Zensar Technologies IM BV
Balance Sheet
(All amounts in EURO Thousands, 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	-	1
(b) Other non-current financial assets	5 (a)	9	9
(c) Deferred tax assets (net)	6	5	-
(d) Other non-current assets	7	1	0
Total Non-current assets		15	10
Current assets			
(b) Financial assets			
i. Trade receivables	5 (b)	17,625	13,714
ii. Cash and cash equivalents	5 (c)	796	1,718
iii. Other financial assets	5 (d)	381	653
(c) Other current assets	8	201	78
Total current assets		19,003	16,163
Total assets		**19,018**	**16,173**
Equity and liabilities			
Equity			
(a) Equity share capital	9	18	18
(b) Other equity			
i. Reserves and surplus	9 (b) & 9 (c)	2,369	1,833
Total equity		2,388	1,851
Liabilities			
Current liabilities			
(a) Financial liabilities			
i. Trade payables	10	15,003	12,565
ii. Other financial liabilities	11	40	31
(b) Employee benefit obligations	12	53	147
(c) Other current liabilities	13	1,396	1,353
(d) Income tax liabilities (net)	14	139	226
Total current liabilities		16,631	14,322
Total liabilities		**16,631**	**14,322**
Total equity and liabilities		**19,018**	**16,173**

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 IM B.V.

Director

Director

Partner
Place:
Date:

Place:
Date:

Zensar Technologies IM BV
Statement of Profit and Loss
(All amounts in EURO Thousands, 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	15	5,382	6,697
(b) Other income	16	106	99
Total income		**5,488**	**6,796**
Expenses			
(a) Employee benefits expense	17	1,216	1,339
(b) Subcontracting costs		1,566	1,039
(c) Finance costs	18	7	8
(d) Depreciation and amortisation expense	19	1	5
(e) Other expenses	20	2,146	4,435
Total expenses		**4,936**	**6,826**
Profit before tax		**552**	**(30)**
Tax expense			
(a) Current tax	21	21	-
(b) Deferred tax		(5)	-
Total tax expense		16	-
Profit/ (Loss) for the year		**536**	**(30)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**536**	**(30)**
Earnings per share - [nominal value per share Euro 1 (March 31, 2019: Euro 1)]			
- Basic and Diluted		30	(2)

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 IM BV

Partner
Place:
Date:

Director

Director

Place: Pune
Date:

Zensar Technologies IM BV
Statement of changes in equity
(All amounts in EURO Thousands, 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
18	-	18
Balance as at April 1, 2018	**Changes in equity share capital during the year**	**Balance as at March 31, 2019**
18	-	18

Particulars	Notes	Reserves and Surplus	Total
		Retained earnings	
Balance as at April 1, 2017		**1,863**	**1,863**
Profit for the year	9 (c)	(30)	**(30)**
Total comprehensive income for the year		**(30)**	**(30)**
Balance as at March 31, 2018		**1,833**	**1,833**
Profit for the year	9 (c)	536	**536**
Total comprehensive income for the year		**536**	**536**
Balance as at March 31, 2019		**2,369**	**2,369**

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 IM BV

Partner
Place:
Date:

Director

Director

Zensar Technologies IM B.V.
Statement of Cash Flows for year ended March 31, 2019
(All amounts in EURO Thousands, unless otherwise stated)

Particulars	**Year ended March 31, 2019**		**Year ended March 31, 2018**	
Cash flow from operating activities				
Profit before taxation		552		(30)
Adjustments for:				
Depreciation and amortisation	1		5	
Finance costs	7		8	
Allowance for doubtful debts	(230)		499	
Allowance for doubtful advances and deposits	-		34	
Unrealised exchange gains / (loss)	(14)	(236)	(23)	523
Operating profit before working capital changes		**316**		**494**
Change in operating assets and liabilities				
(Increase)/ decrease in other non current assets	(0)		81	
(Increase)/ decrease in trade receivables	(3,618)		2,248	
(Increase)/ decrease in other current financial assets	272		160	
(Increase)/ decrease in other current assets	(123)		(22)	
Decrease / (increase) in Inventories	-		5	
Increase/ (decrease) in trade payables	2,391		(1,500)	
Increase/ (decrease) in other current financial liabilities	9		(181)	
Increase/ (decrease) in employee benefit obligations	(95)		45	
Increase/ (decrease) in other current liabilities	43	(1,121)	(543)	294
Cash generated from operations		(805)		787
Income taxes paid (net of refunds)		(108)		(24)
Net cash inflow from operating activities		**(913)**		**763**
Net cash used in investing activities		-		-
Cash flow from financing activities				
Interest paid	(7)		(8)	
Net cash used in financing activities		**(7)**		**(8)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(2)		(111)
Net increase/(decrease) in cash and cash equivalents		**(922)**		**644**
Cash and cash equivalents at the beginning of the year		1,718		1,074
Cash and cash equivalents at the end of the year		796		1,718

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:

	As at March 31, 2019	**As at March 31, 2018**
Balances with banks	796	1,718
Total	**796**	**1,718**

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 IM B.V.

Hemant M. Joshi
Partner
Place: Pune
Date:

Director

Director

Place:
Date:

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

1. Background

Zensar Technologies IM B.V. (erstwhile Akibia BV) provides information technology services in the following areas: IT hardware maintenance, outsourcing, consulting and other professional services for the support of data centers. Through its Product business, the Company delivers secure network infrastructure solutions to improve productivity, network security and efficiency, through consulting services, telephone support, and the resale of security and networking software and devices, and related maintenance.

2. Summary of significant accounting policies

a. Basis of preparation

(i) 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.

(ii) 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

(iii) 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.

b. Foreign currency translation

(i) 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 Euro, which is the Company's functional and presentation currency.

(ii) Transactions and balances

- Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Profit or Loss and reported within foreign exchange gains/(losses), except when deferred in other comprehensive income as qualifying cash flow hedges.

- A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

- Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

c. 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 2(d) "Summary of Significant Accounting Policies," in the Company's 2018 financial statements 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 or 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. Transaction 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 service 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 network and security products:

Revenue from sale of network and security products are recognized when the control have been transferred to the buyer, the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Company.

d. 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. The Company has jurisdiction in Netherlands.

(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.

e. 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.

As a lessee:

Finance Lease: Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

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.

f. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 identifiable 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.

g. Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include balances with banks, which are subject to insignificant risk of change in value.

h. 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.

i. 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.

j. 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 at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
Gains or losses on liabilities held for trading are recognised in the profit or loss.
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 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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.

Financial guarantee contracts:

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment. No adjustment to cost of investment is carried out in case the compensation for such guarantee is equivalent to the contractual cashflow differential with guarantee and without guarantee.

(iii) 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.

k. 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.

l. 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.

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.

(iii) Depreciation

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.

Class of asset	**Useful life as followed by the Company**
Data Processing Equipments - Networking Equipments and Servers	3-4 years
Leasehold Improvements	5 year
Furniture and Fixtures	5 years
Office Equipments	4 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.

m. 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.

n. Employee benefits
(i) Post-employment and pension plans

The Company participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. 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. Under a defined benefit plan, it is the Company’s obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

The Company has the following employee benefit plans: Defined contribution plan in nature

Social Security Fund:

The Company has Defined Contribution Plans for Post-employment benefits for all employees in the form of Social Security Fund. These funds are classified as defined contribution plans as the Company has no further obligation beyond making the contributions as per plan. The Company’s contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

(ii) 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.

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 recognised in the Statement of Profit and Loss in the year in which they arise.

(iii) 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, 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.

p.

Inventory:
Inventory consist of stores and spares materials. As per IND AS 2, the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories, is assigned by using weighted average cost formula. The company uses the same cost formula for all inventories having a similar nature and use to the company. For inventories with a different nature or use, different cost formulas may be justified.
Inventories shall be measured at the lower of cost and net realisable value. Estimates of net realisable value (Market value) are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. (Sources being price of such spares on external website, price as confirmed by the external suppliers, price of latest purchase made by the Company in that category, etc.).
The company maintains a provision/ reserve - Defective Allowance, on account of inventory which are classified as "defective".
The Company also maintains the provision on inventory held but not linked to any maintenance contract, based on historical precedence.

q. 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.

r. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

s. 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.

t. Rounding of amounts
All amounts disclosed in the financial statements and notes have been rounded off to nearest thousands, unless otherwise stated.

u. 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.

(iii) 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.

(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. 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(d).

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(l).

d Other estimates

i. The Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns,
customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.
ii. The Company estimates the usability of the inventory held not linked to any maintenance contract, based on historical precedence.
iii. Defective Allowance: Reserve Factor is estimated, depending upon past experience to determine the amount to be provided for against the inventory classified as "Defective".

