Zensar Technologies Inc.
Balance Sheet
(All amounts in USD Lakhs, unless otherwise stated)

Balance Sheet as at	**Notes**	**As at March 31, 2019**	**As at March 31, 2018**
Assets			
Non-current assets			
(a) Property, plant and equipment	4	5	5
(b) Capital work-in-progress		8	1
(c) Financial assets			
i. Investments	5 (a)	1,489	908
ii. Other financial assets	5 (b)	1	0
(d) Deferred tax assets (net)	6	35	34
(e) Other non-current assets	7	1	6
Total Non-current assets		1,539	954
Current assets			
(a) Financial assets			
i. Trade receivables	5 (c)	613	416
ii. Cash and cash equivalents	5 (d)	57	35
iii. Loans	5 (e)	77	70
iv. Other financial assets	5 (f)	160	246
(b) Other current assets	8	166	30
Total current assets		1,073	797
Total assets		**2,612**	**1,751**
Equity and liabilities			
Equity			
(a) Equity share capital	9 (a)	10	10
(b) Other equity			
i. Reserves and surplus	9 (b) & 9 (c)	677	617
Total equity		687	627
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	11 (b)	143	-
ii. Other financial liabilities	11 (d)	66	8
Total non-current liabilities		209	8
Current liabilities			
(a) Financial liabilities			
i. Borrowings	11 (b)	355	88
ii. Trade payables	11 (c)	1,127	907
iii. Other financial liabilities	11 (d)	136	23
(b) Employee benefit obligations	10	38	26
(c) Other current liabilities	11 (a)	55	56
(d) Income tax liabilities (net)	12 (a)	5	16
Total current liabilities		1,716	1,116
Total liabilities		**1,925**	**1,124**
Total equity and liabilities		**2,612**	**1,751**

See accompanying notes to the financial statements
In terms of our report attached

For Chartered Accountants

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Partner
Place: Pune
Date:

Director

Place:
Date:

Director

Place:
Date:

Zensar Technologies Inc.
Statement of Profit and Loss
(All amounts in USD Lakhs, unless otherwise stated)

Statement of Profit and Loss for the	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
(a) Revenue from operations	13	2,537	2,282
(b) Other income	14	32	1
Total income		**2,569**	**2,283**
Expenses			
(a) Purchase of licenses for software applications		20	22
(b) Employee benefits expense	15	903	790
(c) Subcontracting costs		1,391	1,230
(d) Finance costs	16	39	11
(e) Depreciation and amortisation expense	17	2	2
(f) Other expenses	18	126	122
Total expenses		**2,481**	**2,177**
Profit before tax		**88**	**106**
Tax expense			
(a) Current tax	19	29	39
(b) Deferred tax		(1)	14
Total tax expense		28	53
Profit for the year		**60**	**53**
Total comprehensive income for the year		**60**	**53**
Earnings per share - [nominal value per share US$ 0.1 (March 31, 2018: US$ 0.1)]			
- Basic		29.84	26.44
- Diluted		29.84	26.44

See accompanying notes to the financial statements
In terms of our report attached

For Chartered Accountants

Partner
Place: Pune
Date:

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Director
Place:
Date:

Director
Place:
Date:

Zensar Technologies Inc.
Statement of Cash Flows for year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

Particulars	March 31, 2019		March 31, 2018	
Cash flow from operating activities				
Profit before taxation		88		106
Adjustments for:				
Depreciation and amortisation	2		2	
Dividend income	(29)		-	
Interest income	(3)		(1)	
Finance costs	39		11	
Bad Debts written off	-		1	
Provision for doubtful debts	7	16	(3)	10
Operating profit before working capital changes		**104**		**116**
Change in operating assets and liabilities				
(Increase)/ decrease in other non current financial assets	(0)		(0)	
(Increase)/ decrease in other non current assets	5		3	
(Increase)/ decrease in trade receivables	(205)		(82)	
(Increase)/ decrease in other current financial assets	86		(107)	
(Increase)/ decrease in other current assets	(136)		0	
Increase/ (decrease) in other non current financial liabilities	58		8	
Increase/ (decrease) in trade payables	217		172	
Increase/ (decrease) in other current financial liabilities	113		3	
Increase/ (decrease) in current employee benefit obligations	12		5	
Increase/ (decrease) in other current liabilities	(1)	149	18	20
Cash generated from operations		253		136
Income taxes paid (net of refunds)		(37)		(26)
Net cash inflow from operating activities		**216**		**110**
Cash flow from investing activities				
Purchase of tangible/intangible assets including capital work in progress	(9)		(4)	
Investment in Subsidiary	(581)		(60)	
Loan Given	(7)		(30)	
Interest income	3		1	
Net cash used in investing activities		**(594)**		**(93)**
Cash flow from financing activities				
Interest paid	(39)		(11)	
Proceeds / (repayment) of borrowings	410		(89)	
Dividend on equity shares and tax thereon	29		-	
Net cash used in financing activities		**400**		**(100)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-		-
Net increase/(decrease) in cash and cash equivalents		**22**		**(83)**
Cash and cash equivalents at the beginning of the year		35		118
Cash and cash equivalents at the end of the year		57		35

Notes:
a. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

b. Cash and cash equivalents comprise of:

	2018-19	2017-18
Cash on hand	-	-
Balances with banks	57	35
Total	**57**	**35**

See accompanying notes to the financial statements
In terms of our report attached

For Chartered Accountants

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Partner
Place: Pune
Date:

Director

Place:
Date:

Director

Place:
Date:

Zensar Technologies Inc.
Statement of changes in equity
(All amounts in USD Lakhs, unless otherwise stated)

Equity share capital

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
10	-	10
Balance as at April 1, 2018	**Changes in equity share capital during the year**	**Balance as at March 31, 2019**
10	-	10

Particulars	Notes	Reserves and Surplus	Total
		Retained earnings	
Balance as at April 1, 2017		**564**	**564**
Profit for the year	9 (c)	53	**53**
Total comprehensive income for the year		**53**	**53**
Balance as at March 31, 2018		**617**	**617**
Profit for the year	9 (c)	60	**60**
Total comprehensive income for the year		**60**	**60**
Balance as at March 31, 2019		**677**	**677**

See accompanying notes to the financial statements
In terms of our report attached

For Chartered Accountants

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Partner
Place: Pune
Date:

Director

Place:
Date:

Director

Place:
Date:

Zensar Technologies Inc.
Notes accompanying the financial statements as at and for the year ended March 31, 2019

1. Background

Zensar Technologies Inc. (the "Company") is engaged in providing a complete range of IT Services and Solutions. The Company's industry expertise spans across Manufacturing, Retail, Media, Banking, Insurance, Healthcare and Utilities.
The financials statements for the year ended March 31, 2019 were approved by board of directors and authorised for issue on

2. Summary of significant accounting policies

a. Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

b. Basis of preparation

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets and liabilities (including derivative instruments) which are measured at fair value;
- defined benefit plans - plan assets measured at fair value;
- share- based payments and
- assets and liabilities arising in a business combination

(ii) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current -non current classification of assets and liabilities.

c. Foreign currency translation

Functional and presentation currency:
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar (USD), which is the Company's functional and presentation currency.

d. Revenue Recognition

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, and sale of software licences.

Effective April 1, 2018, the company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1 “Significant Accounting Policies,” in the Company’s 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised only when there is transfer of control of goods and services. At the inception of every contract, transaction price and performance obligations are determined. Transaction price reflect amount of consideration expected to be received in exchange for transferring goods and services plus weighted average estimate of variable consideration i.e. discounts, rebates, price concession, rebates etc. Transactions price is allocated in a manner that depicts exchange for transferring of promised goods and service. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the transaction price to separately identifiable performance obligations based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the company uses expected cost plus margin approach in estimating the stand-alone selling price.

(i) Time and material contracts:

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

(ii) Fixed- price contracts:

Revenue from fixed-price contracts, including IT Infrastructure development and integration contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized using the “percentage-of-completion” method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. The Company uses the percentage of completion method using the input (efforts expended) method to measure the progress towards completion in respect of fixed price contracts. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.
‘Unbilled revenues’ represent earnings in excess of billings as at the end of the reporting period. ‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as ‘Advance from customers’.

(iii) Maintenance contracts:

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion. In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognized as revenue on completion of the term.

(iv) Sale of licenses:
Revenue from licenses where the customer obtains a “right to use "the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period.

e. Income Tax
Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to items directly recognized in equity or in other comprehensive income.

(i) Current Income 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 as at the reporting date and applicable for the period.
The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

(ii) Deferred Tax:
Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax assets are recognized to the extent 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 utilized.

Deferred tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred 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 all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

f. Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

As a lessee:
Operating lease: Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit or loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Deposits provided to lessors: The Company is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.
Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

g. Impairment of assets
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identificable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h. Cash and cash equivalents
For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, in banks and demand deposits with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

i. Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j. Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either though other comprehensive income, or through profit and loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Measurement

Financial assets carried at amortised cost:
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset 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 at fair value through other comprehensive income (FVOCI):
A financial asset is subsequently measured at fair value through other comprehensive income if it is 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. Further,in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss (FVTPL):
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses 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 those are measured at lifetime ECL.The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

(v) Derecognition of financial assets

The Company derecognizes 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 derecognition under IND AS 109.
- retains contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to extent of continuing involvement in the financial asset.

(vi) Income Recognition

Interest Income:
Interest income from debt instruments is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends
Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, which is generally when shareholders approve the dividend, it is probable that the ecnonomic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

(vii) Investments in subsidiaries: The Company has accounted for its investment in subsidiaries at cost.

k. Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

(ii) Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Trade and other payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as Non current liabilities unless payment is not due within 12 months after the reporting period.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

l. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforeacble right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

m. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit and loss in the reporting period in which they occur.

An item of Property, Plant & Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

The cost of property, plant and equipment not available for use before year end date are disclosed under capital work- in-progress.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Depreciation

The Company depreciates property, plant and equipment on a straight-line basis as per the useful lives prescribed under Schedule II of the Companies Act, 2013 except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

Class of asset	**Useful life as followed by the Company**
Networking Equipments and Servers (classified under Data Processing Equipments)	4 years
Laptops and Desktops (classified under Data Processing Equipments)	3 years
Office Equipments	4 years
Furniture	5 years

Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.
The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate and where appropriate.

n. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)
Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

o. Employee benefits

(i) Post-employment and pension plans

The Company has Defined Contribution Plan for Post-employment benefits for all employees in the form of 401(k) Fund and Social Security Fund. This fund is classified as defined contribution plan. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service.

(ii) Short-term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. Liabilities for wages and salaries including the amount expected to be paid under short-term cash bonus or profitsharing plans, expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year 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.

p. Contributed Equity

Equity shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

q. Earnings per share

The basic earnings per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date.

r. Amounts

(i) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

(ii) USD 1 Lakh is equal to USD 100K

s. Fair value measurement:

The company measures certain financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

t. Recent accounting pronouncements

(i) Standards issued but not yet effective

On March 30,2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value. Currently, operating lease expenses are charge to the statement of profit or loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Company is in process of evaluating the impact on the financial statements.

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The company is still evaluation the impact of this amendment on the standalone financial statements.

(iii) Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

(iv) Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is still evaluating the impact of this amendment on the standalone financial statements.

3. Critical estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

The areas involving critical estimates and/or judgements are:

a 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 total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Further, the Company uses significant judgements while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

Provisions for estimated losses, if any,on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b Income taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under note 2(e).

c 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 the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. 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. The policy for the same has been explained under Note 2(m).

d Impairment of Investments

The Company reviews its carrying value of investments in subsidiaries and other entities annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

e Provisions

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2(n).

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019

(All amounts in USD Lakhs, unless otherwise stated)

4 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and Fixtures	Office Equipments	Data Processing Equipments	Total
Gross carrying amount					
As at April 1, 2017	1	4	3	8	16
Additions	-	0	0	3	3
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Gross carrying amount as at March 31, 2018	**1**	**4**	**3**	**11**	**19**
Accumulated Depreciation					
As at April 1, 2017	0	3	3	6	12
Depreciation during the year	0	0	0	2	2
					-
Accumulated depreciation as at March 31, 2018	**0**	**3**	**3**	**8**	**14**
Net carrying amount as at March 31, 2018	**1**	**1**	**0**	**3**	**5**

Particulars	Leasehold Improvements	Furniture and Fixtures	Office Equipments	Data Processing Equipments	Total
Gross carrying amount					
As at April 1, 2018	1	4	3	11	19
Additions	-	-	1	1	2
Gross carrying amount as at March 31, 2019	**1**	**4**	**4**	**12**	**21**
Accumulated Depreciation					
As at April 1, 2018	0	3	3	8	14
Depreciation during the year	1	0	0	1	2
Disposals	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**1**	**3**	**3**	**9**	**16**
Net carrying amount as at March 31, 2019	**0**	**1**	**1**	**3**	**5**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

5 Financial assets

(a) Non-current investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investments carried at cost		
Investment in equity instruments of subsidiary companies - Unquoted		
PSI Holding Group Inc.		
100 (March 31, 2018: 100) Shares of an aggregate cost of US$ 0.01 (March 31, 2018: US$ 0.01) of the common stock of no par value	683	683
Professional Access Limited		
139 (March 31, 2018: 139) Shares of an aggregate cost of US$ 1(March 31, 2018: US$ 1) of the common stock of no par value	165	165
Keystone Logic Inc		
50,000,000 (March 31, 2018: 50,000,000) Shares of an aggregate cost of US$ 0.001 of the common stock of no par value (refer note 25)	60	60
Cynosure, Inc.	326	-
8,500,000 (March 31, 2018: Nil) Shares of an aggregate cost of US$ 0.001 of the common stock of no par value (refer note 25)		
Indigo Slate, Inc.	255	-
42,170,732 (March 31, 2018: Nil) Shares of an aggregate cost of US$ 0.01 of the common stock of no par value (refer note 25)		
Keystone Logic Mexico, S. DE R.L. DE C.V.	0	-
2 (March 31, 2018: Nil) Shares each of Peso 497,716 and Peso 1, fully paid up of Class A (fixed capital) in Keystone Logic Mexico, S. DE R.L. DE C.V.		
1 (March 31, 2018: Nil) Share of Peso 0, fully paid up of Class B (variable capital) in Keystone Logic Mexico, S. DE R.L. DE C.V.		
(refer note 22A(i)(III))		
Keystone Technologies Mexico, S. DE R.L. DE C.V.	0	-
2 (March 31, 2018: Nil) Shares each of Peso 497,716 and Peso 1, fully paid up of Class A (fixed capital) in 'Keystone Technologies Mexico, S. DE R.L. DE C.V.		
1 (March 31, 2018: Nil) Share of Peso 0, fully paid up of Class B (variable capital) in 'Keystone Technologies Mexico, S. DE R.L. DE C.V.		
(refer note 22A(i)(IV))		
Total	**1,489**	**908**

5 (b) Other financial assets : Non current

(Unsecured and considered good unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	1	0
Total	**1**	**0**

5 (c) Trade receivables

(Unsecured and considered good unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
- Considered good	613	416
- Credit impaired	11	4
Less: Allowance for credit loss	(11)	(4)
Total receivables	**613**	**416**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

5 (d) Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks :		
- In current accounts	57	35
Total	**57**	**35**

5 (e) Loans : Current
(Unsecured and considered doubtful)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans to related parties [refer note 22]	77	70
Total	**77**	**70**

5 (f) Other financial assets : Current
(Unsecured and considered good unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled Revenues	90	201
Contractually Reimbursable Expenses	65	44
Interest receivable on loans	4	1
Security Deposits	1	-
Total	**160**	**246**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

6 Deferred Tax Asset (net)

The components of deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
The major components of the deferred tax asset are:		
Non Deductible ESOP	5	1
Leave Encashment	10	9
Provision for Doubtful Debts	3	1
Unamortised Portion of Goodwill as per IndAS	11	13
Expenses allowed on payment basis	7	11
	36	**35**
The major components of the deferred tax liability are:		
Unrealised Gain	-	0
Depreciation	1	1
	1	**1**
Net deferred tax asset / (liability)	**35**	**34**

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(i) Movement in deferred tax assets

Particulars	Leave encashment	Non Deductible ESOP	Provision for doubtful debts	Unamortised Goodwill as per Ind AS	Provision for expenses allowable on payment basis	Total
As at April 1, 2017	**8**	**-**	**3**	**25**	**12**	**48**
(Charged)/credited:						
- to statement of profit and loss	1	1	(2)	(12)	(1)	(13)
As at March 31, 2018	**9**	**1**	**1**	**13**	**11**	**35**
(Charged)/credited:						
- to statement of profit and loss	1	4	2	(2)	(4)	1
As at March 31, 2019	**10**	**5**	**3**	**11**	**7**	**36**

(ii) Movement in deferred tax liabilities

Particulars	Depreciation	Unrealised Gain	Total
As at April 1, 2017	**0**	**0**	**0**
(Charged)/credited:			
- to statement of profit and loss	1	0	**1**
As at March 31, 2018	**1**	**0**	**1**
(Charged)/credited:			-
- to statement of profit and loss	(0)	(0)	**(0)**
As at March 31, 2019	**1**	**-**	**1**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

7 Other non-current assets

(Unsecured and considered good unless otherwise stated)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Prepaid expenses	1	6
Total	**1**	**6**

8 Other Current assets

(Unsecured and considered good unless otherwise stated)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Unbilled Revenues	111	-
Advances other than capital advances:		
- advances to employees	2	1
- advances to suppliers	29	17
Others:		
- Prepaid expenses	14	11
- Others #	10	1
Total	**166**	**30**

Others include Loans to employees

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

9 (a) Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Issued, subscribed and Paid up :		
200,000 equity shares at no par value (200,000 shares at no par value at March 31, 2018)	10	10
Total	**10**	**10**

(i) Reconciliation of the shares outstanding as at the beginning and at the end of the year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos	USD lakhs	Nos	USD lakhs
At the beginning of the year	200,000	10	200,000	10
Changes during the year	-	-	-	-
Outstanding at the end of the year	**200,000**	**10**	**200,000**	**10**

(ii) Details of shareholders holding more than 5% of the aggregate shares in the company

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	%	Number of shares	%	Number of shares
Zensar Technologies Limited	100	200,000	100	200,000

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

9 (b) Reserves and surplus:

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings	677	617
Total reserves and surplus	**677**	**617**

9 (c) Movement of Reserves and surplus

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings		
Balance as at the beginning of the year	617	564
Add: Profit for the year	60	53
Balance as at the end of the year	**677**	**617**

9 (d) Nature and purpose of each reserve within equity:

(i) Retained earnings:
Retained earnings represents Company's undistributed earnings after taxes.

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

10 Employee benefit obligations

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Provision for compensated absences	38	26
Total	**38**	**26**

(i) Defined contribution plans:

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	As at March 31, 2019	As at March 31, 2018
Contribution to Employees' Social Security Fund	41	37
Contribution to Employees' 401(K) Fund	12	11
Contribution to Employees' Medicare Fund	10	9

11 (a) Other Current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Unearned Revenue	52	54
Statutory Dues	1	1
Interest accrued on borrowings	2	1
Total	**55**	**56**

11 (b) Borrowings

Particulars	Maturity date	Terms of repayment	As at March 31, 2019	As at March 31, 2018
Non Current borrowings				
From Banks # *	Nov'2018 to Sep'2022	Six Monthly Installments	200	-
Total Non Current borrowings			**200**	**-**
Less: Current maturities of term loan			57	-
Non Current borrowings			**143**	**-**
Current borrowings				
From Banks *	NA	Payable on Demand	65	-
From Banks # *	Jul-19	Payable within one year from first drawdown date	160	-
From Related Parties	NA	NA	130	88
Current borrowings			**355**	**88**

Secured by:
Guarantee given by Zensar Technologies Limited
* Present and future right, tilte and interest of the Company's Assets, current and future.

11 (c) Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables**	1,127	907
Total	**1,127**	**907**

** Trade payables include payable to related parties (Refer note 22)

11 (d) Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Accrued salary and benefits	6	8
Contingent consideration payable (refer note 25)	60	-
Total non - current financial liabilities	**66**	**8**
Current		
Current maturities of term loan	57	-
Accrued salary and benefits	42	22
Contingent consideration payable (refer note 25)	36	-
Others	1	1
Total other current financial liabilities	**136**	**23**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

12(a) Income taxes

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Income tax assets (net)	-	-
Income tax liabilities (net)	5	16
Net current income tax assets / (liability)	**(5)**	**(16)**

12(b) Movement

The gross movement in the income tax asset /(liability) is as follows:

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Net current income tax asset / (liability) at the beginning	(16)	(22)
Income tax paid	37	26
Current income tax expense (refer note 19(i))	(27)	(35)
Adjustment for current tax of prior periods (refer note 19 (i))	(2)	(3)
Group Relief Tax Aggregation	3	16
Others	-	2
Net current income tax asset / (liability) at the end	**(5)**	**(16)**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

13 Revenue from operations

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Software development and allied services	2,537	2,282
Total revenue from operations	**2,537**	**2,282**

13 a. Disclosure as per Ind AS 115

(a) Revenue for year ended March 31, 2019

Disclosures	Year ended March 31, 2019	Year ended March 31, 2018
Software development and allied services	2,515	2,258
Sale of licenses for software applications	22	24

(b) Disaggregate revenue information - for Year ended March 31, 2019

The table below presents disaggregated revenues from contracts with customers by geography, offerings and contract-type

Particulars	Verticals	
	IMS	AMS
Revenue by Geography		
-America	192	2,211
-Europe	0	20
- Rest of the world	1	113
Revenue by Contract Type		
-Fixed Price/ Fixed Price monthly Contracts	93	1,780
-Time and Material	100	564

(c) Trade Receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as either receivable or as unbilled revenue

A receivable is right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognised on a straight line basis over the period of contract. Revenue in excess of billing is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to clients is based on milestones as defined in then contract. This would result in timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial assets as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings is classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in Balance Sheet.

During the year ended March 31, 2019 , the company recognized revenue of **USD 145 Thousands** arising from opening unearned revenue as of April 1, 2018.

During the year ended March 31, 2019 , **USD 9,895 Thousands** Of unbilled revenue pertaining to fixed price development contracts as of April 1, 2018 has been reclassified to Trade Receivable upon billing to customers on billing of milestones

(All amounts in USD Lakhs, unless otherwise stated)

(d) Performance obligations and remaining performance obligations

The remaining performance obligation disclosures provide the aggregate amount of transaction price yet to be recognized as of the end of the reporting period and an explanation as to when company expects to recognize these amounts as revenue. Applying the practical expedients as given in INDAS 115, the company has not disclosed the remaining performance obligations related disclosures where the revenue recognized corresponds directly with the value to customer of the entity's performance completed to date, typically those contracts where invoicing is on the basis of time and material basis. Remaining performance obligation are subject to change and are affected by several factors, including terminations , changes in the scope of contracts, periodic revalidations, adjustment of revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019 other than those meeting the exclusion criteria mentioned above, is **USD 2,327 Thousands.** Out of this company expects to recognize the revenue of around **100%** within next year. This includes contracts that can be terminated for convenience without substantive penalty since, based on the current assessment the occurrence of same is expected to be remote.

(e) Impact of applying erstwhile INDAS 115 -Revenue instead of INDAS 18- Revenue from Contract with customers

The impact on account of applying the erstwhile INDAS 115 Revenue standard instead of Ind AS 18 Revenue from contract with customers on the financials results of the company for the period ended March 31, 2018 is insignificant. On account of adoption of Ind AS 115, unbilled revenues of **USD 11,131 Thousands** as at March 31, 2019 has been considered as a Non financial asset.

14 Other income

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Interest Income from financial assets - Carried at amortised cost		
Interest income on loan to subsidaries	3	1
Other interest income	-	0
Dividend Income on investments carried at cost		
- From subsidiaries	29	-
Net foreign exchange gain / (loss)	(0)	0
Miscellaneous Income	0	0
Total	**32**	**1**

15 Employee benefit expense

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Salaries, wages and bonus	786	686
Contribution to provident and other funds (Refer note 10)	64	57
Employee share-based payment expense	16	5
Staff welfare expenses	37	42
Total	**903**	**790**

16 Finance Costs

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Interest on loans	20	3
Interest on fair value of Contingent Consideration	11	-
Bank charges	8	8
Total	**39**	**11**

(All amounts in USD Lakhs, unless otherwise stated)

17 Depreciation and amortisation expense

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Depreciation of Property, plant and equipment	2	2
Total	**2**	**2**

18 Other expenses

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Travelling and conveyance	26	34
Recruitment expenses	11	9
Training expenses	0	2
Electricity and power	-	0
Rent	7	5
Repairs and maintenance to :		
-Data Processing Equipment	1	0
-Others	1	3
Insurance	4	3
Rates and taxes	4	4
Legal and professional charges	44	47
Communication expenses	10	11
General Office Expenses	0	0
Advertisement and publicity	6	2
Allowance for doubtful debts		
- Provided during the year	7	0
- Bad debts written off	-	1
- Less: Reversed during the year	(0)	(3)
	7	**(2)**
Miscellaneous expenses	5	4
Total	**126**	**122**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

19 Tax expense

This note provides an analysis of Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non- assessable and non-deductible items. It also explains significant estimates made in relation to Company's tax positions

(i)

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Income tax expense		
Current Tax		
Current tax on profits for the year	27	35
Adjustment for current tax of prior periods	2	3
Total current tax expense	**29**	**39**
Deferred tax		
Decrease / (increase) in deferred tax assets	(1)	14
(Decrease) / increase in deferred tax liabilities	-	-
Total deferred tax expense / (benefit)	**(1)**	**14**
Income tax expense	**28**	**53**

(ii) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate in USA:

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Profit before taxes	88	106
Enacted income tax rate in USA	21.00%	30.75%
Computed expected tax expenses	**18**	**33**
Effect of income exempt from tax	-	1
Effect of non deductible expenses	4	1
Changes in unrecognized deferred tax assets (net)	-	14
Income taxed at higher/(lower) rates	(2)	1
Income tax relating to prior years	2	3
Others	6	(0)
Profit After Tax	**28**	**53**

20 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

(a) Market Risk

(i) Sensitivity - Interest rate risk exposure

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	March 31, 2019	**March 31, 2018**
Interest rates - increase by 50 basis points (50 bps)	2.19	0.04
Interest rates - decrease by 50 basis points (50 bps)	(2.19)	(0.04)

(ii) Foreign currency risk

The Company's exposure to foreign currency risk as of March 31, 2019 expressed in USD, is as follows:

Particulars	**As at March 31, 2019**				
	EUR	**GBP**	**PLN**	**Other currencies**	**Total**
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	7	-	3	-	10
Other assets	-	16	-	-	16
Financial liabilities					
Trade payables	-	-	-	0	0
Accrued expenses	-	-	-	-	-
Employee benefit obligations	-	-	-	-	-
Other liabilities	-	-	-	-	-
Net assets / (liabilities)	**7**	**16**	**3**	**(0)**	**26**

(b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 613 lakhs and USD 416 lakhs as of March 31, 2019 and March 31, 2018, respectively and unbilled revenue amounting to USD 201 lakhs and USD 201 lakhs as of March 31, 2019 and March 31, 2018, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of IND AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The company uses a matrix to compute the expected credit loss allowance for trade receivables and unbilled revenue. The provision matrix takes into account available external and internal credit risk factors and company's historical experience for customers.

ba The following table gives details in respect of percentage of revenues generated from top customer and top five customers, other than related parties:

	Year ended March 31, 2019	**Year ended March 31, 2018**
Revenue from top customer	52.3%	51.2%
Revenue from top five customers	63.7%	65.5%

bb The allowance for life time expected credit loss on customer balances for the year ended March 31, 2019 and March 31, 2018 was USD 11 lakhs and USD 4 lakhs, respectively. The increase of allowance for life time expected credit loss on customer balances for the year ended March 31, 2019 was USD 7 lakhs and credit gain of USD 2 lakhs for the year ended March 31, 2018

	March 31, 2019	**March 31, 2018**
Balance at the beginning of the year	**4**	**7**
Allowance for doubtful debts	7	0
Reversal of Allowances for Doubtful Debts	(0)	(3)
Balance at the end	**11**	**4**

The Company's credit period generally ranges from 60-90 days

	March 31, 2019	**March 31, 2018**
Trade receivables	613	416
Unbilled revenues	201	201
Days sales outstanding - DSO (days)	117	99

bc Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2019, cash and cash equivalents are held with major banks and financial institutions.

ca The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date. The amounts include estimated interest payments and exclude the impact of netting agreements, if any.

	As at March 31, 2019				
	Contractual cash flows				
	Carrying value	**Less than 1 year**	**1-2 years**	**2-4 years**	**Total**
Borrowings	555	412	57	86	555
Trade payables	1,127	1,127	-	-	1,127
Other liabilities	202	136	66	-	202

Particulars	**As at March 31, 2018**				
	Contractual cash flows				
	Carrying value	**Less than 1 year**	**1-2 years**	**2-4 years**	**Total**
Borrowings	88	88	-	-	88
Trade payables	907	907	-	-	907
Other liabilities	31	23	8	-	31

21 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 capital structure of the Company consists of net debt (borrowings as detailed in notes 11(b) and 5(d) offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. 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. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders.

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

22 Related party disclosures

A List of related parties

Zensar Technologies Limited (Holding Company)

(i) List of subsidiaries

Name	Country of Incorporation	Relationship
PSI Holding Group, Inc	United States of America	100% Subsidiary
Professional Access Limited	United States of America	100% Subsidiary
Keystone Logic Inc.	United States of America	100% Subsidiary
Cynosure Inc. (Refer note (I) below)	United States of America	100% Subsidiary
Indigo Slate Inc. (Refer note (II) below)	United States of America	100% Subsidiary
Keystone Logic Mexico, S. DE R.L. DE C.V. (Refer note (III) below)	Mexico	100% Subsidiary
Keystone Technologies Mexico, S. DE R.L. DE C.V. (Refer note (IV) below)	Mexico	100% Subsidiary
Zensar Technologies IM Inc.	United States of America	100% Step-down Subsidiary
Zensar Technologies IM B.V.	Netherlands	100% Step-down Subsidiary
Cynosure APAC Pty Ltd	Australia	100% Step-down Subsidiary
Zensar Info Technologies (Singapore) Pte. Limited	Singapore	Fellow Subsidary
Zensar Information Technologies Limited (Refer note (V) below)	India	Fellow Subsidary
Zensar Software Technologies Limited (Refer note (V) below)	India	Fellow Subsidary
Zensar IT Services Limited (Refer note (V) below)	India	Fellow Subsidary
Foolproof Limited	United Kingdom	Fellow Subsidary
Knit Limited	United Kingdom	Fellow Subsidary
Foolproof (SG) Pte Limited	Singapore	Fellow Subsidary
Zensar Technologies (Singapore) Pte. Limited	Singapore	Fellow Subsidary
Zensar (Africa) Holdings Proprietary Limited	South Africa	Fellow Subsidary
Zensar Technologies (Shanghai) Company Limited	China	Fellow Subsidary
Zensar Technologies (UK) Limited	United Kingdom	Fellow Subsidary
Zensar Advanced Technologies Limited ((Refer note (VI) below)	Japan	Fellow Subsidary
Zensar (South Africa) Proprietary Limited	South Africa	Fellow Subsidary
Cynosure Interface Sevices Private Limited	India	Fellow Subsidary

Notes:
(I) The Company, on 13th April 2018 through agreement dated 21st March 2018, completed the acquisition of:
- acquiring 100 % stake in Cynosure Inc. Accordingly, Cynosure Inc. became 100 % subsidiary of Zensar Technologies Inc wef 13th April 2018.

(II) The Company, on 8th August 2018 through agreement dated 27th July 2018, completed the acquisition of:
- acquiring 100 % stake in Indigo Slate Inc. Accordingly, Indigo Slate Inc. became 100 % subsidiary of Zensar Technologies Inc wef 8th August 2018.

(III) Pursuant to the Board Resolution dated 26th September 2018, the Company has subscribed to 100 % stake in Keystone Logic Mexico, S. DE R.L. DE C.V. The Payment for subscription was effected on 30th November 2018. Accordingly, Keystone Logic Mexico, S. DE R.L. DE C.V. has become 100 % subsidiary of Zensar Technologies Inc wef 30th November 2018.

(IV) Pursuant to the Board Resolution dated 26th September 2018, the Company has subscribed to 100 % stake in Keystone Technologies Mexico, S. DE R.L. DE C.V. The Payment for subscription was effected on 30th November 2018. Accordingly, Keystone Technologies Mexico, S. DE R.L. DE C.V. has become 100 % subsidiary of Zensar Technologies Inc wef 30th November 2018.

(V) In FY 2017-18, the company incorporated 3 100% subsidiaries in India namely Zensar Information Technologies Limited, Zensar Software Technologies Limited and Zensar IT Services Limited.

(VI) Zensar Advanced Technologies Limited (company's 100% subsidiary in Japan), has been voluntarily liquidated as per the local laws in Japan.
The company has applied to RBI for approval for write off from the books of accounts and waiting for their approval.

(ii) Key Management Personnel

Name	Designation
Sandeep Kishore	Chief Executive Officer and Managing Director

(iii) Entities where Key management personnel either have significant influence or are members of key management

Name	Nature
RPG Enterprises Harrisons Malayalam Limited KEC International Limited Raychem RPG Limited RPG Life Sciences Limited RPG Foundation CEAT limited	Entities where key management personnel have significant influence

B Transactions with Related Parties

Sr. No.	Particulars	Volume of transactions during the year ended		Amount outstanding as on			
		March 31, 2019	March 31, 2018	March 31, 2019		March 31, 2018	
				Receivable	Payable	Receivable	Payable
A.	**Revenue from rendering services**						
(i)	Zensar Technologies Limited	922	849	-	916	-	744
(ii)	Zensar Technologies (UK) Limited	26	23	-	26	-	13
(iii)	Zensar Technologies (Shanghai) Co.Limited	-	-	-	0	-	0
	Total of Revenue from rendering services	**948**	**872**	**-**	**942**	**-**	**757**
B	**Reimbursement of expenses by the Company**						
(i)	Zensar Technologies Limited	50	27	-	12	-	0
(ii)	Zensar Technologies IM Inc	33	(10)	-	51	-	34
(iii)	Professional Access Limited	25	28	-	9	-	5
(iv)	Foolproof Ltd	0	0	-	-	-	-
(v)	Keystone Logic Inc.	(4)	-	-	(4)	-	-
(vi)	Cynosure Inc.	3	-	-	3	-	-
(vii)	Indigo Slate Inc.	0	-	-	0	-	-
(viii)	PSI Holding Group Inc.	(0)	-	-	(0)	-	-
	Total of Reimbursement of expenses incurred	**107**	**45**	**-**	**71**	**-**	**39**
C.	**Reimbursement of expenses to the Company**						
(i)	Zensar Technologies (UK) Limited	31	0	16	-	1	-
(ii)	Zensar Technologies IM Inc	35	19	56	-	18	-
(iii)	Professional Access Ltd	9	30	1	-	16	-
(iv)	Zensar Technologies (Shanghai) Co. Ltd.	-	-	2	-	2	-
(v)	Keystone Logic Inc.	6	2	1	-	2	-
(vi)	PSI Holding Group Inc.	0	1	1	-	1	-
(vii)	Cynosure Inc.	1	-	1	-	-	-
(viii)	Zensar (South Africa) Proprietary Limited	0	-	0	-	-	-
	Total of Reimbursement of expenses incurred	**82**	**53**	**77**	**-**	**40**	**-**
D.	**Loans granted/ (repaid)**						
(i)	Zensar Technologies IM Inc	-	30	70	-	70	-
(ii)	Indigo Slate Inc.	7	-	7	-	-	-
	Total of loans granted/ (repaid)	**7**	**30**	**77**	**-**	**70**	**-**
D.a	**Loans Payable**						
(i)	Zensar Technologies (UK) Limited	20	45	-	65	-	45
(ii)	Keystone Logic Inc.	15	15	-	30	-	15
(iii)	Professional Access Ltd - USA	8	28	-	35	-	28
	Total Payable	**43**	**88**	**-**	**130**	**-**	**88**
E.	**Advances Given**						
(i)	Zensar Technologies IM Inc	-	-	-	-	5	-
(ii)	Keystone Technologies Mexico, S. DE R.L. DE C.V.	0	-	0	-	-	-
		0	**-**	**0**	**-**	**5**	**-**
F.	**Interest Payable**						
(i)	Zensar Technologies (UK) Limited	2	0	-	2	-	0
(ii)	Keystone Logic Inc.	1	0	-	1	-	0
(iii)	Professional Access Ltd - USA	1	0	-	0	-	0
	Total of interest Expenses	**4**	**0**	**-**	**3**	**-**	**0**
G.	**Interest Receivable**						
(i)	Zensar Technologies IM Inc	2	-	3	-	-	-
(ii)	Indigo Slate Inc.	0	-	0	-	-	-
	Total of interest Income	**2**	**-**	**4**	**-**	**-**	**-**
G.	**Dividend Receivable**						
(i)	Professional Access Ltd	19	-	-	-	-	-
(ii)	Keystone Logic Inc.	10	-	-	-	-	-
	Total of interest Income	**29**	**-**	**-**	**-**	**-**	**-**
H.	**Compensation of Key management personnel**	**Sandeep Kishore**					
		March 31, 2019	**March 31, 2018**				
(i)	Short Term Benefits	18	15	-	-	-	-
(ii)	Long-term Employee benefits	-	0	-	-	-	-
	Total Key management personnel compensation	**18**	**15**	**-**	**-**	**-**	**-**

(All amounts in USD Lakhs, unless otherwise stated)

23 Segment reporting

Segment information has been presented in the Consolidated Financial Statements as permitted by Indian Accounting Standard Ind AS 108, Operating Segments as notified under the Companies (Indian Accounting Standard) Rules, 2015.

24 Fair value measurements

Financial instruments by category:

Particulars	March 31, 2019			March 31, 2018		
	FVPL	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial assets						
Investments	-	-	-	-	-	-
Trade receivables	-	-	613	-	-	416
Cash and cash equivalents	-	-	57	-	-	35
Loans	-	-	77	-	-	70
Security deposits	-	-	1	-	-	0
Unbilled revenue	-	-	90	-	-	201
Others	-	-	69	-	-	45
Total financial assets	**-**	**-**	**906**	**-**	**-**	**767**
Financial liabilities						
Borrowings	-	-	498	-	-	88
Trade payables	-	-	1,127	-	-	907
Contingent Consideration payable	96	-	-	-	-	-
Other financial liabilities	-	-	106	-	-	31
Total financial liabilities	**96**	**-**	**1,731**	**-**	**-**	**1,026**

Above excludes investments in subsidiaries accounted as per cost model as prescribed under paragraph 10 of Ind AS 27 "Separate Financial Statements".

(i) Fair value hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are
(a) recognised and measured at fair value, and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.
To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchange is valued using the closing price as at the reporting period.

Level 2: Fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument as observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification assets.

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the level 2 financial instruments included in the above tables:

Derivative instruments: The Company enters into foreign currency forward contracts with banks with investment grade credit ratings. These are valued using the forward pricing valuation technique, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates. As at March 31, 2019, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

(iii) As per Ind AS 107 "Financial Instrument:Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. Accordingly fair value disclosures have not been made for the following financial instruments:-

1. Trade receivables
2. Cash and cash equivalent
3. Loans to related parties
4. Security deposits
5. Unbilled revenue
6. Contractually reimbursable expenses
7. Interest accrued on loans
8. Borrowings
9. Trade payables
10. Employee dues
11. Other Payables

25 Business Combination

(a) Business combination occurring in the current reporting period:

i. The Company entered into Share Purchase Agreement dated March 21, 2018 to acquire 100% equity of Cynosure Inc., a USA based IT company for purchase consideration of USD 31 million payable upfront and balance amount of USD 28 million being earn-outs, subject to performance targets over 24 months.
The above mentioned acquisitions has been consummated in April 2018.

Details of the purchase consideration, assets and liabilities recognised and goodwill are as follows:

Particulars	**Fair Value USD Million**
Cash paid	32.60
Contingent consideration	-
Total purchase consideration	**32.60**
The assets and liabilities recognised as a result of the	
Intangible asset- Non compete agreements	0.94
Intangible asset- Customer relationship	11.29
Intangible asset- Brand	2.92
Intangible asset- Computer Software	0.01
Office Equipments	0.00
Data processing equipments	0.02
Other net current assets	2.97
Net identifiable assets acquired	**18.15**
Goodwill	**14.45**

ii. The Company entered into a Share Purchase Agreement dated July 27, 2018 to acquire 100% equity in Indigo Slate, Inc ("Indigo Slate"), a USA based IT company for purchase consideration of USD 18 million payable upfront and deferred consideration of an amount upto USD 27 million, subject to performance targets over 36 months.
The above mentioned acquisition has been consummated in August 2018.

Details of the purchase consideration, assets and liabilities recognised and goodwill are as follows:

Particulars	**Fair Value USD Million**
Cash paid	17.08
Contingent consideration	8.47
Total purchase consideration	**25.55**
The assets and liabilities recognised as a result of the	
Intangible asset- Non compete agreements	0.73
Intangible asset- Customer relationship	16.64
Other net current assets	0.11
Net identifiable assets acquired	**17.48**
Goodwill	**8.07**

Zensar Technologies Inc.
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in USD Lakhs, unless otherwise stated)

26 Commitments

(a) Non- cancellable operating leases

The Company has taken on lease certain facilities and equipment under operating lease arrangements that expire over the next five years. Rental expense incurred by the Company under operating lease agreements totalled approximately USD 7 Lakhs (March 31, 2018 USD 5 Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Future minimum lease payments in respect of non-cancellable operating leases		
Not later than one year	6	5
Later than one year and not later than five years	19	11

27 Earnings per share

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Profits attributable to equity shareholders (USD lakhs)	60	53
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	2	2
Basic EPS (USD.)	**29.84**	**26.44**
Diluted Earnings Per Share		
Weighted average number of equity shares outstanding during the year	2	2
Effect of dilutive issue of stock options	-	-
Weighted average number of equity shares outstanding for diluted EPS	2	2
Diluted EPS (USD.)	**29.84**	**26.44**

For and on behalf of the Board of Directors of
Zensar Technologies Inc.

Director **Director**

Place: Place:
Date: Date: