

Independent Auditor's Report

To
The Members of
SAKSOFT LIMITED

Report on the Audit of the Standalone Financial Statements

We have audited the standalone financial statements of SAKSOFT LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013

and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of investments in subsidiaries:

The carrying amount of the company's investments in its subsidiaries, held at cost, amount to Rs. 1172.53 million (representing 69% of the total assets) as at 31st March 2021. The recoverability of these amounts is tested by comparing the carrying value of these Equity Investments of the parent in its subsidiaries, with their respective fair value, derived by the valuation principles prescribed by Ind AS 113 – Fair Value Measurement. In view of the significance of the assumptions underlying the ascertainment of the fair value of the individual investments, valuation of subsidiaries is considered a key audit matter.

How the matter was disposed of:

The Management reviews the need for impairment of its investments in its subsidiaries, by comparing the carrying amount of investments with the fair value of such investments derived under the principles contained in Ind AS 113 Fair Value Measurement. In doing so, the amount by which the present value of the free cash flows fall below the carrying value of investments, an impairment provision to that extent is considered in the books. Such provision is reviewed at every

subsequent reporting date for necessary adjustments as may be required.

Principal audit procedures:

We reviewed the process of impairment assessment and selection of valuation model for deriving the fair value of the Company's equity investments with reference to assumptions underlying ascertainment of future free cash flows from each Cash Generating Unit and concluded, that, in view of the present values of such cash flows being in excess of the cost of investments carried in parent's books there was no need for diminution in the value of investments carried in the financial statements.

Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the standalone and consolidated financial statements and our respective auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance on information provided thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements

that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors 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.

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

Auditor's Responsibility

Our 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement where it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- i. planning the scope of our audit work and in evaluating the results of our work; and
- ii. to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("Order") issued by the Central Government of

India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the Standalone Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included

in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the standalone financial statements;
 - ii. The Company has long-term contracts and derivative contracts for which there were no material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For R.G.N Price & Co.,
Chartered Accountants
F.R.No. 002785S

Mahesh Krishnan
Partner

Place: Chennai
Date: 26th May 2021

M.No-206520
UDIN: 21206520AAAADB2409

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section of our audit report to the Members of Saksoft Limited of even date)

- (i) a. The Company has maintained proper records for its fixed assets showing full particulars including quantitative details and situation of those assets.
- b. The Company has a policy of physically verifying its fixed assets once in two years, which in our opinion is reasonable having regard to the size of the Company and its business. The Company had physically verified the assets during the previous financial year 2019-20.
- c. According to information and explanations given to us and on the basis of examination of records of the Company, there are no immovable properties held in the name of the Company.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business / activities during the year, clause (ii) of paragraph 3 of the Order relating to inventories is not applicable to the company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments made and the Company has not granted any loans to Directors nor has granted any loan or guarantee or security to any company, body corporate or to any person.
- (v) The Company has not accepted any deposits during the year and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable to the Company.
- (vi) Having regard to the nature of the Company's business / activities, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.
- (vii) a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service tax, cess and other statutory dues applicable to it. There are no arrears of undisputed statutory dues outstanding as at 31st March 2021 for a period of more than six months from the date they became payable.
- b. There are no dues of Income Tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax or Cess which have not been deposited on account of any dispute as at 31st March 2021, except for an amount of 12.58 millions as detailed below:

Name of the Statute	Nature of the dues	Amount involved (Rs. in Million)	Amount unpaid (Rs. in Million)	Period to which the amount relates to	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	29.56	5.93	A.Y. 2009-10	CIT (Appeals)
Income Tax Act, 1961	Income Tax	20.45	6.56	A.Y. 2010-11	DCIT
Income Tax Act, 1961	Income Tax	11.36	0.09	A.Y. 2011-12	DCIT

- (viii) According to the information and explanation given to us, and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowing from financial institutions and banks. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. No new term loans have been obtained during the year.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither observed any instance of fraud by the Company or any material fraud on the Company by its officers or employees of the Company nor have we been informed of such case by the Management, during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence, Clause 3(xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, transactions with related parties have been disclosed in the standalone financial statements with details as required by Ind AS 24 "Related Party Transactions". These transactions are in compliance with Section 177 and 188 of the Act.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year.
- (xv) According to the information and explanation provided to us and based on our examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.G.N Price & Co.,
Chartered Accountants
F.R.No. 002785S

Mahesh Krishnan
Partner

Place: Chennai
Date: 26th May 2021

M.No-206520
UDIN: 21206520AAAADB2409

Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Saksoft Limited ('the Company') as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note' No 34 issued by the ICAI) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

According to the information and explanations given to us and based on our audit, the Company has in all material respects,

adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For R.G.N Price & Co.,
Chartered Accountants
F.R.No. 002785S

Mahesh Krishnan
Partner

M.No-206520

Place: Chennai

Date: 26th May 2021

UDIN: 21206520AAAADB2409