lakhs

Particulars	Note	Three months ended December 31, 2016	Nine months ended December 31, 2016	Year ended March 31, 2017
Net income under previous GAAP		825.74	3,523.15	6,600.44
Effect of amalgamation (refer note 2)		(3.09)	(8.16)	27.57
Resultant net income under previous GAAP		**822.65**	**3,514.99**	**6,628.01**
Depreciation on leasehold improvements	A	(2.95)	(8.84)	(11.78)
Fair value gain/(loss) on investments in mutual funds	B	(340.62)	179.86	835.86
Interest income on tax free bonds	C	(1.97)	(5.91)	(7.86)
Employee benefits	E	95.14	309.20	640.36
Dividend on preference shares	C	10.50	31.38	-
Tax effect on the above	D	(61.95)	(130.42)	(308.26)
Profit for the period / year		**520.80**	**3,890.26**	**7,776.33**
Ind AS adjustments in other comprehensive income, net of tax :				
Items that will not be reclassified subsequently to the statement of profit or loss:				
- Defined benefit plan actuarial gains/(losses)	E	(95.14)	(309.20)	(640.36)
Income tax relating to items that will not be reclassified to the statement of profit and loss	D	32.93	107.01	221.62
Items that will be reclassified subsequently to the statement of profit or loss:				
- Net change in fair value of forward contracts designated as cash flow hedges	F	(173.55)	138.10	635.57
- Income tax relating to items that will be reclassified to profit and loss	D	60.06	(47.80)	(219.96)
Total other comprehensive income for the period / year, net of taxes		**(175.70)**	**(111.89)**	**(3.13)**
Total comprehensive income for the period / year		**345.10**	**3,778.37**	**7,773.20**

Notes to the reconciliations

A. Decommissioning liability: Under the Previous GAAP, decommissioning liability was not capitalized as part of the cost of the asset, under Ind AS the same is capitalized as part of the cost and a corresponding liability has been recorded. The asset is being depreciated over the useful life. The decrease in net income is due to the depreciation of the decommissioning cost capitalized in leasehold improvements.

B. Fair valuation of investments: Under the Previous GAAP, investments in mutual funds were measured at lower of cost or fair value. Under Ind AS, such investments are required to be measured at fair value and the mark-to-market gains/ losses are recognized in profit or loss (FVTPL). Effect of Ind AS adoption on the statement of profit and loss represents the mark-to-market gains (net) on such investments.

C. Effective interest rate method: Under Ind AS, interest income is calculated using the effective interest method, which would lead to amortizing the premium paid at the time of purchase of the tax free bonds over the period of the underlying instrument. The decrease in income is due to the amortization of premium recorded as investment under Previous GAAP. Preference dividend is also accrued using the effective interest rate method every quarter.

D. Tax impact (net): Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS.

E. Employee benefits: Under the Previous GAAP, actuarial gains and losses on defined benefit obligations were recognized in the statement of profit and loss. Under Ind AS, these are recognized in other comprehensive income.

F. Change in fair value of forward contracts designated as cash flow hedges: Under Ind AS, changes in the fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized through other comprehensive income. These were recorded in hedging reserve under Previous GAAP.

4) Segment Reporting

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, “Operating Segment’. The Company operates in one segment only i.e. “Software Services”. The CODM evaluates performance of the Company based on revenue and operating income from “Software Services”. Accordingly, segment information has not been separately disclosed.

5) Figures for the corresponding quarter and nine months ended December 31, 2016 and for the year ended March 31, 2017 are based on the quarterly and nine months standalone financial results and annual standalone financial statements respectively, that were previously audited by the predecessor auditor, as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards (‘Ind AS’), which have been audited by the current statutory auditors. These adjustments, read with note 2, reconcile the net profit for the corresponding periods under the Previous GAAP with the total comprehensive income as reported in these quarterly standalone financial results.

6) The Board of Directors have declared second interim dividend of Rs. 3.00 per equity share at the board meeting held on January 22, 2018.

For Sasken Technologies Ltd.
(formerly Sasken Communication Technologies Limited)

Place: Bengaluru
Date: January 22, 2018

Rajiv C Mody
Chairman and Managing Director
DIN: 00092037