

Notes to Financial Statements

For the Year ended March 31, 2019

1. BACKGROUND:

IZMO LIMITED ("the Company") was incorporated on 08th September, 1995. The Company is engaged in interactive marketing solutions. The company offers hi-tech automotive e-retailing solutions.

2A. SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules as amended from time to time. The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect certain reported balances of assets and liabilities, disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Accordingly, future results could differ due to changes in these estimates and the difference between the actual result and the estimate are recognized in the period in which the results are known / materialize.

c) PROPERTY, PLANT AND EQUIPMENT:

(i) Tangible assets:

Property Plant and Equipment (PPE) and other tangible assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to the acquisition, installation, erection and commissioning less depreciation. Internally manufactured assets are valued at works cost. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are recognized in the Statement of Profit & Loss while incurred. Spare parts whose life has more than 12 month has been considered as PPE and capitalized by the company.

(ii) Intangible assets:

Intangible assets are accounted at cost of acquisition less depreciation /amortization.

(iii) Depreciation & Amortization:

a. Depreciation on PPE bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Act, depending upon the month of the financial year in which the assets are installed/sold. For the assets acquired prior to April 1, 2014 the carrying amount as on April 1, 2014 is depreciated on over the remaining useful life as defined in Schedule II of the Act.

b. Intangible assets are amortized over a period of 2-5 years

(iv) Investment Property

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to investment properties are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Investment properties are depreciated using the straight line method over the useful lives and is recognised in the statement of profit and loss. Depreciable investment properties have been ascribed a useful life in the range of 30 years.

d) INVESTMENTS:

(i) Investments unless otherwise stated are considered as long term in nature and are valued at acquisition cost less provision for diminution, if any other than those which are considered as temporary in nature.

(ii) Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

e) INVENTORIES:

(i) Inventories does not include spare parts ,servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

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- (v) Material cost of work in progress and finished goods are computed on weighted average basis.

f) REVENUE RECOGNITION:

Revenue is recognized to an extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) "Revenue from Contract with Customer: Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations maybe satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method. A liability is recognised for expected sale returns and corresponding assets are recognised for the products expected to be returned. The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer."

- (ii) Interest income is recognized on time proportion basis.
- (iii) Dividend income is recognized, when the right to receive the dividend is established.
- (iv) Rental income is recognized on time proportion basis.

g) EMPLOYEE BENEFITS:

(i) Short term employee benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

(ii) Post employment benefits:

a. Defined contribution plans:

The Company has contributed to provident and pension which are defined contribution plans. The contributions paid/ payable under

the scheme are recognized during the year in which employee renders the related service.

b. Defined benefit plans:

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized in the statement of other comprehensive income in the year they arise. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation.

- c. **Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

(iii) Share Based Payments:

Share-based compensation benefits are provided to employees via the IZMO Limited Employee Stock Option Plan

The fair value of options granted under the Employees' Stock Option Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

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- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

h) FOREIGN CURRENCY TRANSACTIONS:

- (i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.
- (ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.
- (iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

i) TAXES ON INCOME:

Provision for Income-tax of the company has been made at the higher of that on the assessable income or on basis of section 115 JB of the Income Tax Act, 1961 after taking cognizance of excess / short provision in prior years. Deferred tax is recognized subject to consideration of prudence, on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets / liabilities are reviewed as at each Balance sheet date.

In terms of the Guidance note on accounting for credit available in respect of Minimum Alternative Tax (MAT) under the Income Tax Act 1961, issued by the ICAI, the excess of MAT over normal current tax payable has been recognized as an asset by way of credit to the profit & loss account as "MAT credit entitlement"

j) BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relating to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

k) PROVISIONS AND CONTINGENT LIABILITIES:

- i) A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required

to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits, decommissioning and site restoration cost) 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 estimates.

- ii) Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

l) EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares during the period. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity share holders and weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

m) FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. 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.

(i) Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash and deposit with banks. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(ii) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business 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.

- (iii) "Financial assets at fair value through other comprehensive income (FVTOCI)" All equity investments and unquoted debentures are measured at fair values. Investments which are not held for trading purposes and where the Company

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has exercised the option to classify the investment as at fair value through other comprehensive income, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses recognised in OCI are reclassified to retained earnings on sale of such investments."

"Financial assets at fair value through profit or loss (FVTPL) Financial assets which are not classified in any of the categories above are fair value through profit or loss."

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For 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.

n) IMPAIRMENT:

(i) Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non Financial Assets:

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

o) LEASES:

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under an operating leases are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(ii) Finance leases

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property

or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liabilities included in Non-current liabilities. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

p) SEGMENT REPORTING

Segments are identified based on the manner in which the Company's Chief Operating Decision Maker ('CODM') decides about resource allocation and reviews performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

2B. Recent Accounting Pronouncements

"Changes in Accounting Standard and recent accounting pronouncements. On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements. The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019"

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatment
2. Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes.
3. Ind AS 23, Borrowing costs
4. Ind AS 28 – investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments
7. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments

Notes to Financial Statements For the Year ended March 31, 2019

3. Property, plant and equipment: Tangible assets (Amount in Rs.)

Particulars	Land	Computers	Plant & Machinery	Office equipments	Electrical Installations	Furniture and fittings	Leasehold Improvements	Motor vehicles	Total
Gross block:									
Balance as at 01 April 2017	4,674,279	52,208,300	6,871,701	7,063,408	9,020,679	5,417,028	8,397,020	11,534,878	105,187,293
Additions	-	2,169,284	-	98,602	122,766	237,301	-	3,255,202	5,883,155
Disposals	-	454,182	-	-	-	-	-	990,000	1,444,182
Balance as at 31 March 2018	4,674,279	53,923,402	6,871,701	7,162,010	9,143,445	5,654,329	8,397,020	13,800,080	109,626,266
Additions	-	1,846,967	36,000	86,899	224,070	1,273,450	-	2,983,804	6,451,190
Disposals	-	262,366	-	-	-	-	-	12,270	274,636
Balance as at 31 March 2019	4,674,279	55,508,003	6,907,701	7,248,909	9,367,515	6,927,779	8,397,020	16,771,614	115,802,820
Accumulated depreciation:									
Balance as at 01 April 2017	-	45,026,045	6,753,553	6,412,983	6,358,842	4,544,259	8,068,249	9,690,230	86,854,162
Depreciation charge for the year	-	4,332,461	18,316	205,079	483,180	170,159	49,767	544,857	5,803,819
Disposals	-	431,079	-	-	-	-	-	990,000	1,421,079
Balance as at 31 March 2018	-	48,927,427	6,771,869	6,618,062	6,842,022	4,714,418	8,118,016	9,245,087	91,236,902
Depreciation charge for the year	-	3,287,167	17,207	218,606	436,489	197,240	49,766	965,072	5,171,547
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	52,214,594	6,789,076	6,836,668	7,278,511	4,911,658	8,167,782	10,210,160	96,408,449
Net block:									
Balance as at 31 March 2018	4,674,279	4,995,975	99,832	543,948	2,301,423	939,911	279,004	4,554,993	18,389,364
Balance as at 31 March 2019	4,674,279	3,293,409	118,625	412,241	2,089,004	2,016,121	229,238	6,561,454	19,394,371

Additional information:

- 1) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.

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For the Year ended March 31, 2019

(Amount in Rs.)

	Particulars	As at March 31, 2019	As at March 31, 2018
4.	Intangible Assets under development:		
a)	Software	9,386,450	-
	Total	9,386,450	-

5. Investment Property

(Amount in Rs.)

	Building at Whitefield
Gross block:	
Balance as at 01 April 2017	4,91,78,564
Additions	-
Balance as at 31 March 2018	4,91,78,564
Additions	-
Balance as at 31 March 2019	49,178,564
Accumulated depreciation:	
Balance as at 01 April 2017	26,481,973
Amortisation charge for the year	1,081,072
Balance as at 31 March 2018	27,563,045
Amortisation charge for the year	1,081,072
Balance as at 31 March 2019	28,644,117
Net block:	
Balance as at 31 March 2018	21,615,519
Balance as at 31 March 2019	20,534,447

Fair market value of Building at Rs. 27,65,73,000/- have been arrived at on the basis of valuations carried out by the Company internally on the basis of market value of building as on the respective dates.

6. Other Intangible Assets

(Amount in Rs.)

Gross block:	Computer software	Intellectual property	Total
Balance as at 01 April 2017	68,208,906	200,076,188	268,285,094
Additions	39,188,665	-	39,188,665
Balance as at 31 March 2018	107,397,571	200,076,188	307,473,759
Additions	-	-	-
Balance as at 31 March 2019	107,397,571	200,076,188	307,473,759
Accumulated amortisation:			
Balance as at 01 April 2017	67,177,206	200,076,188	267,253,394
Amortisation charge for the year	5,230,880	-	5,230,880
Balance as at 31 March 2018	72,408,086	200,076,188	272,484,274
Amortisation charge for the year	20,000,835	-	20,000,835
Balance as at 31 March 2019	92,408,921	200,076,188	292,485,109
Net block:			
Balance as at 31 March 2018	34,989,485	-	34,989,485
Balance as at 31 March 2019	14,988,650	-	14,988,650

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7. Non current investments:

(Amount in Rs.)

Details of investments/Name of the Company	As at March 31, 2019			As at March 31, 2018		
	No of shares	Face value	Amount	No of shares	Face value	Amount
a) Investments in equity Instruments:						
1) Subsidiaries: (Other than Trade, Unquoted) Fully paid up						
i) Investment in Equity Shares of Midrange Software Pte Ltd, Singapore	1,904,915	SGD 1	55,123,998	1,904,915	SGD 1	55,123,998
ii) Investment in Equity Shares of Izmo Inc (Formerly Logix Americas Inc.,)	150,000	USD 1	1,456,937,211	150,000	USD 1	1,456,937,211
iii) Investment in Equity Shares of Logix Microsystems Inc., USA	65,500	USD 1	3,071,845	65,500	USD 1	3,071,845
iv) Investment in Equity Shares of Izmo Europe BVBA, Belgium	1,359,093	EURO 1	88,877,287	1,359,093	EURO 1	88,877,287
Total			1,604,010,341			1,604,010,341
Less: Provision for diminution in value of investments			(3,071,845)			(3,071,845)
Total			1,600,938,496			1,600,938,496

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
8. Deferred tax Assets (Net):		
a) Deferred tax liability:		
i) On account of depreciation on fixed assets (other than land)	-	-
ii) On account of fair valuation of investments	-	-
Total	-	-
b) Deferred tax asset:		
i) On account of depreciation on fixed assets (other than land)	10,503,200	16,689,651
ii) On account of timing differences in recognition of expenditure	-	-
Total	10,503,200	16,689,651
Net Deferred tax (liability)/asset	10,503,200	16,689,651
9. Other non current assets:		
(unsecured and considered good)		
a) Balances with revenue authorities	18,641,521	9,008,738
b) Advance payment of tax (net)	17,663,148	13,772,912
c) Capital advances	11,725,000	11,725,000
d) Security deposits	3,010,646	2,794,743
e) Security deposits- Others	1,698,202	1,698,202
f) Deferred Income - Rental Deposit	385,188	580,961
	53,123,706	39,580,556
Less: Allowance for bad and doubtful receivables	-	-
Total	53,123,706	39,580,556

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(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
10. Inventories:		
a) Finished goods	509,377	52,577
Total	509,377	52,577
11. Trade receivables:		
a) Trade receivables exceeding six months	72,431,623	44,485,422
b) others	180,180,900	194,174,750
	252,612,523	238,660,172
Less: Allowance for doubtful receivables	-	-
Total	252,612,523	238,660,172
Additional information:		
1) Breakup of above:		
a) Secured, considered good	-	-
b) Unsecured, considered good	252,612,523	238,660,172
c) Doubtful	-	-
Total	252,612,523	238,660,172
Less: Allowance for doubtful receivables	-	-
Total	252,612,523	238,660,172
2) i) Debts due by directors or other officers of the company	-	-
ii) Amounts due by private companies in which directors of the Company are directors	-	-
3) Also refer Note No. 44, in this regard.		
12. Cash and Cash Equivalents:		
Cash and cash equivalents:		
a) Balances with banks		
- in other accounts	476,068	2,425,751
b) Cash on hand	13,680	12,577
Total	489,748	2,438,328
13. Other Financial Assets:		
a) Loans and advances	34,047,125	31,582,399
b) Others	15,763,592	15,519,486
	49,810,717	47,101,885
Less: Allowance for doubtful advances for advance paid to suppliers and others	-	-
Total	49,810,717	47,101,885
Additional information:		
1) Breakup of above:		
a) Secured, considered good	-	-
b) Unsecured, considered good	49,810,717	47,101,885
c) Doubtful	-	-
Total	49,810,717	47,101,885
Less:		
Allowance for doubtful advances for advance paid to suppliers and others	-	-
Total	49,810,717	47,101,885
2) i) Debts due by directors or other officers of the company	-	-
ii) Amounts due by private companies in which directors of the Company are directors	15,522,336	15,522,336

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(Amount in Rs.)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Rs.	Nos.	Rs.
14. Share capital:				
Authorized:				
Equity shares of Rs. 10/- each	18,000,000	180,000,000	18,000,000	180,000,000
	18,000,000	180,000,000	18,000,000	180,000,000
Issued, subscribed and fully paid up:				
Equity shares of Rs.10/- each				
At the beginning of the year	12,821,673	128,216,730	12,162,273	121,622,730
Issued during the year				
- by way of conversion of loan into fully paid up equity shares	-	-	600,000	6,000,000
- by way of Employee Stock Options	245,500	2,455,000	59,400	594,000
At the close of the year	13,067,173	130,671,730	12,821,673	128,216,730
Total carried to Balance Sheet		130,671,730		128,216,730
a) Particulars of equity share holders holding more than 5% of the total number of equity share capital:				
Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Percentage	Nos.	Percentage
(i) Sanjay Soni	2,764,613	21.16%	2,803,010	21.86%
(ii) Shashi Soni	687,787	5.26%	687,787	5.36%
b) Equity shares allotted as fully paid-up (during 5 years preceding March 31, 2019) pursuant to contracts without payment being received in cash				
Particulars	As at March 31, 2019		As at March 31, 2018	
Shares issued upon conversion of borrowings (No.of Shares)		-		600,000

Statement of Changes in Equity

For the Year ended March 31, 2019

Note : 15 Other Equity

(Amount in Rs.)

Particulars	Other Equity					Other Comprehensive Income			Total Other equity	
	Share premium	General Reserve	Retained earnings	ESOP outstanding Account	Total (A)	Mark to Market of Investment	Items that will be reclassified to profit or loss	Actuarial gains/ (losses) of employee benefits		Total (B)
As at April 1, 2017	1,450,252,330	6,339,532	44,892,543	4,925,675	1,506,410,080	16,501,270	1,209,854	17,711,124	1,524,121,204	
Add/(Less): Loss for the year	-	-	4,950,763	-	4,950,763	-	-	-	4,950,763	
Add/(Less): On account of new issue	25,200,000	-	-	-	25,200,000	-	-	-	25,200,000	
Add: Employee stock option expenses	-	-	-	10,217,995	10,217,995	-	-	-	10,217,995	
Add/(Less): Issue of shares under ESOP scheme	2,487,390	-	-	(2,487,390)	-	-	-	-	-	
Add/(Less): Ind AS adjustments	-	-	(21,166,871)	-	(21,166,871)	-	2,307,586	2,307,586	(18,859,285)	
Less: Tax Adjustment on Ind AS items	-	-	4,665,602	-	4,665,602	-	-	-	4,665,602	
Total as at March 31, 2018	1,477,939,720	6,339,532	33,342,037	12,656,280	1,530,277,569	16,501,270	3,517,440	20,018,710	1,550,296,279	
Add/(Less): Loss for the year	-	-	1,627,452	-	1,627,452	-	-	-	1,627,452	
Add/(Less): On account of new issue	-	-	-	-	-	-	-	-	-	
Add: Employee stock option expenses	-	-	-	8,833,871	8,833,871	-	-	-	8,833,871	
Add/(Less): Issue of shares under ESOP scheme	11,534,900	-	-	(11,534,900)	-	-	-	-	-	
Add/(Less): Ind AS adjustments *	-	-	16,501,270	-	16,501,270	(16,501,270)	1,557,974	(14,943,296)	1,557,974	
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	-	
Total as at March 31, 2019	1,489,474,620	6,339,532	51,470,760	9,955,251	1,557,240,163	-	5,075,414	5,075,414	1,562,315,577	

* Ind-AS Reclassification

Notes to Financial Statements

For the Year ended March 31, 2019

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Non- Current Liabilities		
16. Borrowings:		
1) Secured loans:		
a. Loan from Banks/Financial institutions	11,40,12,217	13,19,00,405
Less: Current maturities on loan from banks	3,09,39,004	2,07,37,188
Total Borrowings	8,30,73,213	11,11,63,217
Additional information:		
1) Details of security for secured loans: Vehicle Loan from bank / financial institution secured against the hypothecation of the respective vehicles purchased		
2) Term loan from Financial Institution is secured against immovable property and second charge on moveable asset and personal guarantee by Promoter Directors. Terms of repayment of term loans and others From Bank: i) Vehicle loan from bank/financial institution carries interest of 10.50% / 9.06% / 8.93% per annum and repayable in 60 equal monthly instalments. ii) Term Loan carries floating interest rate linked to SBI -3 year MCLR rate.		
3) Period and amount of continuing default as on Balance sheet date i) In respect of Loan repayment and Interest:		
		(Amount in Rs.)
Particulars	Amount in Rs.	Amount in Rs.
Term Loans		
- from Banks	-	-
- from Others	-	-

Notes to Financial Statements

For the Year ended March 31, 2019

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Non - Current Liabilities		
17. Other Financial Liabilities:		
a) Refundable Security deposits from Lessee	10,291,550	11,187,999
b) Deferred Rental expense	-	499,973
Total	10,291,550	11,687,972
18. Provisions:		
a) For employee defined benefit plans	11,336,264	9,530,363
b) For employee compensatory absences	5,138,693	4,349,858
Total	16,474,957	13,880,221

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018	
Current Liabilities			
19. Trade payables:			
a) Total outstanding dues of micro and small enterprises	-	-	
b) Total outstanding dues other than micro and small enterprises	142,313,429	136,454,046	
Total	142,313,429	136,454,046	
Additional Information:			
The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:			
Sl No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Also refer Note No. 45 in this regard.			
20. Other Financial Liabilities:			
a) Current maturities of secured loan from bank	30,939,004	20,737,188	
b) Advance from customers	15,475,075	14,731,141	
c) Others	500,000	500,000	
Total	46,914,079	35,968,329	

Notes to Financial Statements

For the Year ended March 31, 2019

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
21. Provisions:		
a) Provision for short term compensated absences	734,619	563,646
b) Provision for Gratuity	1,650,620	1,466,203
Total	2,385,239	2,029,849
22. Other current liabilities:		
a) Accrued Expenses and other liabilities	28,536,877	19,870,515
b) Statutory Dues	2,977,718	3,489,201
c) Deferred Income	2,673,477	3,908,530
Total	34,188,072	27,268,246
23. Current Tax Liabilities (Net):		
a) Provision for tax (net of advance tax)	3,663,839	3,491,143
Total	3,663,839	3,491,143
24. Revenue from operations:		
a) Software Sales & Services:		
- Domestic	16,173,039	15,082,387
- Exports	242,047,691	210,917,318
Total	258,220,730	225,999,705
25. Other income:		
a) Interest Income	52,512	318,000
b) Maintenance Charges Income	2,229,739	2,733,735
c) Miscellaneous Income	7,479,902	8,131,464
d) Profit on sale of Assets	-	145,315
e) Profit on sale of Mutual Funds	-	24,769,826
f) Rental Income	8,361,074	9,224,929
g) Foreign Exchange Gain	4,054,368	-
h) Interest income on rent deposits paid	234,488	207,658
i) Amortisation of deferred interest income on Rent deposit received	499,973	807,508
Total	22,912,056	46,338,435
26. Cost of Purchase:		
a) Custom Duty	-	105,589
b) Cost of Purchase for Resale	7,226,472	7,056,854
Total	7,226,472	7,162,443
27. Changes in inventories of stock in trade:		
Stocks at the end of the year		
a) Trading goods		
Stock in Trade	509,377	52,577
Total	509,377	52,577
Less: Stocks at the beginning of the year		
a) Trading goods		
Stock in Trade	52,577	107,814
	52,577	107,814
Total	(456,800)	55,237

Notes to Financial Statements

For the Year ended March 31, 2019

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
28. Employee benefit expenses:		
a) Salaries, wages and bonus	149,451,830	142,202,595
b) Contribution to provident and other funds	5,076,697	5,146,186
c) Gratuity	2,584,326	2,484,598
d) Staff welfare expenses	4,391,635	4,235,313
e) Reclassification of Actuarial gains/ losses	1,557,974	2,307,586
f) Employee stock option expenses	8,833,871	10,217,995
Total	171,896,333	166,594,273
29. Finance costs:		
a) Interest expense	13,608,267	11,867,577
Total	13,608,267	11,867,577
30. Depreciation and amortization:		
a) Depreciation	6,252,618	6,884,891
b) Amortization of intangible assets	20,000,835	5,230,880
Total	26,253,453	12,115,771
31. Other expenses:		
a) Advertisement Expenses	391,350	270,756
b) Payment to auditors		
- as auditor	300,000	300,000
- for taxation and other matters	100,000	100,000
- for Certification and limited review	-	-
c) Bank Charges	127,290	200,023
d) Bad Debts Written-Off	5,532	1,132,322
e) Business Promotion Charges	2,415,445	853,088
f) Postage and Communication Expenses	3,532,853	3,599,488
g) Foreign Exchange Loss	-	917,489
h) Hire charges	1,323,108	93,440
i) Insurance	252,092	167,365
j) Listing Fees	642,387	551,595
k) Loss on sale of assets	-	2,142
l) Miscellaneous Expenses	463,600	336,648
m) Office Expenses	1,054,467	927,970
n) Power & Fuel	3,860,085	3,596,768
o) Printing & Stationery	432,883	390,107
p) Professional Fees	5,423,783	9,638,971
q) Rates & Taxes	909,254	741,615
r) Rent	9,710,020	9,559,854
s) Repairs & Maintenance Buildings	1,168,417	1,507,544
t) Repairs & Maintenance Others	3,697,192	8,180,578
u) Security Charges	878,377	838,727
v) Sitting fees	760,000	720,000
w) Travelling & Conveyance	14,570,142	12,199,045
x) Vehicle Maintenance	1,743,133	1,801,459
y) Water charges	130,252	104,025
z) Amortisation of deferred interest on Rent deposit paid	194,748	192,674
aa) Interest Expenses on rent deposits received	532,051	803,930
Total	54,618,462	59,727,623

Notes to Financial Statements

For the Year ended March 31, 2019

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
32. Additional Information:		
a) Value of Imports calculated on CIF basis:		
i) Purchases of Stock in Trade	3,221,996	3,395,441
ii) Capital goods	-	-
b) Expenditure in foreign currency: (net of withholding tax)		
i) Purchases	3,221,996	3,395,441
ii) Foreign travel	7,279,029	6,241,773
c) Details of non-resident shareholdings		
i) Number of nonresident share holders	151	167
ii) Number of shares held by nonresident shareholders	485,712	247,257
iii) Amount remitted during the year in foreign currency on account of dividends	-	-
d) Earnings in foreign exchange:		
i) Software Exports & Consultancy	242,047,691	210,917,318
33. Earnings per share:		
(Basic and diluted)		
Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings per Share":		
(a) Before exceptional item		
Profit for the year after tax expense	1,627,452	4,950,763
Weighted average number of equity shares	12,894,848	12,701,561
Paid up value per share	10.00	10.00
Earnings per share (basic & diluted) (*)	0.13	0.39
(b) After exceptional item		
Profit for the year after tax expense	1,627,452	4,950,763
Add: Preference dividend payable including dividend tax	-	-
Total	1,627,452	4,950,763
Weighted average number of equity shares	12,894,848	12,701,561
Paid up value per share	10.00	10.00
Earnings per share (basic & diluted) (*)	0.13	0.39
(*) Effect of potential equity shares is antidilutive		

Notes to Financial Statements

For the Year ended March 31, 2019

34. DISCLOSURES AS PER IND AS 19 “EMPLOYEE BENEFITS”:

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under: (Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Employer’s contribution to provident & pension funds	5,076,697	5,146,186

(b) Defined Benefit Plan:

The employees’ gratuity fund scheme and leave encashment are defined benefit plans. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In lakhs)

1. Reconciliation of opening and closing balances of defined benefit obligation:	March 31, 2019		March 31, 2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit obligation at beginning of the year	109.97	49.14	87.80	47.75
Current Service Cost (*)	33.20	-	41.56	-
Interest Cost	8.23	3.36	6.37	3.46
Actuarial (gain)/ loss	(15.58)	17.18	(23.08)	11.57
Benefits Paid	(5.94)	(10.94)	(2.68)	(13.65)
Defined Benefit obligation at end of the year	129.87	58.73	109.97	49.14
2. Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Employer Contribution	-	-	-	-
Benefits paid	-	-	-	-
Actuarial gain/(loss)	-	-	-	-
Fair value of plan assets at year end	-	-	-	-
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	-	-	-	-
Present value of obligation	129.87	58.73	109.97	49.14
Amount recognized in Balance Sheet under liabilities:	129.87	58.73	109.97	49.14
Expense recognized during the year: (under “Note 31” “Employee Benefit Expenses” in the Statement of Profit and Loss)	March 31, 2019		March 31, 2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
In Income Statement:				
Current Service Cost	33.20	-	41.56	-
Interest Cost	8.23	3.36	6.37	3.46
Expected return on plan assets	-	-	-	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	(15.58)	17.18	(23.08)	11.57
Net Cost	25.84	20.54	24.85	15.03
Actuarial assumptions:	March 31, 2019		March 31, 2018	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)			
Discount rate (per annum)	7.55%	7.51%	7.69%	7.69%
Expected rate of return on plan assets (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Notes to Financial Statements

For the Year ended March 31, 2019

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period, while holding all other assumptions constant.

(₹ In lakhs)

Particulars	March 31,2019		March 31,2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 1.0%)	135.01	125.07	119.00	102.10
Change in rate of salary increase (delta effect of +/- 1.0%)	125.63	134.39	103.13	117.70
Change in rate of Mortality (delta effect of +/- 0.5%)	129.85	129.89	109.94	109.99
Change in rate of Attrition (delta effect of +/- 0.5%)	129.70	130.03	109.77	110.14

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to Financial Statements

For the Year ended March 31, 2019

35. SEGMENT REPORTING:

Primary Segments

Based on the guiding principles in Indian Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India, classification by geographic segment are the primary reportable segments, comprising of:

- i) Export
- ii) Domestic

(₹ In lakhs)		
Particulars	March 31, 2019	March 31, 2018
Revenue:		
Export *	2,420.48	2109.17
Domestic *	161.73	150.82
Net Income from Operations	2,582.21	2259.99
Add: Income from Exceptional Items/Other Income	229.12	463.38
Profit before Depreciation/Tax/Interest/Amortization :		
-from Exports	405.11	79.96
-from Domestic*	(154.48)	(153.36)
Income from Exceptional Items/Other Income	229.12	463.38
Total	479.76	389.98
Less: (1) Interest	137.36	120.68
(2) Other Unallocated Expenses	-	-
(3) Depreciation/Amortization	262.53	121.15
Profit Before Taxation	79.87	148.16

Segmental Capital Employed:

Assets and Liabilities contracted have not been identified to any of the reportable segments, as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly no disclosure relating to segments assets and liabilities are made.

36. RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Midrange Software Pte Ltd,Singapore Izmo Inc,USA Izmo Europe,BVBA	Wholly Owned subsidiary
2	Izmo France,SARL	Step down subsidiary
3	Carazoo Online Solutions Private Limited	Associates
4	Mrs. Shashi Soni Mr. Sanjay Soni Mrs. Kiran Soni Mr.Suraj Kumar Sahu	Key Management Personnel and their relatives ("KMP")
5	Aries Gases Private Limited Deep Heritage Deep Oxygen Private Limited,India Deep Investment Advisory Bangalore Private Limited Si2 Microsystems Private Limited,India D'Gipro Design Automation and Marketing Private Limited D'Gipro Systems Private Limited Hughes Precision Manufacturing Pvt Ltd	Enterprises over which key management personnel and their relatives are able to exercise significant influence

Notes to Financial Statements

For the Year ended March 31, 2019

(b) Transactions with the related parties

(₹ in Lakhs)

Particulars	Relationship	Current Year	Previous Year
Purchase of goods and services/Reimbursements:			
Si2 Microsystems Private Limited,India	Enterprises over which KMP and their relatives are able to exercise significant influence	10.28	49.31
Software Sales & Service Exports			
Izmo Inc,USA	Wholly Owned Subsidiary	-	2109.17
Midrange Software Pte Ltd,Singapore	Wholly Owned Subsidiary	-	-
Rental Income			
Si2 Microsystems Private Limited,India	Enterprises over which KMP and their relatives are able to exercise significant influence	36.11	31.09
Remuneration paid:			
Mrs. Shashi Soni	KMP	15.00	15.00
Mr. Sanjay Soni	KMP	60.00	60.00
Mrs. Kiran Soni	KMP	30.00	30.00
Mr.Suraj Kumar Sahu	KMP	6.03	5.62

(c) Outstanding balances at the end of the year:

(₹ in Lakhs)

Particulars	Relationship	As at March 31, 2019	As at March 31, 2018
Midrange Software Pte Ltd,Singapore		153.42	146.08
Izmo Inc,USA	Wholly Owned Subsidiary	113.35	2322.64
Izmo Europe,BVBA		-	-
Izmo France,SARL	Step down subsidiary	-	-
Carazoo Online Solutions Private Limited	Associates	-	19.11
Si2 Microsystems Private Limited,India	Enterprises over which key management personnel and their relatives are able to exercise significant influence	42.01	69.40
D'Gipro Design Automation and Marketing Private Limited		155.22	155.23
D'Gipro Systems Private Limited		-	-

37. OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities which is renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 97,10,020/- (Previous Year Rs. 95,59,854/-).

The details of minimum future rental payable towards non-cancelable lease agreements are as under:

(Amount in Rs.)

Particulars	March 31,2019	March 31,2018
Payable not later than year	9,233,926	10,008,779
Later than one year and not less than five years	42,510,393	45,017,861

Notes to Financial Statements

For the Year ended March 31, 2019

38. Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at March 31, 2019 and March 31, 2018:

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018 including the effect of hedge accounting.

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the some of the vendor payments and customer receivables.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2019 are as under:

Particulars	As at March 31, 2019		As at March 31, 2018	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	\$3,623,332.97	2,506.31	\$ 3630873.58 3,192,948.72	2,322.64
Liabilities (Payables)	€ 23,927.03 \$2,085,093.96	1416.83	€ 23,927.03 \$2,053,577.08	1355.02

Foreign currency sensitivity:

(Rs. in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Changes in FCY Rate by:		Changes in FCY Rate by:	
	1.00%	-1.00%	1.00%	-1.00%
Effect on Profit before tax	23.42	-23.42	23.42	-23.42

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and investing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

Notes to Financial Statements

For the Year ended March 31, 2019

39. Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Financial Assets at amortized cost:		
Investments	1,600,938,496	1,600,938,496
Trade Receivables	252,612,523	238,660,172
Other Financial Assets	49,810,717	47,101,885
Cash & cash equivalents	489,748	2,438,328
Other Bank Balances	-	-
Total Financial Assets	1,903,851,484	1,889,138,881
Financial Liabilities at amortized cost:		
Borrowings	83,073,213	111,163,217
Other Financial Liabilities	57,205,629	47,656,301
Trade Payables	142,313,429	136,454,046
Total Financial Liabilities	282,592,271	295,273,564

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values:

40. Employee Stock-Option Scheme

The Company has issued ESOP scheme under which Stock Options (ESOP), have been granted to employees. The scheme provides for equity / cash settled grants to employees whereby the employees can purchase equity shares by exercising options as vested at the exercise price specified in the grant. The options granted till March 31, 2019 have a vesting period of maximum 3 years from the date of grant.

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

(Amount in Rs.)

SI No	Particulars	March 31, 2019	March 31, 2018
i)	Employee Stock Options Expenses	8,833,871	10,217,995
	Total	8,833,871	10,217,995

41. Managerial Remuneration

(Amount in Rs.)

SI No	Particulars	March 31, 2019	March 31, 2018
i)	Salary and allowances	7,068,000	7,068,000
ii)	Contribution to Provident fund	432,000	432,000
	Total	7,500,000	7,500,000

The above amounts do not include Gratuity and Leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available. Also the above remuneration is excludes certain perquisites and allowances which are directly borne by Company.

Directors remuneration for the current year is sum of Rs.60.00 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 10th September 2016.

42. Commitments

(Amount in Rs.)

SI No	Particulars	March 31, 2019	March 31, 2018
i)	Warranty Costs on Software Sale	Not Quantified	Not Quantified
ii)	On account of Capital expenditure		
	a) Software under development	10,000,000	-
	b) Acquisition of immovable properties	56,200,000	56,200,000

Notes to Financial Statements

For the Year ended March 31, 2019

43. Contingent Liabilities (to the extent of which not provided for)

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Money for which the company is contingently liable:	-	-
Bank Guarantee*	182,000	2,179,110
*Bank Guarantee issued to Canara Bank, Customer as per terms of contract.		

Contingent Liabilities with respect to Income tax & Transfer Pricing demands in dispute (to the extent of which not provided for)

Name of the statute	Nature of dues	Demand disputed (Amt.in Rs.)	Amount Paid Under Protest (Amt.in Rs.)	AY	Forum where dispute is pending
Income-tax Act, 1961	Transfer pricing	-	-	2005-06	AO to give effect to the ITAT order
Income-tax Act, 1961	Transfer pricing	12,740,080	-	2009-10	Rectification filed with the AO; Appeal filed with the HC
Income-tax Act, 1961	Transfer pricing	36,750,932	7,000,000	2010-11	Appellate Tribunal
Income-tax Act, 1961	Transfer pricing	30,910,300	-	2011-12	Appellate Tribunal
Income-tax Act, 1961	Income-tax	8,423,520	-	2013-14	CIT(A)
Income-tax Act, 1961	Income-tax and Transfer pricing	51,033,800	10,206,761	2014-15	CIT(A)
Karnataka Value Added Tax Act, 2003	CST	389,511	389,511	FY 2010-11	KAT

44. a) Sundry Debtors includes the following amounts in respect of dues from Subsidiaries:

(Rupees in Lakhs.)

Particulars	March 31, 2019		March 31, 2018	
	Closing Balance	Maximum Balance during the year	Closing Balance	Maximum Balance during the year
Izmo Inc.	113.35	2,067.43	2,322.64	2,372.32

b) Sundry Debtors includes a sum of Rs. 7.16 crores of overseas receivables outstanding for over 180 days as at the Balance Sheet date. These overseas receivables are certainly collectible, since we have continuing business relationship based on service agreement entered into. This is getting recovered subsequently during FY 2019-20.

c) Sundry Debtors more than 180 days is computed from the date it is due for payment.

45. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on October 2, 2006, the company is required to make certain disclosure relating to Micro, Small and Small and Medium Enterprises. The company is in the process of compiling and assimilating the relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosure have been made in the Accounts.

46. The Company has filed appeals before CIT (A) against the Income tax assessment orders passed with transfer pricing adjustments for the AY 2014-15 and also filed its appeal before the Honourable High Court of Karnataka against order of the ITAT for the AY 2009-10 which are pending disposal as on Balance sheet date.

47. Balances of Sundry Debtors, Loans & Advances are subject to reconciliation and confirmation.

48. All figures have been rounded-off to the nearest Rupee. Previous Year's figures have been re-grouped/reclassified wherever necessary to conform to the current year presentation.

For and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

Kiran Saoni
Chief Financial
Officer

Suraj Kumar Sahu
Company Secretary

Guru Prakash.V
Chartered Accountant
Membership No. 228938

Place: Bangalore
Date: 30th May, 2019