Zensar Technologies IM BV
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(All amounts in EURO Thousands, 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 March 31, 2017	304	62	29	346	741
Additions	-	-	-	-	-
Gross carrying amount as at March 31, 2018	**304**	**62**	**29**	**346**	**741**
Accumulated Depreciation					
As at March 31, 2017	304	60	29	342	735
Depreciation during the year	-	2	0	3	5
Accumulated depreciation as at March 31, 2018	**304**	**62**	**29**	**345**	**740**
Net carrying amount as at March 31, 2018	**-**	**-**	**-**	**1**	**1**

Particulars	Leasehold Improvements	Furniture and Fixtures	Office Equipments	Data Processing Equipments	Total
Gross carrying amount					
As at March 31, 2018	304	62	29	346	742
Additions	-	-	-	-	-
Gross carrying amount as at March 31, 2019	**304**	**62**	**29**	**346**	**742**
Accumulated Depreciation					
As at March 31, 2018	304	62	29	345	741
Depreciation during the year	-	-	-	1	1
					-
Accumulated depreciation as at March 31, 2019	**304**	**62**	**29**	**346**	**742**
Net carrying amount as at March 31, 2019	**-**	**-**	**-**	**-**	**-**

Zensar Technologies IM BV

Notes to the financial statements as at and for the year ended March 31, 2019

(All amounts in EURO Thousands, unless otherwise stated)

5 Financial assets

(a) 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	9	9
Total	**9**	**9**

(b) Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
-Considered good	17,625	13,714
- Credit Impaired	564	850
Less: Allowance for credit loss	(564)	(850)
	-	-
Total receivables	**17,625**	**13,714**

(c) Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks :		
- In current accounts	796	1,718
Total	**796**	**1,718**

There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

(d) Other financial assets : Current

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled Revenues	381	653
Total	**381**	**653**

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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**
Tax losses	5	-
Net deferred tax asset / (liability)	**5**	**-**

(i) Movement in deferred tax assets

Particulars	**Tax Losses**	**Total**
As at April 1, 2017	-	-
(Charged)/credited:		
- to statement of profit and loss	-	-
- to other comprehensive income	-	-
As at March 31, 2018	**-**	**-**
(Charged)/credited:		
- to statement of profit and loss	5	5
- to other comprehensive income	-	-
As at March 31, 2019	**5**	**5**

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	0
Total	**1**	**0**

8 Other Current assets

(Unsecured and considered good unless otherwise stated)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Advances other than capital advances:		
- advances to employees	2	-
- advances to suppliers	0	2
Others:		
- Prepaid expenses	154	68
- Statutory receivables	45	8
Total	**201**	**78**

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Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in EURO Thousands, unless otherwise stated)

9 Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Issued, subscribed and Paid up : 18,152 equity shares of Euro 1 each (18,152 shares of Euro 1 each at March 31, 2018)	18	18
Total	**18**	**18**

9 (b) Reserves and surplus

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings	2,369	1,833
Total reserves and surplus	**2,369**	**1,833**

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	1,833	1,863
Add: Profit for the year	536	(30)
Balance as at the end of the year	**2,369**	**1,833**

9 (d) Retained Earnings:

Retained Earnings represents Company's undistributed earnings after taxes.

10 Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables [Refer note 24]	15,003	12,565
Total	**15,003**	**12,565**

11 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Accrued salary and benefits	40	31
Total other current financial liabilities	**40**	**31**

Zensar Technologies IM BV
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in EURO Thousands, unless otherwise stated)

12 Employee benefit obligations

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for compensated absences	53	147
Total	**53**	**147**

13 Other Current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Unearned Revenue	1,206	1,256
Statutory Dues	190	97
Total	**1,396**	**1,353**

14 Income taxes

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax assets (net)	(0)	(0)
Income tax liabilities (net)	139	226
Net current income tax assets / (liability)	**(139)**	**(226)**

(All amounts in EURO Thousands, unless otherwise stated)

15 Revenue from operations

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Software development and allied services	5,382	6,697
Total revenue from operations	**5,382**	**6,697**

(a) 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	
	MVS	**CIS**
Revenue by Geography		
-America	1,023	-
-Europe	3,409	768
- Rest of the world	181	-
Revenue by Contract Type		
-Fixed Price Maintenance Contracts	4,498	768
-Time and Material	116	-
-Fixed Bid (Development Contracts)	-	-

(b) 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 Euro 1,256 thousands arising from opening unearned revenue as of April 1, 2018.

During the year ended March 31, 2019 , Euro 289 thousands of unbilled revenue pertaining to fixed price maintenance contracts as of April 1, 2018 has been reclassified to Trade Receivable upon billing to customers on billing of milestones

(c) 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 nil.

(d) 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 Euro NIL as at March 31, 2019 has been considered as a Non financial asset.

(All amounts in EURO Thousands, unless otherwise stated)

16 Other income

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Net foreign exchange gain / (loss)	106	36
Miscellaneous Income	-	63
Total	**106**	**99**

17 Employee benefit expense

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Salaries, wages and bonus	1,072	1,230
Contribution to pension and other funds	103	96
Staff welfare expenses	41	13
Total	**1,216**	**1,339**

17 (a) Defined contribution plans:

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

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Contribution to Employees' Family Pension Fund	71	70
Contribution to National Insurance of UK	31	26
Total	**103**	**96**

18 Finance Costs

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Bank charges	7	8
Total	**7**	**8**

19 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	1	5
Total	**1**	**5**

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Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in EURO Thousands, unless otherwise stated)

20 Other expenses

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Rent	73	1,041
Electricity and power	40	32
Travelling and conveyance	203	180
Recruitment expenses	17	-
Training expenses	2	4
Repairs and maintenance to :		
-Building	21	17
-Others	0	-
Insurance	138	202
Rates and taxes	19	0
Legal and professional charges	110	113
Communication expenses	34	41
General Office Expenses	3	4
Cost of spare parts and outsourced services in support of computer	1,700	1,746
Carriage, freight and octroi	2	517
Allowance for doubtful debts		
- Provided during the year	-	420
- Bad debts written off	56	79
- Less: Reversed during the year	(286)	-
	(230)	**499**
Allowance for doubtful advances		
- Provided during the year	-	22
- Bad debts written off	-	12
- Less: Reversed during the year	-	-
	-	**34**
Miscellaneous expenses	14	5
Total	**2,146**	**4,435**

21 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

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax expense		
Current Tax		
Current tax on profits for the year	141	-
Adjustment for current tax of prior periods	(120)	-
Total current tax expense	**21**	**-**
Deferred tax		
Decrease / (increase) in deferred tax assets	(5)	-
(Decrease) / increase in deferred tax liabilities	-	-
Total deferred tax expense / (benefit)	**(5)**	**-**
Income tax expense	**16**	**-**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Profit before taxes	552	(30)
Enacted income tax rate in Netherlands	25.00%	20.00%
Computed expected tax expenses	**138**	**(6)**
Effect of non deductible expenses	3	-
Changes in unrecognized deferred tax assets (net)	5	-
Income taxed at higher/(lower) rates	(10)	-
Income tax relating to prior years	(120)	-
Others	-	6
	16	**-**

(All amounts in EURO Thousands, unless otherwise stated)

22 Fair value measurements

Financial instruments by category:

Particulars	As at March 31, 2019				As at March 31, 2018			
	FVTPL	FVOCI	Amortised	Total	FVTPL	FVOCI	Amortised	Total
Financial assets								
Trade receivables	-	-	17,625	17,625	-	-	13,714	13,714
Cash and cash equivalents	-	-	796	796	-	-	1,718	1,718
Security deposits	-	-	9	9	-	-	9	9
Unbilled revenue	-	-	381	381	-	-	653	653
Total financial assets	**-**	**-**	**18,811**	**18,811**	**-**	**-**	**16,094**	**16,094**
Financial liabilities								
Trade payables	-	-	15,003	15,003	-	-	12,565	12,565
Other financial liabilities	-	-	40	40	-	-	31	31
Total financial liabilities	**-**	**-**	**15,043**	**15,043**	**-**	**-**	**12,596**	**12,596**

(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.

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) 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.Security deposits
4.Unbilled revenue
5.Receivable from subsidiaries for reimbursement of expenses
6.Trade payables
7.Accrued salary benefits
8.Payable to related parties
9.Other Payables

(All amounts in EURO Thousands, unless otherwise stated)

23 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) Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in more than one currency and consequently the Company is exposed to foreign exchange risk through its sales and services in the Netherlands, United States, United Kingdom and elsewhere, and purchases from overseas suppliers in various foreign currencies. The exchange rate between the euro and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company’s operations gets affected as the euro appreciates/ depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions.

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

	March 31, 2019			
	GBP	USD	KRW	**Total**
Financial assets				
Cash and cash equivalents	105	61	-	**166**
Trade receivables	149	1,111	26	**1,286**
Unbilled revenue	-	275	-	**275**
Financial liabilities				
Trade payables	105	201	-	**306**
Accrued expenses	-	-	-	**-**
Employee benefit obligations	24	-	-	**24**
Other liabilities	55	330	-	**384**
Net assets / (liabilities)	**70**	**916**	**26**	**1,012**

ab The Company's unhedged exposure to foreign currency risk as of March 31, 2018 expressed in Euro, is as follows:

	March 31, 2018		
	GBP	USD	**Total**
Financial assets			
Cash and cash equivalents	294	710	**1,004**
Trade receivables	371	557	**928**
Unbilled revenue	-	318	**318**
Financial liabilities			
Trade payables	35	31	**66**
Employee benefit obligations	24	-	**24**
Other liabilities	50	174	**224**
Net assets / (liabilities)	**556**	**1,380**	**1,936**

(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 EURO 17,625 thousands and EURO 13,714 thousands as of March 31, 2019 and March 31, 2018, respectively and unbilled revenue amounting to EURO 381 thousand and EURO 653 thousand 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 Europe, United States, United Kingdom and elsewhere. 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:

	As at March 31, 2019	As at March 31, 2018
Revenue from top customer	11.38%	11.63%
Revenue from top five customers	39.88%	43.57%

bb The allowance for life time expected credit loss on customer balances for the year ended March 31, 2019 and March 31, 2018 was EURO 564 thousand and EURO 850 thousand, respectively. The increase of allowance for life time expected credit losses on customer balances for the year ended March 31, 2018 was EURO 420 thousand whereas in March 31, 2019 there was gain of EURO 286 thousand on account of recoveries from customers.

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	**850**	**429**
Allowance for doubtful debts	(286)	420
Reversal of allowance for doubtful debts	-	-
Balance at the end of the year	**564**	**850**

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.

(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
Trade payables	15,003	15,003	-		15,003
Other liabilities	40	40	-		40

Particulars	As at March 31, 2018				
	Contractual cash flows				
	Carrying value	Less than 1 year	1-2 years	2-4 years	Total
Trade payables	12,565	12,565	-	-	12,565
Other liabilities	31	31	-	-	31

Zensar Technologies IM BV
Notes to the financial statements as at and for the year ended March 31, 2019
(All amounts in EURO Thousands, unless otherwise stated)

24 Related party disclosures

A List of related parties

(i) List of subsidiaries

Name	Country of Incorporation	Relationship
Zensar Technologies Limited	United States of America	Ultimate Holding
Zensar Technologies Inc.	United States of America	Holding Company
PSI Holding Group Inc.	United States of America	Holding Company
Zensar Technologies IM Inc.	United States of America	Fellow Subsidiary
Zensar Technologies (Singapore) Pte. Limited	Singapore	Fellow Subsidiary
Zensar (Africa) Holdings Proprietary Limited	South Africa	Fellow Subsidiary
Zensar Technologies (Shanghai) Company Limited	China	Fellow Subsidiary
Zensar Technologies (UK) Limited	United Kingdom	Fellow Subsidiary
Professional Access Limited	United States of America	Fellow Subsidiary
Keystone Logic Inc.	United States of America	Fellow Subsidiary
Zensar Info Technologies (Singapore) Pte. Limited	Singapore	Fellow Subsidiary
Zensar Information Technologies Limited #	India	Fellow Subsidiary
Zensar Software Technologies Limited #	India	Fellow Subsidiary
Zensar IT Services Limited	India	Fellow Subsidiary
Foolproof Limited	United Kingdom	Fellow Subsidiary
Flow Interactive Limited	United Kingdom	Fellow Subsidiary
Knit Limited	United Kingdom	Fellow Subsidiary
Foolproof (SG) Pte Limited	Singapore	Fellow Subsidiary
Zensar (South Africa) Proprietary Limited	South Africa	Fellow Subsidiary
Cynosure Inc.*	United States of America	Fellow Subsidiary
Cynosre APAC Pty. Ltd.*	Australia	Fellow Subsidiary
Cynosure Interface services Private Limited*	India	Fellow Subsidiary
Indigo Slate Inc. (refer note ii beow)	United States of America	Fellow Subsidiary
Keystone Logic Mexico, S. DE R.L. DE C.V.	Mexico	Fellow Subsidiary
Keystone Technologies Mexico, S. DE R.L. DE C.V.	Mexico	Fellow Subsidiary
Zensar Advanced Technologies Limited (refer note (iii) below)	Japan	Fellow Subsidiary

* refer note (i) below

(i) Zensar Technologies Limited has entered into a Share Purchase Agreement dated March 21, 2018 to acquire 100% equity in Cynosure Interface Solutions Private Limited, an Indian IT company. Accordingly, the Company is a subsidiary of Zensar Technologies Limited w.e.f. April 13, 2019. Zensar Technologies Limited, through its subsidiary, Zensar Technologies Inc. entered into a Share Purchase Agreement dated March 21, 2018 to acquire 100% equity in Cynosure Inc, a USA based IT company by virtue of which Cynosure Inc and Cynosure APAC Pty Ltd. became 100% subsidiaries of Zensar Technologies Inc.

(ii) Zensar Technologies Limited, through its subsidiary, Zensar Technologies Inc. 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 by virtue of which Indigo Slate Inc became 100% subsidiary of Zensar Technologies Inc.

(iii) Zensar Advanced Technologies Limited (company's 100% subsidiary in Japan), has been voluntarily liquidated as per the local laws in Japan and written off from the books of accounts of Zensar Technologies Limited during the year.

Zensar Technologies Limited, during the year, has sold 100% of its equity stake in Zensar Information Technologies Limited and Zensar Software Technologies Limited.

(ii) Key Management Personnel

Name	Designation
Sandeep Kishore	Director
Chaitanya Rajebahadur	Director
Venkatsubramanian Venkataramanan	Director

B Transactions with Related Parties

Sr. No.	Particulars	Volume of transactions during		Amount outstanding as on			
		March 31, 2019	March 31, 2018	March 31, 2019		March 31, 2018	
				Receivable	Payable	Receivable	Payable
A.	**Rendering of software services**						
(i)	PSI Holding Group Inc.	-	-	-	-	-	-
(i)	Zensar Technologies IM Inc	(3,300)	1,221	11,834	-	11,778	-
(iii)	Zensar Technologies, Inc.	-	-	-	-	-	-
(iv)	Zensar Technologies (UK) Limited	1,041	-	1,075	-	-	-
(v)	Zensar Technologies (UK) Limited, Geneva Br.	1,466	-	599	-	-	-
(vi)	Foolproof (SG) Pte Limited	435	-	443	-	-	-
(vii)	Zensar Technologies Limited	332	-	331	-	-	-
	Total of Rendering of software services	**(26)**	**1,221**	**14,282**	**-**	**11,778**	**-**
B.	**Tax relief to group companies/Reimbursements of expenses incurred**						
(i)	PSI Holding Group Inc.	-	-	-	3	-	3
(ii)	Zensar Technologies IM Inc	1,244	-	1,244	-	-	-
(iii)	Zensar Technologies, Inc.	-	-	-	-	-	-
	Total of Tax relief to group companies/Reimbursements of expenses incurred	**1,244**	**-**	**1,244**	**3**	**-**	**3**
C.	**Subcontracting cost**						
(i)	Zensar Technologies Limited	421	406	-	449	-	349
(ii)	Zensar Technologies IM Inc.	1,064	1,564	-	13,647	-	12,014
(iii)	Zensar Technologies (UK) Ltd.	15	59	-	16	-	-
	Total of Subcontracting cost	**1,500**	**2,029**	**-**	**14,112**	**-**	**12,363**

25 The Company has contingent liability of EURO 19 thousands as on March 31 2019 (EURO 19 thousands March 31, 2018).

26 Capital management

(a) Risk management

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

The Company's objectives when managing capital are to :
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.
Equity includes equity share capital and reserves that are managed as capital.

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

27 Segment reporting

The Company is engaged mainly in the business of providing information technology services in IT hardware maintenance and related services. As the Company is engaged in only one operating segment, the Balance Sheet as at March 31, 2019 and Statement of Profit and Loss for the year then ended, pertain to only one operating segment.

For and on behalf of the Board of Directors of
Zensar Technologies IM BV

Director Director

Place:
Date: