

## Statement of changes in equity for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### (a) Equity Share Capital

|  |               |
|--|---------------|
| Balance as at 1st April 2019                             | 104.75        |
| Add: Shares issued on exercise of employee stock options | -             |
| <b>Balance as at 31st March 2020</b>                     | <b>104.75</b> |
| Balance as at 1st April 2020                             | 104.75        |
| Add: Shares issued on exercise of employee stock options | 0.15          |
| <b>Balance as at 31st March 2021</b>                     | <b>104.90</b> |

### (b) Other Equity

| Particulars                                   | Reserves and Surplus |                 |                            |                                   |                   | Items of Other Comprehensive Income                      |   | Total Other Equity |
|---|----------------------|-----------------|----------------------------|-----------------------------------|-------------------|--|---|--------------------|
|   | Capital reserve      | General reserve | Securities Premium Reserve | Share Options outstanding reserve | Retained earnings | Financial instruments through Other Comprehensive Income | Remeasurement of Defined benefit plans through Other Comprehensive Income |                    |
| Balance as at 1st April 2019                  | 0.21                 | 46.44           | 90.18                      | 18.82                             | 635.10            | 2.94   | 2.24  | 795.93             |
| Profit for the year                           | -                    | -               | -                          | -                                 | 294.55            | -  | -   | 294.55             |
| Other Comprehensive Income (Net of taxes)     | -                    | -               | -                          | -                                 | -                 | (3.32)   | (3.01)  | (6.33)             |
| Cost related to employee share based payments | -                    | -               | -                          | (3.68)                            | 2.71              | -  | -   | (0.97)             |
| Cash Dividends                                | -                    | -               | -                          | -                                 | (78.56)           | -  | -   | (78.56)            |
| Dividend Distribution Tax                     | -                    | -               | -                          | -                                 | -                 | -  | -   | -                  |
| <b>Balance as at 31st March 2020</b>          | <b>0.21</b>          | <b>46.44</b>    | <b>90.18</b>               | <b>15.14</b>                      | <b>853.80</b>     | <b>(0.38)</b>  | <b>(0.77)</b>   | <b>1,004.61</b>    |
| Balance as at 1st April 2020                  | 0.21                 | 46.44           | 90.18                      | 15.14                             | 853.80            | (0.38)   | (0.77)  | 1,004.61           |
| Profit for the year                           | -                    | -               | -                          | -                                 | 188.08            | -  | -   | 188.08             |
| Other Comprehensive Income (Net of taxes)     | -                    | -               | -                          | -                                 | -                 | 1.13   | 2.09  | 3.22               |
| Cost related to employee share based payments | -                    | -               | 3.40                       | 3.68                              | -                 | -  | -   | 7.08               |
| Cash Dividends                                | -                    | -               | -                          | -                                 | (26.23)           | -  | -   | (26.23)            |
| <b>Balance as at 31st March 2021</b>          | <b>0.21</b>          | <b>46.44</b>    | <b>93.58</b>               | <b>18.82</b>                      | <b>1,015.66</b>   | <b>0.75</b>  | <b>1.32</b>   | <b>1,176.77</b>    |

See accompanying Notes to financial statements

Vide our report of even date attached

For R.G.N. Price & Co.,  
Chartered Accountants  
Firm Registration No: 002785S

**Mahesh Krishnan**  
Partner  
Membership No: 206520  
Date: May 26, 2021  
Place: Chennai

For and on behalf of the Board of Directors

**Aditya Krishna**  
Chairman & Managing Director  
DIN.00031345

**Niraj Kumar Ganeriwal**  
COO and CFO

**Ajit Thomas**  
Director  
DIN.00018691

**Meera Venkatraman**  
Company Secretary

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### Company Overview and Significant Accounting Policies

#### Note-1: Company Overview

Saksoft Limited('the Company') is a Public Limited Company incorporated and domiciled in India listed with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange (BSE) and has its registered office at Chennai, Tami Nadu, India.

The Company is a leading player in providing digital transformation solutions to help businesses stay relevant in a highly connected, rapidly evolving world. Saksoft is a niche technology specialist that provides a comprehensive suite of business transformation, information management, application development and testing services. Saksoft helps their clients level the playing field by helping them transform their business spaces.

The financial statements were authorised for issue by the Company's Board of Directors on 26th May 2021.

#### Note-2: Significant accounting policies

##### a. Basis of preparation of financial statements

The financial statements in all material aspects have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

##### b. Basis of measurement

The financial statements have been prepared on historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value
- Share based payments; and
- Defined benefit plans and other long-term employee benefits

##### c. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the reported amounts of revenues and expenses, balances of assets and liabilities, and disclosure of contingent liabilities as at the date of the financial statements. Actual results could differ from those estimates. Accounting estimates could change from period to period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in notes to financial statements. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effects on the amounts recognised in the financial statements is included in the following notes:

##### Revenue Recognition

The Company uses the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the estimated total efforts or costs to be expended, as applicable. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimates at the reporting date.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### Income Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

### Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and its residual value at the end of its life. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### Employee Benefits

The company's defined benefit obligation to its employees and net periodic defined benefit cost / income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans. Actuarial gains / losses are recognised in Other Comprehensive Income. The sensitivity analysis for changes in estimates is disclosed under relevant Notes.

### Other estimates

The Company estimates the probability of the collection of the accounts receivable by analysing historical payment of patterns and customer credit worthiness. Stock compensation expense is determined based on the company's estimate of exercise pattern of equity instruments that vests with the employees. Estimates with regard to deferred taxes and provisions are made based on the extent of uncertainty prevalent on the date of financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities.

## d. Revenue recognition

The Company derives revenue primarily from software development and related services. Revenue is measured at the fair value of the consideration received or receivable.

Revenue disclosed is net of discounts and Goods and service tax. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses. The Company has to apply the principles of revenue recognition to each of the distinct performance obligation and transaction price is recognised for each of the performance obligation of the contract.

The Company recognises revenue when the performance obligations as promised have been satisfied with a transaction price and when where there is no uncertainty as to measurement or collectability of the consideration. Recognition criteria for various types of contracts are as follows:

### Time and Material Contracts:

Revenue from time-and-material contracts is recognised based on the time / efforts spent and billed to clients.

### Fixed-Price Contracts:

In case of fixed-price contracts, revenue is recognised based on percentage of completion basis. Where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### Annual Maintenance Contract:

Revenue from annual maintenance contracts are recognised proportionately over the period in which services are rendered.

### Sale of products:

Revenue from sale of third party software products and hardware is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on physical or electronic dispatch of goods.

*Unbilled revenue* represents earnings in excess of efforts billed on software development and service contracts as at the end of the reporting period and is included as part of Other Financial Assets.

*Unearned revenues* represent billing in excess of revenue recognised on software development and service contracts and is included in Other Current Liabilities until the above revenue recognition criteria is met. Advance payments received from customers for whom no services have been rendered are presented as "Advance from customers".

### Other Income

Other income primarily comprises of interest, dividend, foreign exchange gain/loss on financial assets / financial liabilities and on translation of other assets and liabilities. Interest income is recognised in the Statement of Profit and Loss using effective interest method at the time of accrual. Dividend income is recognised in the Statement of Profit and Loss when the right to receive payment is established. Foreign currency gain or loss is reported on net basis and includes gain or loss in respect of concluded forward contracts.

## e. Property, Plant & Equipment

Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to acquisition until the property, plant and equipment are ready for the intended use.

Property, plant and equipment are depreciated / amortised over their estimated useful lives using straight-line method from the date the assets are ready for the intended use. Assets acquired under finance lease and leasehold improvements are amortised over the lower of estimated useful life or primary lease term.

Depreciation on Computer and Office equipment is provided on straight line method over their respective useful lives as prescribed in Schedule II of the Companies Act 2013. In respect of assets other than these, depreciation is provided over the economic useful life determined by technical evaluation. The useful lives of those assets are as under:

| Description              | Useful Lives (in years) |
|--------------------------|-------------------------|
| Lease hold improvement   | 5                       |
| Office Equipment         | 5                       |
| Furniture and fixtures   | 5                       |
| Vehicles                 | 5                       |
| Electrical installations | 5                       |
| Computer equipment       | 3                       |

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013

Depreciation methods, useful life and residual value are reviewed at each reporting date.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

Individual asset costing ₹5,000/- or less are depreciated in full in the year of purchase.

Gains or losses on disposal are determined by comparing proceeds with the carrying amount. Cost and related accumulated depreciation are eliminated from the financial statements upon sale of the asset and the result and gains or losses are recognised in the Statement of Profit and Loss.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

Advances paid towards the acquisition of Property, plant and equipment outstanding at each Balance Sheet Date is classified as capital advances under other non-current assets.

### f. Intangible assets and amortization

Intangible assets are measured at acquisition cost less accumulated amortization and impairment losses, if any. Intangible assets are amortised over their respective estimated useful lives on a straight line basis from the date they are available for use as follows:

| Description           | Useful Lives |
|-----------------------|--------------|
| Intellectual property | 36 months    |
| Software Costs        | 60 months    |

Self-generated intangible assets are generally not capitalised.

The estimated useful life of an intangible asset is based on factors including obsolescence and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

### g. Leases

The Company adopted Ind AS 116 - "Leases" from 1st April 2019 using the Modified Retrospective Approach. In accordance with the Modified Retrospective Approach, a Right to Use asset equal to the lease liability in the Balance Sheet immediately before the date of initial application has been recognised on the date of initial application and the comparatives have not been retrospectively adjusted.

A lessee recognises assets and liabilities for both operating and finance leases with a term of more than twelve months, unless the underlying asset is of low value. Lease liability is recognised as the present value of minimum lease payment (including the escalation clause as per the lease agreement) outstanding as at the date of the Balance Sheet immediately prior to the date of initial application.

The right to asset so recognised are depreciated over the lease term on a straight line basis and the lease payment are made at respective intervals and the present value of lease liability is remeasured at every reporting period and accounted for as interest expense.

Short term leases and low value leases have been exempted from lease accounting. These leases have been accounted by debit to the Statement of the Profit and Loss as and when the lease rentals are paid.

### h. Impairment

#### Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that a carrying amount of a non-financial asset or a group of non-financial assets may not be recoverable and hence require to be impaired. If any such indication exists, the Company estimates the recoverable amount of these assets. Recoverable amount is the higher of an asset's fair

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

value adjusted for costs of disposal and the value in use. If such recoverable amount of these assets or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. This reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at such reassessed recoverable amount subject to a maximum of carrying value of the asset. Non-financial assets (other than Goodwill) that are already impaired are reviewed for possible reversal of impairment provision at the end of every reporting period.

#### Financial assets

Receivables: The Company follows 'simplified approach' for recognition of impairment loss on trade receivables, whereby, it recognises impairment loss allowances based on life time expected credit loss at each reporting period from its initial recognition.

Other financial assets: For all other financial assets, expected credit losses (ECL) are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case the same is measured at lifetime ECL.

Impairment gain or loss recognised in the Statement of Profit and Loss is the difference between loss allowance reassessed on the reporting date and that determined on the immediately preceding reporting date.

### i. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current.

- Non-current investments in subsidiaries, associates and joint ventures are stated at cost and any decline other than temporary in the value of these investments is recognised in the Statement of Profit and Loss.
- Other non-current investments are stated at their fair value.
- Current investments are stated at their fair value.

On disposal of investments, the difference between proceeds and the carrying amount is recognised in the Statement of Profit and Loss.

### j. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in the Statement of Profit and Loss.

#### Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective.

To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

### Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognised in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

### k. Non-derivative financial instruments

#### INITIAL MEASUREMENT:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measure at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

#### SUBSEQUENT MEASUREMENT:

##### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are subsequently measured at amortised cost using effective interest method, less any impairment losses.

Amortised assets are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

They are presented as current assets except for those maturing later than 12 months after the reporting date, which are presented as non-current assets.

##### Financial assets at fair value through other comprehensive income: (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at fair value through profit or loss: (FVTPL)

Any financial asset not subsequently measured at amortised cost or at fair value through other comprehensive income, is subsequently measured at fair value through profit or loss. Financial assets falling in this category are measured at fair value and all changes are recognised in the Statement of Profit and Loss.

##### Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination that is subsequently measured at fair value through profit and loss. For

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for De-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

### Fair value hierarchy:

The company's policy on Fair Valuation is stated below.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2 - The fair valuation of instruments not traded in active markets is determined using valuation techniques. These valuation techniques maximise the use of observable market data and minimise the use of entity specific estimates (All significant inputs to the fair value measurement is observable)

Level 3 - Valuation techniques for one or more significant inputs to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### l. Foreign Currency Translation

#### Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupee.

#### Foreign currency Transactions and Balances

Foreign current Transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign - currency denominated monetary assets and liabilities into the relevant functional currency at exchange rates in effect at the reporting date are recognised in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

### m. Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### n. Cash and Cash equivalents

Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. For the purpose of presentation in the Statement of Cash flows, cash and cash equivalents include cash on hand, deposits held at call with Banks, other short-term, highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash which are subject to an insignificant change in value.

Statement of cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### o. Employee benefits

#### Defined Contribution Plans

The Company pays Provident Fund contributions payable to the recognised provident fund. The contributions are accounted for as defined contribution plans and recognised as employee benefit expense in the Statement of Profit and Loss.

#### Defined Benefit Plans

The company provides a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company as per the provisions of the Payment of Gratuity Act, 1972. The Company makes contributions to a fund administered and managed by the Saksoft Employees' Gratuity Trust to fund the gratuity liability.

The liability or asset recognised in the Balance Sheet in respect of a defined gratuity plan is the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets. Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation using the projected unit credit method made at the end of the year.

The present value of defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels.

Remeasurement gains or losses arising from Experience Adjustments and changes in actuarial assumptions are recognised in the period they occur, directly in the Other Comprehensive Income. They are included in the statement of changes in equity and in the Balance Sheet. Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to Statement of Profit or Loss in subsequent periods.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss.

#### Other short term Employee Benefits

As per the employment policy of the Company, employees are required to avail their annual leave by the end of the respective calendar year. At the end of the financial year, the Company accounts for the remaining short term compensated absences. Liability towards leave encashment is recognised in the Statement of Profit and Loss.

Undiscounted liability of performance incentive is recognised during the period when the employee renders the services, based on management estimate.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### Share-based payments

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of the grant arrived at by using the Black-Scholes Model valuation and recognises the cost (net of estimated forfeitures) over the vesting period.

The equity instruments generally vest in a graded manner over the vesting period. The stock compensation expense is determined based on company's estimate of equity instruments that will eventually vest and be exercised. The expenses in respect of the above share based payment schemes is recognised over the vesting period in the Statement of Profit and Loss with a corresponding adjustment to the share based payment reserve, a component of equity.

### p. Taxation

Income-tax expense comprises current tax (amount of tax for the period determined in accordance with The Income Tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements). Taxes are recognised in the Statement of Profit and Loss except to the extent it relates to items directly recognised in equity or in the Other Comprehensive Income.

#### Current tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and liability simultaneously.

#### Deferred Income Tax

Deferred income tax is recognised using the Balance Sheet Approach. The corresponding deferred income tax liabilities or assets are recognised for deductible and taxable temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax income liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred income tax asset to be utilised.

Deferred income taxes are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax laws enacted or substantively enacted at the reporting date.

### q. Earnings per share

Basic earnings per share ('EPS') amounts are computed by dividing the net profit or loss after tax, for the year, by the weighted average number of shares outstanding during the year.

For the purpose of calculating Diluted earnings per share, amounts are computed by dividing the net profit or loss after tax for the year by the weighted average number of shares outstanding during the year considered for computation of Basic EPS and also adjusted for the effects of all measurable dilutive potential equity shares.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

The shares issued to the Saksoft Employees Welfare Trust have been considered as outstanding for Basic EPS purposes. For diluted EPS purpose, the shares, which are not yet eligible for exercise, have also been considered as outstanding to the extent these shares are dilutive.

### r. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after reporting period.

### s. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expended in the period in which they are incurred.

### t. Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided by the Chief Operating Decision Maker.

### u. Provisions and Contingent liabilities

A provision is recognised when an enterprise has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the amount can be reliably estimated. Provisions are not discounted to its 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 estimate.

A disclosure for contingent liability is made when there is a possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and that may, but not probable that an outflow of resources would be required to settle the obligation. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 3. PROPERTY, PLANT and EQUIPMENT

#### Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

| Particulars                       | Plant & Machinery | Leasehold improvements | Computers | Office equipments | Electrical Installations | Furniture & Fittings | Motor Vehicles Owned | Motor Vehicles Leased | Right of Use Asset | Total  |
|-----------------------------------|-------------------|------------------------|-----------|-------------------|--------------------------|----------------------|----------------------|-----------------------|--------------------|--------|
| Gross carrying value              |                   |                        |           |                   |                          |                      |                      |                       |                    |        |
| At April 1, 2019                  | 10.42             | 25.16                  | 51.15     | 11.55             | 11.92                    | 18.64                | 0.22                 | 1.65                  | 65.17              | 195.88 |
| Additions                         |                   | 2.63                   | 7.45      | 0.93              | 0.69                     | 0.28                 |                      |                       | 3.39               | 15.37  |
| Disposals / adjustments           | 1.33              |                        | 2.21      | 0.13              | 1.34                     | 0.90                 |                      | 1.65                  |                    | 7.56   |
| At March 31, 2020                 | 9.09              | 27.79                  | 56.39     | 12.35             | 11.27                    | 18.02                | 0.22                 |                       | 68.56              | 203.69 |
| At April 1, 2020                  | 9.09              | 27.79                  | 56.39     | 12.35             | 11.27                    | 18.02                | 0.22                 |                       | 68.56              | 203.69 |
| Additions                         |                   |                        | 4.17      | 1.04              |                          |                      |                      |                       | 56.88              | 62.09  |
| Disposals / adjustments           |                   |                        |           |                   |                          |                      |                      |                       |                    |        |
| At March 31, 2021                 | 9.09              | 27.79                  | 60.56     | 13.39             | 11.27                    | 18.02                | 0.22                 |                       | 125.44             | 265.78 |
| Accumulated depreciation          |                   |                        |           |                   |                          |                      |                      |                       |                    |        |
| At April 1, 2019                  | 10.37             | 25.16                  | 45.23     | 8.63              | 9.04                     | 16.18                | 0.17                 | 1.40                  |                    | 116.18 |
| Depreciation expense              | 0.01              | 0.07                   | 4.21      | 1.14              | 1.02                     | 0.79                 | 0.02                 | 0.23                  | 29.17              | 36.66  |
| Disposals / adjustments           | 1.33              |                        | 2.20      | 0.13              | 1.34                     | 0.20                 |                      | 1.63                  |                    | 6.83   |
| At March 31, 2020                 | 9.05              | 25.23                  | 47.24     | 9.64              | 8.72                     | 16.77                | 0.19                 |                       | 29.17              | 146.01 |
| At April 1, 2020                  | 9.05              | 25.23                  | 47.24     | 9.64              | 8.72                     | 16.77                | 0.19                 |                       | 29.17              | 146.01 |
| Depreciation expense              | 0.02              | 0.53                   | 5.27      | 1.22              | 0.94                     | 0.62                 | 0.02                 |                       | 30.01              | 38.63  |
| Disposals / adjustments           |                   |                        |           |                   |                          |                      |                      |                       |                    |        |
| At March 31, 2021                 | 9.07              | 25.76                  | 52.51     | 10.86             | 9.66                     | 17.39                | 0.21                 |                       | 59.18              | 184.64 |
| Net carrying value March 31, 2021 | 0.02              | 2.03                   | 8.05      | 2.53              | 1.61                     | 0.63                 | 0.01                 |                       | 66.26              | 81.14  |
| Net carrying value March 31, 2020 | 0.04              | 2.56                   | 9.15      | 2.71              | 2.55                     | 1.25                 | 0.03                 |                       | 39.39              | 57.68  |

Note: The above assets are charged to the banks for various credit facilities availed by the company. Refer Note. 12.1 and 14.1

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 4. OTHER INTANGIBLE ASSETS

| Particulars                              | Intellectual property | Acquired Computer Software | Total |
|--|-----------------------|----------------------------|-------|
| <b>Gross carrying value</b>              |                       |                            |       |
| <b>At April 1, 2019</b>                  | 4.50                  | 24.83                      | 29.33 |
| Additions                                | -                     | 0.58                       | 0.58  |
| Disposals / adjustments                  | -                     | -                          | -     |
| <b>At March 31, 2020</b>                 | 4.50                  | 25.41                      | 29.91 |
| <b>At April 1, 2020</b>                  | 4.50                  | 25.41                      | 29.91 |
| Additions                                | -                     | 0.32                       | 0.32  |
| Disposals / adjustments                  | -                     | -                          | -     |
| <b>At March 31, 2021</b>                 | 4.50                  | 25.73                      | 30.23 |
| <b>Accumulated amortization</b>          |                       |                            |       |
| <b>At April 1, 2019</b>                  | 4.50                  | 23.08                      | 27.58 |
| Amortisation expense                     | -                     | 0.72                       | 0.72  |
| Disposals / adjustments                  | -                     | -                          | -     |
| <b>At March 31, 2020</b>                 | 4.50                  | 23.80                      | 28.30 |
| <b>At April 1, 2020</b>                  | 4.50                  | 23.80                      | 28.30 |
| Amortisation expense                     | -                     | 0.70                       | 0.70  |
| Disposals / adjustments                  | -                     | -                          | -     |
| <b>At March 31, 2021</b>                 | 4.50                  | 24.50                      | 29.00 |
| <b>Net carrying value March 31, 2021</b> | -                     | 1.23                       | 1.23  |
| <b>Net carrying value March 31, 2020</b> | -                     | 1.61                       | 1.61  |

### NON-CURRENT ASSETS

#### 5.1. FINANCIAL ASSETS - NON-CURRENT INVESTMENTS

| Particulars   | Face value (fully paid up) | As at March 31, 2021  |          | As at March 31, 2020  |          |
|---|----------------------------|-----------------------|----------|-----------------------|----------|
|   |                            | No. of shares / units | Cost     | No. of shares / units | Cost     |
| <b>1) Investment in equity instruments (unquoted)</b>         |                            |                       |          |                       |          |
| <b>In subsidiary companies</b>                                |                            |                       |          |                       |          |
| Saksoft Inc, USA  | USD 1                      | 1,95,000              | 9.24     | 1,95,000              | 9.24     |
| Saksoft Pte Limited, Singapore                                | SGD 1                      | 5,55,002              | 19.17    | 5,55,002              | 19.17    |
| Saksoft Solutions Limited, United Kingdom                     | GBP 1                      | 50,01,000             | 434.45   | 50,01,000             | 434.45   |
| ThreeSixty Logica Testing Services Private Limited            | INR 10                     | 10,000                | 389.68   | 10,000                | 389.68   |
| DreamOrbit Softech Private Limited                            | INR 10                     | 14,150                | 319.99   | 14,150                | 319.99   |
| <b>Total</b>  |                            | -                     | 1,172.53 | -                     | 1,172.53 |
| <b>Aggregate amount of unquoted investments</b>               |                            | -                     | 1,172.53 | -                     | 1,172.53 |
| <b>Aggregate amount of impairment in value of investments</b> |                            |                       |          |                       | -        |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 5.2. FINANCIAL ASSETS - LONG TERM LOANS

| Particulars                           | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------------|----------------------|----------------------|
| <i>unsecured and considered good*</i> |                      |                      |
| Loan to related parties               | 0.27                 | 0.27                 |
|                                       | <b>0.27</b>          | <b>0.27</b>          |

\* Related party balances are presented in Note no. 22 (c)

### 5.3. FINANCIAL ASSETS - OTHERS

| Particulars                                     | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <i>unsecured and considered good</i>            |                      |                      |
| Security Deposit                                | 14.64                | 12.18                |
| Bank deposits with more than 12 months maturity | 0.39                 | 0.32                 |
|   | <b>15.03</b>         | <b>12.50</b>         |

### 6. DEFERRED TAX ASSETS (Net)

| Particulars  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>Arising from timing difference in respect of:</b> |                      |                      |
| Property, Plant and Equipment                        | 5.44                 | 5.46                 |
| Retirement Benefits                                  | 10.19                | 8.94                 |
| Financial instruments - FVTOCI                       | 0.34                 | 0.13                 |
| Lease liability                                      | 0.23                 | 0.51                 |
| Other tax disallowances                              | 6.64                 | -                    |
|  | <b>22.84</b>         | <b>15.04</b>         |

### 7. OTHER NON-CURRENT ASSETS

| Particulars      | As at March 31, 2021 | As at March 31, 2020 |
|------------------|----------------------|----------------------|
| Prepaid expenses | -                    | -                    |
|                  | -                    | -                    |

### CURRENT ASSETS

#### 8.1. FINANCIAL ASSETS - TRADE RECEIVABLES

| Particulars                          | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------------|----------------------|----------------------|
| <i>(Unsecured, considered good)*</i> |                      |                      |
| Considered good                      | 163.66               | 168.85               |
| Significant increase in credit risk  | -                    | -                    |
| Credit Impaired                      | -                    | -                    |
| Less: Allowance for credit losses#   | -                    | -                    |
|                                      | <b>163.66</b>        | <b>168.85</b>        |

\* Related party balances are presented in Note no. 22 (c)

#There were no significant expected credit losses, computed based on Lifetime ECL of trade receivables as at 31st March 2021

**Notes forming part of the Financial Statements** for the year ended March 31, 2021  
(All amounts are in Indian rupees millions, except share data and as otherwise stated)

**8.2. FINANCIAL ASSETS - CASH & CASH EQUIVALENTS**

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| a. Cash on hand   | 0.02                    | 0.05                    |
| b. Balances with banks in current accounts and deposit accounts | 150.29                  | 6.53                    |
| c. Other bank balances #  | 0.60                    | 0.61                    |
|   | <b>150.91</b>           | <b>7.19</b>             |

# Other bank balances represent earmarked balances in respect of unclaimed dividends and Interest Accrued on such balances

**8.3. FINANCIAL ASSETS - LOANS**

| Particulars                       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------------------------|-------------------------|-------------------------|
| <i>unsecured, considered good</i> |                         |                         |
| Employee loans and advances       | 0.22                    | 0.22                    |
|                                   | <b>0.22</b>             | <b>0.22</b>             |

**8.4. FINANCIAL ASSETS - OTHERS**

| Particulars       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------|-------------------------|-------------------------|
| Security Deposits | 1.02                    | 1.25                    |
| Forward Contract  | 0.11                    | (0.52)                  |
| Unbilled revenue  | 48.13                   | 54.15                   |
|                   | <b>49.26</b>            | <b>54.88</b>            |

**9. OTHER CURRENT ASSETS**

| Particulars                                       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Balance with statutory Authorities                | 7.50                    | 7.50                    |
| Prepaid expenses                                  | 5.26                    | 6.09                    |
| Advance to suppliers                              | 0.95                    | 2.33                    |
| Receivable from Subsidiaries on exercise of ESOPs | 1.29                    | -                       |
|   | <b>15.00</b>            | <b>15.92</b>            |

**Notes forming part of the Financial Statements** for the year ended March 31, 2021  
(All amounts are in Indian rupees millions, except share data and as otherwise stated)

**10. SHARE CAPITAL**

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>A) Authorised, Issued, Subscribed and Fully Paid up Share capital</b>                                  |                         |                         |
| <b>Authorised:</b>  |                         |                         |
| 20,100,000 Equity Shares of ₹10 each  | 201.00                  | 201.00                  |
| <b>Issued &amp; Subscribed &amp; Fully Paid-up:</b>   |                         |                         |
| 10,490,000 Equity Shares of ₹10 each<br>(March 2021: 10,490,000 shares and March 2020: 10,475,000 shares) | 104.90                  | 104.75                  |
| <b>Total</b>  | <b>104.90</b>           | <b>104.75</b>           |

**(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Outstanding as at beginning of the year                 | 1,04,75,000             | 1,04,75,000             |
| Add: Shares allotted to employees pursuant to ESOP 2009 | 15,000                  | -                       |
| <b>Outstanding as at the end of the year</b>            | <b>1,04,90,000</b>      | <b>1,04,75,000</b>      |

**(C) Rights attached to Equity shares**

Each share entitles to a pari passu right to vote, to receive dividend and surplus at the time of liquidation

**(D) Shares in the company held by each shareholder holding more than 5% shares**

| S. No. | Name of the shareholder         | As at March 31, 2021                 |                           | As at March 31, 2020                 |                           |
|--------|---------------------------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
|        |                                 | Number of shares held in the company | Percentage of shares held | Number of shares held in the company | Percentage of shares held |
| 1      | Aditya Krishna                  | 22,18,640                            | 21.15%                    | 22,18,640                            | 21.18%                    |
| 2      | Sak Industries Private Limited  | 48,47,715                            | 46.21%                    | 48,47,715                            | 46.28%                    |
| 3      | Saksoft Employees Welfare Trust | 5,32,460                             | 5.08%                     | 5,32,460                             | 5.09%                     |
|        | <b>Total</b>                    | <b>75,98,815</b>                     | <b>72.44%</b>             | <b>75,98,815</b>                     | <b>72.55%</b>             |

**(E) Shares reserved for issue under options and contracts [Refer Note - 22(e)]**

| S. No. | Number and class of shares reserved for issue  | Party in whose favour reserved | Details of contracts/ options under which shares reserved for issue |
|--------|--|--------------------------------|---|
| 1      | During the FY 2020-2021 grant of options were 3,20,000 (Net of surrender of options) | Employees                      | ESOP 2009   |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 11. OTHER EQUITY

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>a) Capital reserve</b>  | 0.21                    | 0.21                    |
| Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.   |                         |                         |
| <b>b) Securities premium reserve</b>   | 93.58                   | 90.18                   |
| Amounts received (on issue of shares) in excess of the par value has been classified as securities premium.  |                         |                         |
| <b>c) General reserve</b>  | 46.44                   | 46.44                   |
| This represents appropriation of profit by the Company.  |                         |                         |
| <b>d) Retained earnings</b>  | 1,015.65                | 853.80                  |
| Retained earnings comprise of the Company's undistributed earnings after taxes.  |                         |                         |
| <b>e) Share option outstanding account</b>   | 18.82                   | 15.14                   |
| The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to retained earnings. |                         |                         |
| <b>f) Financial Instruments through other comprehensive income</b>   | 0.75                    | (0.38)                  |
| Changes in the fair value of equity instruments is recognised in equity instruments through other comprehensive income (net of taxes), and presented within other equity.  |                         |                         |
| <b>g) Other items of other comprehensive income</b>  | 1.32                    | (0.77)                  |
| Other items of other comprehensive income consist of re-measurement of net defined liability/asset.  |                         |                         |
|  | <b>1,176.77</b>         | <b>1,004.62</b>         |

### NON- CURRENT LIABILITY

#### 12.1. FINANCIAL LIABILITIES- BORROWINGS

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Term Loans From Bank - Secured</b>  | -                       | 16.95                   |
| Secured by pari passu charge on company's unencumbered movable fixed assets and current assets of the company and the personal guarantee of the Managing Director. |                         |                         |
| <b>Repayment Terms:</b>  |                         |                         |
| Repayable in 16 Quarterly installments commencing from March, 2018.  |                         |                         |
| Rate of interest - 10.00% linked to banks one year MCLR  |                         |                         |
| Period and amount of continuing default: NIL   |                         |                         |
| <b>Unsecured, From a related party</b>   |                         |                         |
| From Sak Industries Private Limited  | 200.00                  | 230.00                  |
| <b>Repayment Terms:</b>  |                         |                         |
| The Loan is repayable by 30th September 2022.  |                         |                         |
| Rate of interest - SBI base rate + 1.5%  |                         |                         |
|  | <b>200.00</b>           | <b>246.95</b>           |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 12.2. FINANCIAL LIABILITIES- OTHERS

| Particulars     | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------|-------------------------|-------------------------|
| Lease liability | 40.01                   | 10.56                   |
|                 | <b>40.01</b>            | <b>10.56</b>            |

### 13. PROVISIONS

| Particulars             | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------|-------------------------|-------------------------|
| Gratuity Payable (Net)* | 32.11                   | 23.44                   |
|                         | <b>32.11</b>            | <b>23.44</b>            |

\* Refer Note 22 ( d ) for details of gratuity plan as per Ind AS 19

### CURRENT ASSETS

#### 14.1. FINANCIAL LIABILITIES- BORROWINGS

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Cash Credit From Bank - Secured</b>  |                         |                         |
| Secured by exclusive charge on the assets of the company and the personal guarantee of the Managing Director. | -                       | 8.54                    |
| Rate of interest linked to MCLR of the bank.  |                         |                         |
| Period and amount of continuing default: NIL  |                         |                         |
|   | <b>-</b>                | <b>8.54</b>             |

#### 14.2. FINANCIAL LIABILITY- TRADE PAYABLES

| Particulars                             | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade Payables-Micro,small enterprises* | 3.20                    | 0.76                    |
| Trade payables - Others #               | 28.48                   | 29.73                   |
|   | <b>31.68</b>            | <b>30.49</b>            |

# Related Party Balances are presented in Note no 22 (c)

\* Refer Note No. 22 (g)

#### 14.3. FINANCIAL LIABILITY- OTHERS

| Particulars                                     | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Current maturities of long term loans*          | -                       | 29.06                   |
| Current maturities of finance lease obligations | -                       | -                       |
| Unclaimed Dividends                             | 0.57                    | 0.56                    |
| Lease Liability                                 | 27.18                   | 30.87                   |
|   | <b>27.75</b>            | <b>60.49</b>            |

\* The details of interest rates, repayment and other terms are disclosed under Note 12.1

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 15. OTHER CURRENT LIABILITIES

| Particulars                                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Advance from customers                        | 4.09                    | 2.47                    |
| Statutory dues                                | 15.76                   | 14.80                   |
| Others - Ascertained liabilities for expenses | 37.87                   | 20.33                   |
|   | <b>57.72</b>            | <b>37.60</b>            |

### 16. PROVISIONS

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Provision for compensated absences                               | 5.89                    | 4.01                    |
| Provision for contractual liability towards currency fluctuation | 23.16                   | -                       |
| Provision for gratuity*  | 4.00                    | 3.00                    |
|  | <b>33.05</b>            | <b>7.01</b>             |

\* Refer Note 22 ( d ) for details of gratuity plan as per Ind AS 19

### 17. INCOME TAX

Income tax expense in the statement of profit and loss consists of:

| Particulars   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| <b>Current income tax:</b>  |                              |                              |
| In respect of the current year  | 72.05                        | 66.24                        |
| Deferred tax:   |                              |                              |
| In respect of the current year  | (8.10)                       | (3.83)                       |
| <b>Income tax expense recognised in the statement of profit or loss:</b>            | <b>63.95</b>                 | <b>62.41</b>                 |
| <b>Income tax recognised in other comprehensive income</b>                          |                              |                              |
| Current tax arising on income and expense recognised in other comprehensive income  | 0.70                         | (1.01)                       |
| Deferred tax arising on income and expense recognised in other comprehensive income | 0.35                         | (1.26)                       |
| <b>Total</b>  | <b>1.05</b>                  | <b>(2.27)</b>                |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 17. INCOME TAX (contd...)

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian statutory income tax rates to profit before taxes is as follows:

| Particulars   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| Profit before tax   | 252.00                       | 356.96                       |
| Enacted income tax rate in India  | 25.17%                       | 25.17%                       |
| <b>Computed expected tax expenses</b>                                     | <b>63.42</b>                 | <b>89.84</b>                 |
| <b>Effect of:</b>   |                              |                              |
| Income that is exempt from tax  | -                            | (26.54)                      |
| Income considered under other heads                                       | -                            | -                            |
| Expenses that are not deductible in determining taxable profit            | 1.13                         | 2.25                         |
| Income subject to different taxes   | -                            | (0.59)                       |
| Disallowance under 14A  | -                            | 1.66                         |
| Depreciation allowance / disallowance under IT Act                        | (0.02)                       | (0.38)                       |
| CSR Expenses and Other Donations  | 1.16                         | -                            |
| Provision for contractual liability towards currency fluctuation          | 6.64                         | -                            |
| Adjustments for IND AS 116  | (0.28)                       | -                            |
| Taxes recognised in OCI   | 0.70                         | (1.01)                       |
| <b>Income tax expenses recognised in the Statement of Profit and Loss</b> | <b>72.75</b>                 | <b>65.23</b>                 |

### Calculation of Applicable Tax Rate:

| Particulars                                    | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|------------------------------|------------------------------|
| Basic tax rate                                 | 22.00%                       | 22.00%                       |
| Surcharge @ 10% (PY 10%) on the basic tax rate | 2.20%                        | 2.20%                        |
| Aggregate of tax and surcharge                 | 24.20%                       | 24.20%                       |
| Cess @ 4% (PY 4%) on tax and Surcharge         | 0.97%                        | 0.97%                        |
| <b>Tax Rate applicable</b>                     | <b>25.17%</b>                | <b>25.17%</b>                |

### Deferred tax assets / liabilities as at March 31, 2021

| Particulars                      | As at<br>April 1, 2020 | Recognised in<br>Statement of<br>Profit and Loss | Recognised<br>in Other<br>Comprehensive<br>Income | As at<br>March 31, 2021 |
|----------------------------------|------------------------|--|---|-------------------------|
| Property, Plant and Equipment    | 5.46                   | (0.02)   | -   | 5.44                    |
| Retirement and employee Benefits | 8.94                   | 1.76   | (0.51)  | 10.19                   |
| Financial instruments - FVTOCI   | 0.13                   | -  | 0.21  | 0.34                    |
| Lease Liability                  | 0.51                   | (0.28)   | -   | 0.23                    |
| Provision for currency devalue   | -                      | 6.64   | -   | 6.64                    |
| <b>Total</b>                     | <b>15.04</b>           | <b>8.10</b>                                      | <b>(0.30)</b>                                     | <b>22.84</b>            |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 17. INCOME TAX (contd...)

#### Deferred tax assets / liabilities as at March 31, 2020

| Particulars                               | As at April 1, 2019 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2020 |
|---|---------------------|--|--|----------------------|
| Property, Plant and Equipment             | 6.74                | (1.28)                                     | -  | 5.46                 |
| Retirement and employee Benefits          | 4.27                | 4.67                                       | -  | 8.94                 |
| Derivative financial instruments - FVTOCI | (1.13)              | -  | 1.26                                     | 0.13                 |
| Lease Liability                           | -                   | 0.51                                       | -  | 0.51                 |
| MAT Credit entitlement                    | 0.07                | (0.07)                                     | -  | -                    |
| <b>Total</b>                              | <b>9.95</b>         | <b>3.83</b>                                | <b>1.26</b>                              | <b>15.04</b>         |

Note: Long term capital loss as computed under the provisions of Income Tax Act, 1961 carried forward amounted to ₹139.63 million as on the Balance Sheet date on which the Deferred Tax Asset has not been recognised as the probability of reversal of such deferred tax is not certain in the foreseeable future.

### 18. OTHER INCOME

| Particulars                                     | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| <b>(A) Income from investments</b>              |                           |                           |
| Dividends                                       | -                         | 113.06                    |
|   | -                         | <b>113.06</b>             |
| <b>(B) Others</b>                               |                           |                           |
| Exchange Fluctuation (net)                      | 6.45                      | 12.38                     |
| Interest income                                 | 0.02                      | 0.05                      |
| Interest on fair valuation of security deposits | 0.82                      | 0.82                      |
| Miscellaneous Receipts                          | -                         | 0.05                      |
|   | <b>7.29</b>               | <b>13.30</b>              |
|   | <b>7.29</b>               | <b>126.36</b>             |

### 19. EMPLOYEE BENEFIT EXPENSE

| Particulars                               | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| Salaries and wages                        | 700.60                    | 628.43                    |
| Contribution to Provident and other funds | 36.03                     | 32.03                     |
| Share based compensation to employees     | 3.68                      | -                         |
| Staff Welfare Expenses                    | 17.40                     | 19.82                     |
|   | <b>757.71</b>             | <b>680.28</b>             |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 20. FINANCE COSTS

| Particulars                              | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|---------------------------|---------------------------|
| Interest Expense                         |                           |                           |
| - on loans from banks                    | 2.12                      | 8.60                      |
| - on loans from a related party          | 18.64                     | 26.76                     |
| - on fair valuation of security deposits | 0.82                      | 0.82                      |
| - on fair valuation of lease liability   | 4.24                      | 6.77                      |
| Other borrowing cost                     | 1.24                      | 0.78                      |
|  | <b>27.06</b>              | <b>43.73</b>              |

### 21. OTHERS EXPENSES

| Particulars                                 | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| Rent  | 0.68                      | 0.86                      |
| Travel and conveyance                       | 1.14                      | 19.72                     |
| Insurance                                   | 4.18                      | 4.77                      |
| Rates and Taxes                             | 1.71                      | 4.47                      |
| CSR Expenditure                             | 4.62                      | 2.82                      |
| Power and Fuel                              | 8.59                      | 9.24                      |
| Repairs to Buildings                        | 13.72                     | 14.64                     |
| Repairs to Plant & Machinery                | 3.37                      | 3.46                      |
| Communication Expenses                      | 8.37                      | 4.19                      |
| Loss on Sale of assets                      | -                         | 0.17                      |
| Payment to statutory auditors               |                           |                           |
| - As Auditors                               | 1.60                      | 1.60                      |
| - For Certification                         | 0.12                      | 0.12                      |
| - reimbursement of expenses                 | 0.03                      | 0.04                      |
| Legal, Professional and consultancy charges | 17.51                     | 19.80                     |
| Advertisement, Publicity and Sale Promotion | 0.39                      | 1.05                      |
| Miscellaneous expenses                      | 27.84                     | 5.43                      |
|   | <b>93.87</b>              | <b>92.38</b>              |

### 22. ADDITIONAL NOTES

#### (a) Contingent Liabilities

| Particulars           | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|----------------------|----------------------|
| 1. Income-tax matters | 34.55                | 34.55                |

The future cash outflows on items 1 above are determinable only on receipt of the decision or judgment that is pending at various forums and authorities. The company does not expect the outcome of these proceedings to have an adverse material effect on the financial results.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

#### (b) Disclosure under 116.

| Particulars   | Amount in INR |
|---|---------------|
| Depreciation charge for ROU Asset   | 30.01         |
| Interest expense on lease liability   | 4.24          |
| Expenses relating to short term leases (need not include the expense relating to leases with a lease term of one month or less)                   |               |
| Expense relating to leases of low-value assets (not include the expense relating to short-term leases of low-value assets included in above line) | 0.68          |
| Expenses relating to variable lease payments  | -             |
| Income from sub-leasing of ROU Asset  | -             |
| Total Cash Outflow for leases   | 35.37         |
| Additions to ROU Assets during the year   | 56.88         |
| Gains or losses arising from sale and leaseback transactions  | -             |
| Carrying amount of right-of-use assets at the end of the reporting period for each asset category   | 66.26         |

#### (c) Related party disclosures

|  |   |
|--|---|
| Enterprise which has significant influence                                   | Sak Industries Private Limited and its subsidiaries                           |
| Enterprises in which key management personnel exercise significant influence | Saksoft Employees Welfare Trust   |
|  | Saksoft Employees Gratuity Trust  |
|  | The General Talkies Private Limited   |
| Subsidiaries and step down subsidiaries and Joint Venture                    | Saksoft Inc, USA  |
|  | Saksoft Pte Ltd, Singapore  |
|  | Saksoft Solutions Limited, UK   |
|  | Acuma Solutions Limited, UK   |
|  | Saksoft Ireland Limited, Ireland  |
|  | Electronic Data Professionals Inc, USA  |
|  | Faichi Solutions Inc .USA   |
|  | ThreeSixtyLogica Testing Services Pvt Ltd, India                              |
|  | ThreeSixty Logica Testing Services PTE Limited, Singapore                     |
|  | DreamOrbit Softech Pvt Ltd, India   |
| DreamOrbit Inc, USA  |   |
| Key management personnel   | Mr. Aditya Krishna- CMD   |
|  | Mr. Niraj Kumar Ganeriwal- COO &CFO   |
|  | Ms. Meera Venkatramanan - Company Secretary with effect from 04 February 2021 |
|  | Mr. Muthukrishnan- Company Secretary till 11 December 2020.                   |
|  | Ms. Kanika Krishna – Director   |
| Relatives of Key Managerial Personnel  | Ms. Avantika Krishna – Employee   |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

#### Transactions entered during the year

| Description   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| <b>Revenues</b>                                     |                              |                              |
| Acuma Solutions Limited, United Kingdom             | 149.50                       | 75.76                        |
| Saksoft Inc, USA                                    | 325.71                       | 333.78                       |
| Saksoft Pte Limited, Singapore                      | 14.88                        | 7.01                         |
| DreamOrbit Inc                                      | 7.21                         | 5.53                         |
| ThreeSixtyLogica Testing Services Pvt Ltd, India    | 18.00                        | 18.00                        |
| Saksoft Solutions Limited, UK                       | -                            | 4.51                         |
| DreamOrbit Softech Pvt Ltd, India                   | 2.44                         | 2.45                         |
| Sak Industries Pvt Ltd                              | -                            | 13.50                        |
| <b>Dividend Income</b>                              |                              |                              |
| Saksoft Pte Limited, Singapore                      | -                            | 7.62                         |
| ThreeSixtyLogica Testing Services Pvt Ltd, India    | -                            | 35.00                        |
| DreamOrbit Softech Pvt Ltd, India                   | -                            | 70.44                        |
| <b>Reimbursement of expenses (Net)</b>              |                              |                              |
| Saksoft Solutions Limited, United Kingdom           | 0.15                         | 0.55                         |
| Acuma Solutions Limited, United Kingdom             | 0.20                         | 0.48                         |
| Saksoft Inc, USA                                    | 1.75                         | 3.77                         |
| Saksoft Pte Limited, Singapore                      | -                            | 0.32                         |
| Sak Industries Pvt Ltd                              | 0.74                         | 0.71                         |
| ThreeSixty Logica Testing Services Pvt Ltd          | 1.97                         | 2.44                         |
| <b>Support &amp; Third Party Expense</b>            |                              |                              |
| DreamOrbit Softech Private Limited, India           | 19.75                        | 10.58                        |
| <b>Dividend paid</b>                                |                              |                              |
| Sak Industries Private Limited                      | 12.12                        | 36.36                        |
| Chairman and Managing Director                      | 5.55                         | 16.64                        |
| COO & CFO   | 0.19                         | 0.54                         |
| Saksoft employees welfare Trust                     | 1.33                         | 3.99                         |
| <b>Interest on loan</b>                             |                              |                              |
| Sak Industries Private Limited                      | 18.64                        | 26.83                        |
| <b>Borrowings/(Repayment), net</b>                  |                              |                              |
| Sak Industries Private Limited                      | (30.00)                      | (40.00)                      |
| <b>Payment towards lease liability</b>              |                              |                              |
| Sak Industries Private Limited                      | (9.24)                       | (9.24)                       |
| <b>Investment/(Redemption) made during the year</b> |                              |                              |
| Investment in DreamOrbit Softech Pvt Ltd            | -                            | 76.50                        |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

| Description                                     | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| <b>Remuneration of Key Managerial Personnel</b> | 15.18                        | 15.63                        |
| Non-Executive Director Commission               | 0.15                         | 0.15                         |
| Non-Executive Director - Sitting Fees           | 0.23                         | 0.24                         |
| Remuneration to relative of KMP                 | 3.66                         | 3.35                         |
| <b>Shares allotted under ESOP(2009 Scheme)</b>  |                              |                              |
| COO & CFO (number of shares)                    | 15,000                       | -                            |

#### Year end balances

| Description                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Investments</b>                               |                         |                         |
| Saksoft Inc, USA                                 | 9.24                    | 9.24                    |
| Saksoft Pte Limited, Singapore                   | 19.17                   | 19.17                   |
| Saksoft Solutions Limited, United Kingdom        | 434.45                  | 434.45                  |
| ThreeSixtyLogica Testing Services Pvt Ltd, India | 389.68                  | 389.68                  |
| DreamOrbit Softech Pvt Ltd                       | 319.99                  | 319.99                  |
| <b>Right to Use Asset</b>                        |                         |                         |
| Sak Industries Private Limited                   | 4.81                    | 12.60                   |
| <b>Receivables</b>                               |                         |                         |
| Acuma Solutions Limited, United Kingdom          | 16.00                   | 6.80                    |
| Saksoft Inc, USA                                 | 54.02                   | 29.10                   |
| Saksoft Pte Limited, Singapore                   | 4.78                    | 0.35                    |
| Dreamorbit Inc                                   | 2.31                    | 0.75                    |
| ThreeSixtyLogica Testing Services Pvt Ltd, India | 3.29                    | -                       |
| DreamOrbit Softech Pvt Ltd                       | 0.49                    | 0.25                    |
| <b>Payables</b>                                  |                         |                         |
| DreamOrbit Softech Pvt Ltd                       | 1.89                    | 2.47                    |
| Sak Industries Pvt Ltd                           | 0.67                    | 0.67                    |
| <b>Loans and advances</b>                        |                         |                         |
| Saksoft employees welfare trust                  | 0.25                    | 0.25                    |
| Saksoft employees gratuity trust                 | 0.03                    | 0.03                    |
| <b>Borrowings</b>                                |                         |                         |
| Sak Industries Private Limited                   | 200.00                  | 230.00                  |
| <b>Lease Liability-</b>                          |                         |                         |
| Sak Industries Private Limited                   | 5.36                    | 13.24                   |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

#### (d) Gratuity

##### IMPACT IN THE STATEMENT OF PROFIT AND LOSS:

The expenses charged to the Statement of Profit and Loss for period along with the corresponding charge of the previous period is presented in the table below:

| Particulars  | Period Ended   |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Current service cost   | 10.92          | 7.24           |
| Past service cost  | -              | -              |
| Administration expenses.                                     | -              | -              |
| Interest on net defined benefit liability / (asset)          | 1.54           | 0.94           |
| (Gains) / losses on settlement                               | -              | -              |
| <b>Total expense charged to Statement of profit and loss</b> | <b>12.46</b>   | <b>8.18</b>    |

##### FINANCIAL ASSUMPTIONS AT THE VALUATION DATE:

| Particulars                   | Period Ended   |                |
|-------------------------------|----------------|----------------|
|                               | March 31, 2021 | March 31, 2020 |
| Discount rate (p.a.)          | 6.30%          | 6.30%          |
| Salary escalation rate (p.a.) | 8.00%          | 7.00%          |

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

##### Amount Recorded in Other Comprehensive Income

The total amount of remeasurement items and impact of liabilities assumed or settled, if any, which is recorded immediately in Other Comprehensive Income (OCI) during the period is shown in the table below:

| Particulars   | Period Ended   |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Opening amount recognised in OCI outside profit and loss account</b> | 0.99           | (3.02)         |
| Remeasurements during the period due to:                                |                |                |
| Changes in financial assumptions  | 3.47           | 3.93           |
| Changes in demographic assumptions                                      | (1.52)         | 0.93           |
| Experience adjustments  | (4.12)         | (1.24)         |
| Actual return on plan assets less interest on plan assets               | (0.62)         | 0.39           |
| Adjustment to recognise the effect of asset ceiling                     | -              | -              |
| <b>Closing amount recognised in OCI outside profit and loss account</b> | <b>(1.80)</b>  | <b>0.99</b>    |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

The following table sets out the status of the gratuity plan.

| Particulars  | Period Ended   |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Opening of defined benefit obligation                                  | 32.47          | 20.93          |
| Current service cost   | 10.92          | 7.24           |
| Past service cost  | -              | -              |
| Interest on defined benefit obligation                                 | 1.92           | 1.44           |
| <b>Remeasurements due to:</b>  |                |                |
| Actuarial loss / (gain) arising from change in financial assumptions   | 3.47           | 3.93           |
| Actuarial loss / (gain) arising from change in demographic assumptions | (1.52)         | 0.93           |
| Actuarial loss / (gain) arising on account of experience changes       | (4.12)         | (1.24)         |
| Benefits paid  | (0.55)         | (0.76)         |
| Liabilities assumed / (settled)*                                       | -              | -              |
| Liabilities extinguished on settlements                                | -              | -              |
| <b>Closing of defined benefit obligation</b>                           | <b>42.59</b>   | <b>32.47</b>   |

| Particulars   | Period Ended   |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Opening fair value of plan assets                         | 6.03           | 6.68           |
| Employer contributions                                    | -              | -              |
| Interest on plan assets                                   | 0.38           | 0.50           |
| Administration expenses                                   | -              | -              |
| <b>Remeasurements due to:</b>                             |                |                |
| Actual return on plan assets less interest on plan assets | 0.62           | (0.39)         |
| Benefits paid   | (0.55)         | (0.76)         |
| Assets acquired / (settled)                               | -              | -              |
| Assets distributed on settlements                         | -              | -              |
| <b>Closing fair value of plan assets</b>                  | <b>6.48</b>    | <b>6.03</b>    |

#### Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

| Particulars                         | Period Ended March 31, 2021 |                        |
|-------------------------------------|-----------------------------|------------------------|
|                                     | Discount Rate               | Salary Escalation Rate |
| Impact of increase in 50 bps on DBO | -4.74%                      | 4.48%                  |
| Impact of decrease in 50 bps on DBO | 5.11%                       | -4.20%                 |

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

Disaggregation of Plan Assets

| Particulars                | Total       |
|----------------------------|-------------|
| Property                   | -           |
| Government Debt Instrument | -           |
| Other Debt Instrument      | -           |
| Equity Instruments         | -           |
| Insurer managed funds      | 6.49        |
| Others                     | -           |
|                            | <b>6.49</b> |

Maturity Profile of Assets:

| Maturity Year | March 31, 2021 |
|---------------|----------------|
| 2022          | 4.81           |
| 2023          | 2.11           |
| 2024          | 2.56           |
| 2025          | 3.11           |
| 2026          | 3.38           |
| 2027-2032     | 72.95          |

#### (e) Employee Stock option plans ('ESOP')

##### ESOP 2006 Plan

The ESOP 2006 Plan was introduced by the Company in 2006 under which the Company grants options from time to time to employees of the Company and its subsidiaries. This Plan was approved by the Board of Directors in January 2006 and by the shareholders in February 2006. The Plan complies with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and is administered by the Saksoft Employees Welfare Trust ('the Trust') through the Nomination and Remuneration committee. The Trust purchased the shares of the Company using the proceeds of loans obtained from the Company and administers the allotment of shares to employees and other related matters. The eligible employees exercise the options under the terms of the Plan at an exercise price, which equals the fair value on the date of the grant, until which the shares are held by the Trust.

The Company had allotted 582,460 equity shares of ₹10 each to the Trust to give effect to the ESOP Plan. As at the balance sheet date, the employees have exercised 50,000 options under this Plan and accordingly, 532,460 equity shares of ₹10 each represent shares held by the Trust. During the year no options have been granted or outstanding under this plan.

##### ESOP 2009 Plan

The ESOP 2009 Plan was introduced by the Company with the consent of the shareholders in 2009 under which the Company grants options from time to time to employees of the Company and its subsidiaries. Further the scheme was amended at the AGM held on 26th September 2014 to increase the exercise period from 5 to 10 years. This Plan complies with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The plan considers an aggregate of 1,500,000 options to be granted and exercised in accordance with the ESOP 2009 plan as approved by the Nomination and Remuneration Committee.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

During the year, 15000 options have been exercised under this plan. During the year 3,20,000 (net off 20,000 forfeited / surrendered options) options have been granted to eligible employees at a grant price of ₹ 138.75.

The outstanding options available for exercise under the ESOP 2009 as on 31st March 2021 is 4,90,000 options, out of which 170,000 options as vested as at the end of the year.

The details of the ESOP 2009 Plan are

| Particulars   | Year ended March 31, 2021 |                                 | Year ended March 31, 2020 |                                 |
|---|---------------------------|---------------------------------|---------------------------|---------------------------------|
|   | Number of share options   | Weighted average exercise price | Number of share options   | Weighted average exercise price |
| Options outstanding at the beginning of the year      | 1,85,000                  | 135.85                          | 2,95,000                  | 177.55                          |
| Options granted during the year                       | 3,40,000                  | 138.75                          | 3,00,000                  | 250.55                          |
| Options exercised during the year                     | 15,000                    | 151.70                          | -                         | -                               |
| Options forfeited during the year                     | -                         | -                               | 70,000                    | 247.70                          |
| Options lapsed during the year                        | 20,000                    | 138.75                          | 3,40,000                  | 250.36                          |
| Options outstanding at the end of the year            | 4,90,000                  | 137.74                          | 1,85,000                  | 135.85                          |
| Options vested and exercisable at the end of the year | 1,70,000                  | 137.26                          | 1,85,000                  | 135.85                          |

### (f) Earnings Per Share (EPS)

| Particulars   | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| <b>Earnings</b>   |                           |                           |
| Net profit for the year (₹ In million)  | 188.05                    | 294.55                    |
| <b>Shares</b>   |                           |                           |
| Equity shares as at the balance sheet date  | 10,490,000                | 10,475,000                |
| Total number of equity shares the end of the year – Basic   | 10,490,000                | 10,475,000                |
| <b>Weighted average number of equity shares outstanding as at the end of the year – Basic</b>                               | <b>10,481,247</b>         | <b>10,475,000</b>         |
| <b>Diluted Shares</b>   |                           |                           |
| Weighted average number of equity shares outstanding as at the end of the year.   | 10,481,247                | 10,475,000                |
| Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS | 2,07,202                  | 12,065                    |
| <b>Weighted average number of equity shares outstanding during the year – Diluted</b>                                       | <b>10,688,449</b>         | <b>10,487,065</b>         |
| Earnings per share of par value ₹10 – Basic (₹)   | 17.94                     | 28.12                     |
| Earnings per share of par value ₹10 – Diluted (₹)   | 17.59                     | 28.09                     |

### (g) Dues to Micro and small enterprises

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

The information required to be disclosed under the Micro, Small And Medium Enterprises Development Act, 2006 (‘the MSMED Act’) has been determined to the extent such parties have been identified on the basis of information received from such parties and available with the Company. There are no overdue to parties on account of principal amount and / or interest as disclosed below:

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| The principal amounts and interest overdue thereon, remaining unpaid to any supplier at the end of each accounting year  |                |                |
| - Principal  | -              | -              |
| - Interest   | -              | -              |
| The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006  | -              | -              |
| The amount of the payments made to suppliers beyond the appointed day during each accounting year  | -              | -              |
| The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006   | -              | -              |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | -              | -              |
| The amount of further interest remaining due and payable even in the succeeding years until such dates when the interest due above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act,2006 | -              | -              |

### (h) Dividend

The Board of Directors had recommended interim dividend during the financial year 2020-21 amounting to ₹ 2.50 per equity share. This has resulted in a cash flow of ₹ 2.62 Million.

The Board of Directors at its meeting held on 26th May 2021 had further recommended a final dividend of 25% (₹2.50 per equity share of ₹10 face value fully paid up) subject to approval of the shareholders at The Annual General Meeting. The outflow on account of the final dividend is expected to be ₹ 2.62 Million.

### (i) Disclosure under Ind AS 115

#### General:

The entire revenue from operations for the year ended 31st March 2021 and 31st March 2020 related to revenue from software services.

#### Disaggregation of revenue:

Revenue earned by the company is disaggregated by its sources based on geographical location as disclosed in Note 24 (e) to the consolidated financial statements.

#### Information about contract balances

The company classifies the right to consideration as Trade receivables and unbilled revenue.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

Trade receivables are amounts billed to the customer on satisfaction of performance obligation. Unbilled revenue represents revenues in excess of efforts billed on software development and service contracts as at the end of the reporting period and is included as part of Other Financial Assets.

Billing in excess of revenue are classified as unearned revenue. Balances of trade receivables, unbilled revenue and unearned income are available in the relevant Schedules of the financial statements. Trade receivables and unbilled revenue are net of provision in the Balance Sheet.

#### Information about performance obligations

Performance obligations estimates are subject to change and are affected by several factors including change in scope of contracts, its termination, foreign currency adjustments and any other items influencing the measurement, collectability and performance of the contract.

Disclosure relating to remaining performance obligation across all live fixed bid price contracts relate to require the aggregate amounts of transaction price yet to be recognised as at the reporting date and expected timelines to recognise these amounts. In view of the fact that all outstanding contracts have an original expected duration for completion of less than a year no disclosure is warranted.

### (j) Capital Management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence to sustain future development of the business.

The capital structure of the Company consists of debt and equity as per table below:

| Particulars   | As at           |                 |
|---|-----------------|-----------------|
|   | March 31, 2021  | March 31, 2020  |
| <b>Total equity attributable to equity share holders of the Company</b> | <b>1,281.67</b> | <b>1,109.37</b> |
| Current borrowings  | -               | 37.60           |
| Non-current borrowings  | 200.00          | 246.95          |
| <b>Total debt held by the Company</b>                                   | <b>200.00</b>   | <b>284.55</b>   |
| <b>Total capital (Equity and Debt)</b>                                  | <b>1,481.67</b> | <b>1,393.92</b> |
| <b>Equity as a percentage of total capital</b>                          | <b>87%</b>      | <b>80%</b>      |
| <b>Debt as a percentage of total capital</b>                            | <b>13%</b>      | <b>20%</b>      |

The Company is predominantly equity financed which is evident from the capital structure table above. The Company's risk management committee reviews the capital structure of the Company on an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

#### (k) Financial Instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2021, March 31, 2020 is as follows:

| Particulars  | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
|--|------------------------------|------------------------------|
| <b>Financial Assets</b>                                    |                              |                              |
| <b>Amortised Cost</b>                                      |                              |                              |
| Trade and other receivables                                | 163.66                       | 168.85                       |
| Cash and cash equivalents                                  | 150.91                       | 7.19                         |
| Loans  | 0.50                         | 0.49                         |
| Others financial assets                                    | 64.80                        | 67.91                        |
| <b>FVTOCI</b>  |                              |                              |
| Derivative instruments in hedging relationship             | (0.52)                       | (0.52)                       |
| <b>At Cost</b>   |                              |                              |
| Investments in subsidiaries, associates and joint ventures | 1,172.53                     | 1,172.53                     |
| <b>TOTAL ASSETS</b>  | <b>1,551.88</b>              | <b>1,416.45</b>              |
| <b>Financial Liabilities</b>                               |                              |                              |
| <b>Amortised Cost</b>                                      |                              |                              |
| Borrowings   | 200.00                       | 255.49                       |
| Trade Payables   | 31.68                        | 30.49                        |
| Other financial liabilities                                | 67.76                        | 60.49                        |
| Others   | 40.01                        | 10.55                        |
| <b>TOTAL LIABILITIES</b>                                   | <b>339.45</b>                | <b>357.02</b>                |

The Management assessment of fair value of cash and short-term deposits, trade receivables and trade payables, bank overdrafts, and other current financial assets and liabilities approximate the carrying amounts largely due to the short-term maturities of these instruments

The Company's derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on market observable inputs and are classified as Level 2. The most frequently applied valuation technique include forward pricing model, using present value calculations.

#### Fair Value Measurement Hierarchy

Foreign exchange forward contracts have been measured using Level 2 (Significant observable inputs) - Fair value measurement hierarchy. Balances as at March 31, 2021 and March 31, 2020 amounts to ₹0.11 million and ₹(0.52) million respectively. There have been no transfers between Level 1 and Level 2 during the year.

#### Foreign Exchange Forward Contracts

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities and forecast cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecast cash flows is governed by the Company's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Company's Risk Management Policy. The counterparty in these derivative instruments is a bank and the Company

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

considers the risks of non-performance by the counterparty as insignificant. The Company has entered into a series of foreign exchange forward contracts that are designated as cash flow hedges. The Company does not use forward covers and currency options for speculative purposes.

The following table represents the details of Company's forward contracts outstanding:

| Particulars                         | Balance Sheet Exposure - Asset / (Liability) |                      |
|-------------------------------------|--|----------------------|
|                                     | As at March 31, 2021                         | As at March 31, 2020 |
| Foreign currency forward - USD/INR  | (0.23)                                       | (1.18)               |
| Foreign currency forward - GBP/INR  | (0.95)                                       | 0.66                 |
| Foreign currency forward - EURO/INR | 1.29   | -                    |
|                                     | <b>0.11</b>                                  | <b>(0.52)</b>        |

The balance sheet exposure denotes the fair values of these contracts at the reporting date and is presented in millions. The Company presents its foreign exchange forward contracts on a net basis in the financial statements.

Various outstanding foreign currency exchange forward contracts (sell) entered into by the Company which have been designated as Cash Flow Hedges in the respective foreign currency:

| Particulars                                  | Amount outstanding in foreign currency |                      |
|--|--|----------------------|
|  | As at March 31, 2021                   | As at March 31, 2020 |
| Foreign currency forward - (USD in Million)  | 0.55                                   | 0.80                 |
| Foreign currency forward - (GBP in Million)  | 0.74                                   | 0.33                 |
| Foreign currency forward - (EURO in Million) | 0.40                                   | -                    |

### (I) Financial Risk Management

The Company is exposed to a variety of financial risks; credit risk, liquidity risk and market risk, viz; foreign currency risk and interest rate risk. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements and aims to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks as summarised below:

#### Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

Financial instruments that potentially subject the Company to concentration of credit risk consists of trade receivables, investments, loans, cash and cash equivalents, other balances with banks and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. By their nature, all such financial assets involve risks, including the credit risk of non-performance by counterparties.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

The Company periodically assesses the credit quality of the counterparties by taking into account their financial position, past experience, ageing of accounts receivables and any other factor determined by individual characteristic of the counterparty.

The maximum amount of exposure to credit was as follows:

| Particulars               | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
|---------------------------|------------------------------|------------------------------|
| Investments               | 1,172.53                     | 1,172.53                     |
| Trade receivables         | 163.66                       | 168.85                       |
| Cash and cash equivalents | 150.91                       | 7.19                         |
| Loans                     | 0.50                         | 0.49                         |
| Other financial assets    | 64.28                        | 67.39                        |
| <b>TOTAL</b>              | <b>1,551.88</b>              | <b>1,416.45</b>              |

#### Trade receivables:

The Company has used a practical expedient by computing the lifetime expected credit loss allowance for trade receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information. The Company's exposure to customers is diversified. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

#### Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to encounter its financial obligations associated with financial liabilities as they become due. The Company manages its liquidity risk by ensuring, as far as possible, to maintain sufficient liquid funds to meet its liabilities on the due date. The Company consistently generates sufficient cash flows from operations (with adequate reserves) and has access to multiple sources of funding (banking facilities and loans from promoter company) to meet the financial obligations and maintain adequate liquidity for use.

The processes and policies related to such risks are overseen by Senior Management.

Maturity profile of the Company's non-derivative financial liabilities based on contractual payments is as below:

| Particulars                 | Year 1 (Current) | 1 - 2 years | 2 years and above |
|-----------------------------|------------------|-------------|-------------------|
| <b>As at March 31, 2021</b> |                  |             |                   |
| Borrowings                  | -                | 200.00      | -                 |
| Trade Payables              | 31.68            | -           | -                 |
| Other financial liabilities | 40.58            | 27.18       | -                 |
| <b>As at March 31, 2020</b> |                  |             |                   |
| Borrowings                  | 37.60            | 246.95      | -                 |
| Trade Payables              | 30.49            | -           | -                 |
| Other financial liabilities | 31.42            | -           | -                 |

#### Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

#### Foreign Currency Risk:

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit or Loss and Other Comprehensive Income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

The Company's exchange risk arises from its foreign currency revenues (primarily in U.S. Dollars, British Pound Sterling / Euros and Singapore Dollars). A significant portion of the Company's revenue are in these foreign currencies, while a significant portion of its corresponding costs are in Indian Rupee. As a result, if the value of Indian rupee appreciates relative to these foreign currencies, the Company's revenue measured in Indian Rupee may decrease and vice versa. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The Company periodically determines its strategy to mitigate foreign currency risk. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The following table presents foreign currency risk from non-derivative financial instruments as at each reporting period:

The maximum amount of exposure to foreign currency risk was as follows: (Millions in respective currencies)

| Particulars               | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
|---------------------------|------------------------------|------------------------------|
| Investments               |                              |                              |
| In US Dollars             | 0.20                         | 0.20                         |
| In Singapore Dollars      | 0.56                         | 0.56                         |
| In Pound Sterling         | 5.00                         | 5.00                         |
| Cash and cash equivalents |                              |                              |
| In US Dollars             | 0.77                         | -                            |
| In Pound Sterling         | -                            | -                            |
| Trade receivables         |                              |                              |
| In US Dollars             | 0.77                         | 0.44                         |
| In Singapore Dollars      | 0.09                         | 0.01                         |
| In Pound Sterling         | 0.16                         | 0.07                         |
| In Euro                   | 0.64                         | 1.40                         |
| Trade payables            |                              |                              |
| In Euro                   | 0.04                         | 0.10                         |

#### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates arises on Company's debt obligations with floating interest rate.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts are in Indian rupees millions, except share data and as otherwise stated)

### 22. ADDITIONAL NOTES (contd...)

#### (m) Corporate Social Responsibility (CSR) Expenditure:

- (a) Gross amount required to be spent by the company during the year - ₹4.57 million
- (b) Total amount spent for the financial year including amount transferred to unspent CSR bank account: ₹ 4.57 million.

#### (n) COVID -19

The outbreak of Corona virus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its year end financial results.

In the preparation of the financial statements the Group has considered the possible effects which may arise from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions attributable to this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information, economic forecasts and estimates from market sources on the realisability of these assets. Based on the current estimates, the company expects the carrying amount of these assets will be recovered.

The extent of the impact of COVID-19 on the future operational and financial performance will depend on certain developments, including duration and spread of the outbreak, the future impact on the customers, employees and vendors, all of which are uncertain and cannot be predicted. As the impact of COVID-19, if any, on the future operational and financial performance of the company could be different from management's estimates in this regard, the company will continue to closely monitor any changes as they emerge.

Vide our report of even date attached

For R.G.N. Price & Co.,  
Chartered Accountants  
Firm Registration No: 002785S

**Mahesh Krishnan**  
Partner  
Membership No: 206520  
Date: May 26, 2021  
Place: Chennai

For and on behalf of the Board of Directors

**Aditya Krishna**  
Chairman & Managing Director  
DIN.00031345

**Niraj Kumar Ganeriwal**  
COO and CFO

**Ajit Thomas**  
Director  
DIN.00018691

**Meera Venkatramanan**  
Company Secretary