**Kanu Doshi Associates LLP**
Chartered Accountants

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# INDEPENDENT AUDITORS' REPORT

## To the Members of CIGNEX DATAMATICS TECHNOLOGIES LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the Financial Statements of CIGNEX DATAMATICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KANU DOSHI ASSOCIATES
MUMBAI
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| Sr. No. | Key Audit Matter | Response To Key Audit Matter |
|---|---|---|
| 1 | **Related Party Transactions**<br><br>A significant portion of Company's revenue is earned through the involvement of Related Parties as disclosed in Note 32 – Related Party Disclosure. Largest volume of intra group transactions being done with Holding Company i.e. Cignex Datamatics INC.<br><br>The company applies its own pricing model to be compliant with the respective legal framework of the jurisdiction.<br><br>Transactions between related parties are significant for audit due to materiality of revenue which is generated through related party and the possible transfer pricing risk associated with it.<br><br>Related Party Transactions imposes limitations on the auditor's ability to obtain audit evidence that all other aspects of related party transactions (other than price) are equivalent to those of a similar arm's length transaction. | **Principal Audit Procedures**<br><br>We performed the following procedures to assess the transfer pricing risk.<br><br>• We tested controls over sales process between related parties and also obtained the transfer pricing documentation prepared by the management.<br><br>• We evaluated the track record of assumptions used to calculate the arm's length price at which the transactions are carried out with the related party.<br><br>• The company adopted Cost plus method (Transfer Pricing Model) to arrive at arm's length price and these prices are cross verified with the related party transaction. |

**Other Information**

The Company's Management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those charged with Governance for the Financial Statements**

The Company's management and the Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, the financial performance, the changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

KANU DOSHI ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Financial Statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Financial Statements have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Financial Statements.

    d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

    e) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is

KANU DOSHI ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any material foreseeable losses on long-term contracts including derivatives contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Kanu Doshi Associates LLP
Chartered Accountants
FRN. No. 104746W/W100096

KANU DOSHI ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kunal

Kunal Vakharia
Partner
Membership no. 148916

Place: Mumbai
Date: May 8, 2019

Referred to in paragraph 1 of '**Report on other Legal and Regulatory Requirements'** in our Report of even date on the accounts of CIGNEX DATAMATICS TECHNOLOGIES LIMITED for the year ended March 31, 2019

i. (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed during the year.

(c) The Company does not have immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.

ii. The Company's nature of operations does not require it to hold inventories. Consequently, clause 3(ii) of the Order is not applicable.

iii. As informed to us, the Company has not granted loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence sub clauses (a) & (b) of clause 3(iii) of the order are not applicable to the Company.

iv. According to information and explanation provided to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the companies Act, 2013.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified and therefore clause (v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under sub-Section (1) of Section 148 of the Companies Act, for any of the products of the Company.

vii.

(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, duty of custom, duty of excise, cess, Goods & Service Tax and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) As informed to us, there were no disputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, GST, Custom Duty, cess and any other material statutory dues in arrears, as at March 31, 2019.

KANU DOSHI ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

viii. According to the records of the Company examined by us and information and explanation given to us, the Company does not have any long term borrowing and therefore clause (viii) of the Order is not applicable.

ix. The Company has not raised any moneys by way of public issue/ further offer including debt instruments. The moneys raised on term loans have been applied for the purpose for which it was raised.

x. To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. The managerial remuneration paid by the company is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statue applicable to Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sec 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or has fully or partly convertible debentures during the year under review.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to the information and explanations given to us the Company is not required to obtain registration under section 45 IA of the Reserve Bank of India Act, 1934 and therefore clause (xvi) of the Order is not applicable.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm registration No: 104746W/W100096

KANU DOSHI ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kunal

Kunal Vakharia
Partner
Membership no. 148916
Place: Mumbai
Date: May 8, 2019

## ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Cignex Datamatics Technologies Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm registration No: 104746W/W100096

KANU DOSHI ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Kunal Vakharia
Partner
Membership No: 148916

Place: Mumbai
Date: May 8, 2019

CIGNEX Datamatics Technologies Ltd
Financial statements as at March 31, 2019

Balance Sheet as at March 31, 2019

| Particulars | Note | (Amount in Rs.) As at March 31, 2019 | (Amount in Rs.) As at March 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 1 | 9,513,167 | 12,149,360 |
| Other intangible assets | 2 | 149,829 | 126,992 |
| Financial assets | | | |
| i. Investments | 3 | 15,000,000 | 15,000,000 |
| ii. Loans | 4 | 1,268,252 | 1,668,252 |
| iii. Other financial assets | 5 | 14,941,395 | 7,238,991 |
| Deferred tax assets | | 7,312,218 | 12,678,023 |
| Other non-current assets | 6 | 57,312 | 53,601 |
| **Total non-current assets** | | **48,242,173** | **48,915,219** |
| **Current assets** | | | |
| Financial assets | | | |
| i. Investments | 7 | 171,144,847 | 75,553,987 |
| ii. Trade receivables | 8 | 123,545,767 | 208,211,850 |
| iii. Cash and cash equivalents | 9 | 10,710,601 | 7,005,481 |
| iv. Loans | 10 | 14,308,152 | 12,390,655 |
| v. Other financial assets | 11 | 6,313,445 | 9,814,558 |
| Current tax assets | 18 | 6,325,890 | - |
| Other current assets | 12 | 40,940,275 | 17,218,170 |
| | | **373,288,976** | **330,194,700** |
| **Total current assets** | | **373,288,976** | **330,194,700** |
| **Total Assets** | | **421,531,149** | **379,109,919** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | 13 | | |
| Equity share capital | 13A | 500,000 | 500,000 |
| Other equity | | | |
| Equity component of compound financial instruments | | | |
| Reserves and surplus | 13B | 347,308,255 | 299,782,571 |
| **Equity attributable to owners of Datamatics Global Services Limited** | | **347,808,255** | **300,282,571** |
| Non-controlling interests | | - | - |
| **Total equity** | | **347,808,255** | **300,282,571** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Employee benefit obligations | 14 | 29,763,534 | 25,218,148 |
| Non-Current tax liabilities | | - | - |
| **Total non-current liabilities** | | **29,763,534** | **25,218,148** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| i. Trade payables | 15 | 22,470,342 | 36,834,698 |
| ii. Other financial liabilities | 16 | 7,626,690 | 2,780,353 |
| Employee benefit obligations | 17 | 2,375,073 | 2,145,181 |
| Current tax liabilities | 18 | - | 634,762 |
| Other current liabilities | 19 | 11,487,255 | 11,214,205 |
| | | **43,959,359** | **53,609,199** |
| | | - | - |
| **Total current liabilities** | | **43,959,359** | **53,609,199** |
| **Total liabilities** | | **73,722,893** | **78,827,347** |
| **Total Equity and Liabilities** | | **421,531,149** | **379,109,919** |

The accompanying notes forming an integral part of the financial statements 1-45

As per our attached report of even date
**For Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration No. 104746W/W100096

Kunal Vakharia
**Partner**
**Membership No. 148916**

**Place : Mumbai**
**Date :-** 08 MAY 2019

For and on behalf of the Board

V. V. Bhogilal

**Vidur V. Bhogilal**
**Director**
**DIN 00008036**

Divya

**Divya Kumat**
**Director**
**DIN 03592056**

**Place : Mumbai**
**Date :-** 08 MAY 2019

**CIGNEX Datamatics Technologies Ltd**

**Standalone Statement of Profit and Loss for the ended March 31, 2019**

| Particulars | Note | (Amount in Rs.) Year ended March 31, 2019 | (Amount in Rs.) Year ended March 31, 2018 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from operations | 20 | 823,395,536 | 654,169,774 |
| Other income | 21 | 18,558,667 | 20,771,484 |
| **Total income** | | **841,954,203** | **674,941,258** |
| **Expenses** | | | |
| Purchase of products and licenses | 22 | 2,954,370 | 1,703,275 |
| Employee benefit expenses | 23 | 605,413,311 | 471,368,556 |
| Finance costs | 24 | 1,025,271 | 1,552,564 |
| Depreciation and amortisation expenses | 1 | 5,428,035 | 6,888,366 |
| Other expenses | 26 | 148,161,092 | 126,183,746 |
| **Total expenses** | | **762,982,079** | **607,696,507** |
| **Profit before exceptional items and tax** | | **78,972,124** | **67,244,751** |
| Exceptional items | | - | - |
| **Profit before tax** | | **78,972,124** | **67,244,751** |
| Tax expense | | | |
| - Current tax | | 24,007,866 | 18,245,671 |
| Tax Adjustment of Earlier Years | | 4,099,077 | - |
| - Deferred tax | | 2,002,302 | 1,653,909 |
| **Total tax expense/(credit)** | | **30,109,245** | **19,899,580** |
| **Profit for the year** | | **48,862,879** | **47,345,171** |

**Statement of Other Comprehensive Income for the Period ended March 31, 2019**

| Particulars | Note | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| *Items that will be reclassified to profit or loss* | | | |
| Cash flow Hedges | | 3,792,754 | (3,057,684) |
| Tax relating to above | | (3,854,933) | - |
| | | **(62,179)** | **(3,057,684)** |
| *Items that will not be reclassified to profit or loss* | | | |
| Fair Value gain on FVOCI investments | | | |
| Actuarial gains and losses | | (1,766,460) | (1,027,618) |
| Tax relating to above | | 491,429 | 339,761 |
| | | **(1,275,031)** | **(687,857)** |
| **OCI for the year** | | **(1,337,209)** | **(3,745,541)** |
| **Total comprehensive income for the year** | | **47,525,670** | **43,599,630** |
| Earnings per equity share (face value Rs. 5 each) | | | |
| - Basic (in Rs.) | | 977.26 | 946.90 |
| - Diluted (in Rs.) | | 977.26 | 946.90 |

The accompanying notes forming an integral part of the financial statements 1-45

As per our attached report of even date

**For Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration No. 104746W/W100096

Kunal Vakharia
**Partner**
**Membership No. 148916**

**Place : Mumbai**
**Date :-** 08 MAY 2019

KANU DOSHI ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

CIGNEX DATAMATICS TECHNOLOGIES LTD AHMEDABAD

For and on behalf of the Board

V.V. Bhogilal

**Vidur V. Bhogilal**
**Director**
**DIN 00008036**

**Divya Kumat**
**Director**
**DIN 03592056**

**Place : Mumbai**
**Date :-** 08 MAY 2019

**CIGNEX Datamatics Technologies Ltd**
**Financial statements as at March 31, 2019**

**A. Equity share capital**

| Particulars | Amount in Rs. |
|---|---|
| **As at April 01, 2017** | **500,000** |
| Changes in equity share capital | - |
| **As at April 01, 2018** | **500,000** |
| Changes in equity share capital | - |
| **As at March 31, 2019** | **500,000** |

**B. Other equity**

(Amount in Rs.)

| Particulars | Profit And Loss | Other Comprehensive Income | | Total |
|---|---|---|---|---|
| | | Cash flow Hedging reserve | Actuarial Gains and Losses | |
| **As at April 01, 2017** | **244,019,668** | **13,121,625** | **(958,338)** | **256,182,955** |
| Profit for the year | 47,345,171 | | (687,857) | **46,657,314** |
| - Gain / (Loss) on cash flow hedging derivatives | - | (3,057,684) | - | **(3,057,684)** |
| **As at April 01, 2018** | **291,364,839** | **10,063,941** | **(1,646,195)** | **299,782,585** |
| - Gain / (Loss) on cash flow hedging derivatives | - | (62,179) | | **(62,179)** |
| Profit for the year | 48,862,879 | - | (1,275,031) | **47,587,848** |
| **As at March 31, 2019** | **340,227,719** | **10,001,762** | **(2,921,226)** | **347,308,255** |

As per our attached report of even date

**For Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration No. 104746W/W100096

KANU DOSHI ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

**Kunal Vakharia**
**Partner**
**Membership No. 148916**

**Place : Mumbai**
**Date :** 0 8 MAY 2019

For and on behalf of the Board

CIGNEX DATAMATICS TECHNOLOGIES LTD AHMEDABAD

**Vidur V. Bhogilal**
**Director**
**DIN 00008036**

**Divya Kumat**
**Director**
**DIN 03592056**

**Place : Mumbai**
**Date :** 0 8 MAY 2019

CIGNEX DATAMATICS TECHNOLOGIES LIMITED
Financial statements as at March 31, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(Amount in Rs.)

| PARTICULARS | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Net Profit Before Tax** | **78,972,124** | **66,217,146** |
| **Adjusted For:** | | |
| Depreciation and amortization | 5,428,035 | 6,888,366 |
| Provision for retirement benefits | 4,775,278 | 9,866,069 |
| Profit on Sale of property, plant and equipment | (270,000) | (385,100) |
| Finance cost | 1,025,271 | 1,552,565 |
| Interest income from fixed deposits and others | (913,104) | (2,608,053) |
| Profit on sale of investments | (6,790,861) | (3,930,892) |
| **Operating profit before working capital changes** | **82,226,743** | **77,600,101** |
| **Adjusted For:** | | |
| Decrease in trade receivable | 84,666,083 | 4,415,991 |
| Increase in short term loans and advances | (1,917,497) | (9,646,375) |
| Increase in other current assets | (23,722,105) | (9,109,388) |
| Decrease in long term loans and advances | 400,000 | 200,000 |
| (Increase) / decrease in other non current assets | (3,711) | 435,136 |
| (Increase) / decrease in other financial assets | (4,201,291) | 3,977,410 |
| (Decrease) / increase in trade payables | (14,364,357) | 16,700,708 |
| Decreasein short term borrowings | - | (42,801,000) |
| Increase in other financial liabilities | 4,846,337 | 2,755,889 |
| Increase in other current liabilities | 273,050 | 4,365,813 |
| **Cash generated from operations** | **128,203,252** | 48,894,287 |
| Taxes paid / (refunded) | (33,041,288) | (633,046) |
| **Net Cash generated from operating activities (A)** | **95,161,965** | **49,527,333** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets | (2,704,879) | (4,246,388) |
| Purchase of intangible assets | (109,800) | 307,717 |
| Purchase of investments | (95,590,860) | (58,517,327) |
| Sale of fixed asset | 270,000 | |
| Interest on fixed deposit and others | 913,104 | 2,608,053 |
| Profit on sale of investments | 6,790,861 | 3,930,892 |
| **Net Cash used in investing activities (B)** | **(90,431,573)** | **(55,917,053)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Finance cost | (1,025,271) | (1,552,565) |
| **Net Cash used in financing activities (C)** | **(1,025,271)** | **(1,552,565)** |
| **Net increase / (decrease) in cash and cash equivalent during the year (A+B+C)** | **3,705,120** | **(7,942,285)** |
| **Cash and cash equivalent at the beginning of the year** | 7,005,481 | 14,947,766 |
| **Cash and cash equivalent at the end of the year** | **10,710,601** | **7,005,481** |

As per our attached report of even date
**For Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration No. 104746W/W100096

KANU DOSHI ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

**Kunal Vakharia**
**Partner**
**Membership No. 148916**

**Place : Mumbai**
**Date :** 0 8 MAY 2019

For and on behalf of the Board

CIGNEX DATAMATICS TECHNOLOGIES LTD AHMEDABAD

V.V. Bhogilal

**Vidur V. Bhogilal**
**Director**
**DIN 00008036**

**Divya Kumat**
**Director**
**DIN 03592056**

**Place : Mumbai**
**Date :** 0 8 MAY 2019

Note 1: Significant accounting policies

A) **Basis of preparation**

i) **Compliance with Ind AS**

The financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

ii) **Historical cost convention**

The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. The financial statements are prepared under the historical cost convention, except in case of significant uncertainties and except for the following:

(a) Certain financial assets and liabilities (Including Derivative Instruments) that are measured at fair value;

(b) Defined benefit plans where plan assets are measured at fair value.

(c) Investments are measured at fair value.* share-based payments

iii) **Current and 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 the time between the acquisition of assets for processing 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) **Use of estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

C) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(I) Financial Assets**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

(a) those to be

(b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(a) For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

(b) For investments in debt instruments, this will depend on the business model in which the investment is held.

(c) 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.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(a) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

KANU DOSHI ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Note 1: Significant accounting policies (continued)

**(b) Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has selected to present fair value gains and losses on equity investments in other comprehensive incomeand there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when -

(a) The Company has transferred the rights to receive cash flows from the financial asset or

(b) retains the 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.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains 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 the extent of continuing involvement in the financial asset.

**(II) Financial Liabilities**

**(i) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs(in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

**(ii) 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 de-recognition 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.

**D) 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 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

**E) Segment Report**

(i) The company identifies primary segment based on the dominant source, nature of risks and returns and the internal organisaiton and mangagement structure. The operating segement are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

(ii) The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**F) Cash and cash**

Cash and cash equivalents includes cash in hand, deposits with banks, 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 an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within current liabilities in statement of financial balance sheet and which are considered as integral part of company's cash management policy.

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Note 1: Significant accounting policies (continued)

G) **Income tax, deferred tax and dividend distribution tax**

The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

**(i) Current income tax**

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**(iii) Dividend distribution tax**

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity.

H) **Property, plant and equipment**

On transition to Ind AS, The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment.

(i) Freehold land is carried at historical cost including expenditure that is directly attributable to the acquisition of the land.

(ii) All other items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

(iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iv) Cost of Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for it intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

(v) Depreciation methods, estimated useful lives and residual value

(a) Fixed assets are stated at cost less accumulated depreciation.

(b) Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

(c) Leasehold Land is depreciated over the period of the Lease.

(vi) Tangible assets which are not ready for their intended use on reporting date are carried as capital work-in-progress.

(vii) The residual values are not more than 5% of the original cost of the asset.

An 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. Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income as applicable.

I) **Investment Property**

Property that is held for Capital appreciation and which is not occupied by the Company, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property,Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

KANU DOSHI ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Note 1: Significant accounting policies (continued)

**J) Intangible assets**

On transition to Ind AS, The Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

(i) An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and (b) the cost of the asset can be measured reliably.

(ii) Cost of technical know-how is amortised over a period of six years.

(iii) Computer software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. The same is amortised over a period of 5 years on straight-line method.

**K) Leases**

**(i) As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(ii) As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**L) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**(I)Revenue from services – consulting**

**i) Timing of recognition:** Revenue from consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

**ii) Measurement of revenue:** Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

**(II) Other Income**

**(i) Interest Income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group 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.

**(ii) Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

**M) Employee Benefit**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The group operates the following post-employment schemes:

Gratuity and Leave encashment which are defined benefits are accrued based on actuarial valuation working provided by Actuarial valuers .

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by Acturial valuers. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

**(b) Defined Contribution plan:**

Contribution payable to recognised provident fund which is defined contribution scheme is charged to Statement of Profit & Loss. The company has no further obligation to the plan beyond its contribution.

KAKU DOSHI ASSOCIATES LLP CHARTERED ACCOUNTANTS

Note 1: Significant accounting policies (continued)

**N) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in,Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. All the foreign exchange gains and losses are presented in the statement of Profit and Loss on a net basis within other expenses or other income as applicable.

**O) Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

**P) Borrowing Cost**

(i) Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Borrowings are classified as current financial liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**Q) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

**ii) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**R) Impairment of Assets**

Intangible assets that have an indefinite useful life are not subject to amortization 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 recognised 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 purposes 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 that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**S) Provisions, contingent liabilities and contingent assets**

**(i) Provisions:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

**(ii) Contingent liabilities:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**(iii) Contingent Assets:** Contingent Assets are disclosed, where an inflow of economic benefits is probable.

KANU DOSHI ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Note 1: Significant accounting policies (continued)

**T) Investments**

On transition to Ind AS, equity investments are measured at fair value, with value changes recognised in Other Comprehensive Income, except for those mutual fund for which the Company has elected to present the fair value changes in the Statement of Profit and Loss.

**U) Trade receivables**

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

**V) 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. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

**W) Operating Cycle**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

KANU DOSHI ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

1 **Note 1 - Property, plant and equipment**

(Amount in Rs.)

| Particulars | FURNITURE & FIXTURES | VEHICLES | OFFICE EQUIPMENTS | COMPUTERS + SERVER | ELECTRICAL FITTINGS | Total |
|---|---|---|---|---|---|---|
| *Gross block* | | | | | | |
| As at April 01, 2017 | 6,297,625 | 426,180 | 4,024,885 | 11,550,686 | 3,787,891 | 26,087,267 |
| Additions | 604,791 | - | 48,609 | 3,614,627 | 17,945 | 4,285,972 |
| Disposals | - | - | - | (22,000) | - | (22,000) |
| As at April 01, 2018 | 6,902,416 | 426,180 | 4,073,494 | 15,143,313 | 3,805,836 | 30,351,239 |
| Additions | 1,487,763 | - | 598,876 | 490,666 | 127,574 | 2,704,879 |
| Disposals | - | - | - | (3,836,086) | - | (3,836,086) |
| As at March 31, 2019 | 8,390,179 | 426,180 | 4,672,370 | 11,797,893 | 3,933,410 | 29,220,032 |

| Particulars | FURNITURE & FIXTURES | VEHICLES | OFFICE EQUIPMENTS | COMPUTERS + SERVER | ELECTRICAL FITTINGS | Total |
|---|---|---|---|---|---|---|
| *Accumulated depreciation* | | | | | | |
| As at April 01, 2017 | 1,535,422 | 53,554 | 1,631,759 | 7,557,486 | 902,808 | 11,681,029 |
| Depreciation charge during the year | 1,248,931 | 53,554 | 1,039,716 | 3,454,276 | 724,373 | 6,520,850 |
| As at April 01, 2018 | 2,784,353 | 107,108 | 2,671,475 | 11,011,762 | 1,627,181 | 18,201,879 |
| Depreciation charge during the year | 1,541,563 | 53,554 | 785,765 | 2,269,376 | 690,814 | 5,341,072 |
| Disposals | - | - | - | (3,836,086) | - | (3,836,086) |
| As at March 31, 2019 | 4,325,916 | 160,662 | 3,457,240 | 9,445,052 | 2,317,995 | 19,706,865 |
| | | | | | | |
| Net carrying amount as at March 31, 2019 | 4,064,263 | 265,518 | 1,215,130 | 2,352,841 | 1,615,415 | 9,513,167 |
| Net carrying amount as at March 31, 2018 | 4,118,063 | 319,072 | 1,402,019 | 4,131,551 | 2,178,655 | 12,149,360 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

CIGNEX Datamatics Technologies Limited
Financial statements as at March 31, 2019

2 Note 2 - Intangible assets

(Amount in Rs.)

| Particulars | Computer Softwares | Total |
|---|---|---|
| *Gross block* | | |
| As at April 01, 2017 | 1,465,059 | 1,465,059 |
| Additions | 59,799 | 59,799 |
| As at April 01, 2018 | 1,524,858 | 1,524,858 |
| Additions | 109,800 | 109,800 |
| As at March 31, 2019 | 1,634,658 | 1,634,658 |

| Particulars | Computer Softwares | Total |
|---|---|---|
| *Accumulated amortisation and impairment* | | |
| As at April 01, 2017 | 1,030,350 | 1,030,350 |
| Amortisation charge during the year | 367,516 | 367,516 |
| As at April 01, 2018 | 1,397,866 | 1,397,866 |
| Amortisation charge during the year | 86,963 | 86,963 |
| As at March 31, 2019 | 1,484,829 | 1,484,829 |

| | | |
|---|---|---|
| Net carrying amount as at March 31, 2019 | 149,829 | 149,829 |
| Net carrying amount as at March 31, 2018 | 126,992 | 126,992 |

KANU DOSHI ASSOCIATES LLP
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CIGNEX Datamatics Technologies Ltd
Financial statements as at March 31, 2019

3 **Note 3 - Non-current investments**

| Particulars | (Amount in Rs.) Mar 31, 2019 | (Amount in Rs.) Mar 31, 2018 |
|---|---|---|
| **Investment in subsidiaries - Wholly Owned** | | |
| **Quoted (Cost)** | | |
| Investment in Attune Infocom | 15,000,000 | 15,000,000 |
| **Other** | | |
| 10410 (NIL) Equity Shares of ` 10/- each of Scalsys Technologies Pvt Ltd (Fully Paid) (Extent of holding 51%) | - | 613,565 |
| Provision for impairment in value of investment | - | (613,565) |
| Total | 15,000,000 | 15,000,000 |

4 **Note 4 - Non-current loans**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Loan given to Scalsys Technologies Pvt. Ltd. | 1,268,252 | 1,668,252 |
| Total | 1,268,252 | 1,668,252 |

5 **Note 5 - Other non-current financial assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Security deposits | 7,398,145 | 6,989,608 |
| Fair Value of Outstanding Contract | 7,543,250 | 249,383 |
| Total | 14,941,395 | 7,238,991 |

6 **Note 6 - Other non-current assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Fixed Deposit Accounts with maturity greater than 12 months (Marked against lien) (Fixed deposit against VAT and CST) | 57,312 | 53,601 |
| Total | 57,312 | 53,601 |

7 **Note 7 - Current investments**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| **Investment in mutual funds - Non Trade** | | |
| **Quoted (at FVTPL)** | | |
| **Investment - Current** | | |
| 280,636 (P.Y. 280,636) Units of Birla Sun Life Short Term Opport Fund - Growth (Face Value of ` 10 each) (NAV 30.8995 P.Y. 28.8553) | 8,671,523 | 8,097,846 |
| 365,487 (P.Y. Nil) Units of ICICI Prudential Liquid fund - Direct - Growth (Face Value of ` 100 each) (NAV 276.4164 P.Y. ` 22.8735) | 101,026,637 | - |
| 13,537 (P.Y. 15,976) Units of Reliance Liquid fund - TP - Growth (Face Value of `1000 each) (NAV 4539.2103 P.Y. 4222.25) | 61,446,687 | 67,456,140 |
| Total | 171,144,847 | 75,553,987 |

8 **Note 8 - Trade receivables**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| **Unsecured** | | |
| Considered Good | 123,545,767 | 208,211,850 |
| | 123,545,767 | 208,211,850 |
| Less :- Allowance for expected credit loss | - | - |
| Total | 123,545,767 | 208,211,850 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

9 **Note 9 - Cash and cash equivalents**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| | | - |
| Bank balances | 10,615,903 | 6,909,233 |
| Cash on hand | 94,699 | 96,248 |
| **Total** | **10,710,601** | **7,005,481** |

10 **Note 10 - Current loans**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Loan to employees | 2,049,412 | 1,011,915 |
| Loan to others | 12,258,740 | 11,378,740 |
| **Total** | **14,308,152** | **12,390,655** |

11 **Note 11 - Other current financial assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Fair Value of Outstanding Forward Contracts (FVOCI) | 6,313,445 | 9,814,558 |
| **Total** | **6,313,445** | **9,814,558** |

12 **Note 12 - Other current assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Prepaid expenses | 3,298,173 | 5,658,980 |
| Travel Advance | 251,284 | 282,738 |
| Advances to suppliers | 11,048,792 | - |
| Unbilled Revenue | 26,342,026 | 11,276,452 |
| **Total** | **40,940,275** | **17,218,170** |

13A **Note 13A - Equity share Cpaital**

| | Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|---|
| a) | **SUBSCRIBED AND PAID UP** | | |
| | **Equity share capital** | 500,000 | 500,000 |
| | **Equity share capital** | 500,000 | 500,000 |

13B **Note 13B - Other Equity**

| | Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|---|
| a | **Other Comprehensive Income (OCI)** | | |
| | **- Cash Flow Reserves** | | |
| | Balance as per last Balance Sheet | 10,063,941 | 13,121,625 |
| | Add: Gain / (Loss) on cash flow hedging derivatives | (62,179) | (3,057,684) |
| | Closing Balance | 10,001,762 | 10,063,941 |
| | **- Actuarial Gains and Losses** | | |
| | Balance as per last Balance Sheet | (1,646,195) | (958,338) |
| | Add: Gain / (Loss) on cash flow hedging derivatives | (1,275,031) | (687,857) |
| | Closing Balance | (2,921,226) | (1,646,195) |
| | **Other Comprehensive Income (OCI)** | 7,080,537 | 8,417,746 |
| b | **Surplus in Profit And Loss Statement** | | |
| | Balance brought forward from last year | 290,406,501 | 243,061,330 |
| | Profit for the year | 48,862,879 | 47,345,171 |
| | Closing Balance | 339,269,381 | 290,406,501 |
| | **Total** | **346,349,917** | **298,824,247** |

KANU DOSHI ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

14 **Note 14 - Long Term Employee benefit obligations**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provisions for employee benefits (Refer Note No. 31) | | |
| Long-term provisions - Gratuity | 19,316,628 | 15,812,013 |
| Long-term provisions - Leave | 10,446,906 | 9,406,135 |
| **Total** | 29,763,534 | 25,218,148 |

15 **Note 15 - Trade payables**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Dues of micro and small enterprises (Refer Note No 15.1) | - | - |
| Dues other than micro and small enterprises (Refer Note No 15.1) | **22,470,342** | **36,834,698** |
| **Total** | 22,470,342 | 36,834,698 |

Note No 15.1: The company has not received information from vendors regarding their status under the Micro,Small and Medium Enterprises Development Act,2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act,have not been given.

16 **Note 16 - Other current financial liabilities**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Accrued Exp. | 7,484,714 | 2,636,890 |
| Other payables | 141,976 | 143,463 |
| **Total** | 7,626,690 | 2,780,353 |

17 **Note 17 - Short Term Employee benefit obligations**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provisions for employee benefits (Refer Note No. 31) | | |
| Gratuity | 638,939 | 478,896 |
| Leave Encashment | 1,736,134 | 1,666,285 |
| **Total** | 2,375,073 | 2,145,181 |

18 **Note 18 - Current tax assets / (Liabilities)**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provision for taxation (Net of tax payment) | 6,325,890 | (634,762) |
| **Total** | 6,325,890 | (634,762) |

19 **Note 19 - Other current liabilities**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Statutory dues | 10,313,988 | 11,128,005 |
| Advances from customers | 1,087,067 | - |
| Unearned revenue | 86,202 | 86,202 |
| **Total** | 11,487,257 | 11,214,207 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

13 **Note 13 - Share capital and other equity**

13 ***13(a) - Equity share capital***

*(i) Authorised share capital*

(Amount in Rs.)

| Particulars | Number of shares | Amount |
|---|---|---|
| **As at April 01, 2017** | 50,000 | 500,000 |
| Increase during the year | - | - |
| **As at March 31, 2018** | 50,000 | 500,000 |
| Increase during the year | - | - |
| **As at March 31, 2019** | 50,000 | 500,000 |

*(ii) Issued, Subscribed and Fully Paid Up Shares*

| Particulars | Number of shares | Amount |
|---|---|---|
| **As at April 01, 2017** | 50,000 | 500,000 |
| Increase during the year | - | - |
| **As at March 31, 2018** | 50,000 | 500,000 |
| Increase during the year | - | - |
| **As at March 31, 2019** | 50,000 | 500,000 |

*(iii) Movements in equity share capital*

| Particulars | Number of shares | Amount |
|---|---|---|
| **As at April 01, 2017** | 50,000 | 500,000 |
| Issued during the year | - | - |
| **As at March 31, 2018** | 50,000 | 500,000 |
| Issued during the year | - | - |
| **As at March 31, 2019** | 50,000 | 500,000 |

*(iv) Shares of the company held by holding company*

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| CIGNEX Datamatics Inc (Michigan) | 49,950 | 49,950 |

*(v) Details of shareholders holding more than 5% shares in the Company*

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding |
| CIGNEX Datamatics Inc (Michigan) | 49,950 | 99.99% | 49,950 | 99.99% |

***13(b) - Reserves and surplus***

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Retained earnings | 299,782,569 | 256,182,940 |
| Profit for the year | 48,862,879 | 46,657,313 |
| Hedging Reserve | (1,337,209) | (3,057,684) |
| **Total** | 347,308,239 | 299,782,569 |

*(ii) Retained earnings*

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Opening balance** | 291,364,839 | 244,019,668 |
| Net profit for the period | 48,862,879 | 47,345,171 |
| **Closing balance** | 340,227,719 | 291,364,839 |

KANU DOSHI ASSOCIATES LLP
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**CIGNEX Datamatics Technologies Ltd**
**Financial statements as at March 31, 2019**

3 **Note 3 - Non-current investments**

| Particulars | (Amount in Rs.) Mar 31, 2019 | (Amount in Rs.) Mar 31, 2018 |
|---|---|---|
| **Investment in subsidiaries - Wholly Owned** | | |
| **Quoted (Cost)** | | |
| Investment in Attune Infocom | 15,000,000 | 15,000,000 |
| **Other** | | |
| 10410 (NIL) Equity Shares of ` 10/- each of Scalsys Technologies Pvt Ltd (Fully Paid) (Extent of holding 51%) | - | 613,565 |
| Provision for impairment in value of investment | - | (613,565) |
| **Total** | 15,000,000 | 15,000,000 |

4 **Note 4 - Non-current loans**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Loan given to Scalsys Technologies Pvt. Ltd. | 1,268,252 | 1,668,252 |
| **Total** | 1,268,252 | 1,668,252 |

5 **Note 5 - Other non-current financial assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Security deposits | 7,398,145 | 6,989,608 |
| Fair Value of Outstanding Contract | 7,543,250 | 249,383 |
| **Total** | 14,941,395 | 7,238,991 |

6 **Note 6 - Other non-current assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Fixed Deposit Accounts with maturity greater than 12 months (Marked against lien) (Fixed deposit against VAT and CST) | 57,312 | 53,601 |
| **Total** | 57,312 | 53,601 |

7 **Note 7 - Current investments**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| **Investment in mutual funds - Non Trade** | | |
| **Quoted (at FVTPL)** | | |
| **Investment - Current** | | |
| 280,636 (P.Y. 280,636) Units of Birla Sun Life Short Term Opport Fund - Growth (Face Value of ` 10 each) (NAV 30.8995 P.Y. 28.8553) | 8,671,523 | 8,097,846 |
| 365,487 (P.Y. Nil) Units of ICICI Prudential Liquid fund - Direct - Growth (Face Value of ` 100 each) (NAV 276.4164 P.Y. ` 22.8735) | 101,026,637 | - |
| 13,537 (P.Y. 15,976) Units of Reliance Liquid fund - TP - Growth (Face Value of `1000 each) (NAV 4539.2103 P.Y. 4222.25) | 61,446,687 | 67,456,140 |
| **Total** | 171,144,847 | 75,553,987 |

8 **Note 8 - Trade receivables**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| **Unsecured** | | |
| Considered Good | 123,545,767 | 208,211,850 |
| | 123,545,767 | 208,211,850 |
| Less :- Allowance for expected credit loss | - | - |
| **Total** | 123,545,767 | 208,211,850 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

9 **Note 9 - Cash and cash equivalents**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Bank balances | 10,615,903 | 6,909,233 |
| Cash on hand | 94,699 | 96,248 |
| **Total** | **10,710,601** | **7,005,481** |

10 **Note 10 - Current loans**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| (Unsecured, Considered Good, unless specified otherwise) | | |
| Loan to employees | 2,049,412 | 1,011,915 |
| Loan to others | 12,258,740 | 11,378,740 |
| **Total** | **14,308,152** | **12,390,655** |

11 **Note 11 - Other current financial assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Fair Value of Outstanding Forward Contracts (FVOCI) | 6,313,445 | 9,814,558 |
| **Total** | **6,313,445** | **9,814,558** |

12 **Note 12 - Other current assets**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Prepaid expenses | 3,298,173 | 5,658,980 |
| Travel Advance | 251,284 | 282,738 |
| Advances to suppliers | 11,048,792 | - |
| Unbilled Revenue | 26,342,026 | 11,276,452 |
| **Total** | **40,940,275** | **17,218,170** |

13A **Note 13A - Equity share Cpaital**

| | Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|---|
| a) | **SUBSCRIBED AND PAID UP** | | |
| | **Equity share capital** | 500,000 | 500,000 |
| | **Equity share capital** | 500,000 | 500,000 |

13B **Note 13B - Other Equity**

| | Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|---|
| a | **Other Comprehensive Income (OCI)** | | |
| | **- Cash Flow Reserves** | | |
| | Balance as per last Balance Sheet | 10,063,941 | 13,121,625 |
| | Add: Gain / (Loss) on cash flow hedging derivatives | (62,179) | (3,057,684) |
| | Closing Balance | 10,001,762 | 10,063,941 |
| | **- Actuarial Gains and Losses** | | |
| | Balance as per last Balance Sheet | (1,646,195) | (958,338) |
| | Add: Gain / (Loss) on cash flow hedging derivatives | (1,275,031) | (687,857) |
| | Closing Balance | (2,921,226) | (1,646,195) |
| | **Other Comprehensive Income (OCI)** | 7,080,537 | 8,417,746 |
| b | **Surplus in Profit And Loss Statement** | | |
| | Balance brought forward from last year | 290,406,501 | 243,061,330 |
| | Profit for the year | 48,862,879 | 47,345,171 |
| | Closing Balance | 339,269,381 | 290,406,501 |
| | **Total** | **346,349,917** | **298,824,247** |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

14 **Note 14 - Long Term Employee benefit obligations**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provisions for employee benefits (Refer Note No. 31) | | |
| Long-term provisions - Gratuity | 19,316,628 | 15,812,013 |
| Long-term provisions - Leave | 10,446,906 | 9,406,135 |
| **Total** | 29,763,534 | 25,218,148 |

15 **Note 15 - Trade payables**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Dues of micro and small enterprises (Refer Note No 15.1) | - | - |
| Dues other than micro and small enterprises (Refer Note No 15.1) | 22,470,342 | 36,834,698 |
| **Total** | 22,470,342 | 36,834,698 |

Note No 15.1: The company has not received information from vendors regarding their status under the Micro,Small and Medium Enterprises Development Act,2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act,have not been given.

16 **Note 16 - Other current financial liabilities**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Accrued Exp. | 7,484,714 | 2,636,890 |
| Other payables | 141,976 | 143,463 |
| **Total** | 7,626,690 | 2,780,353 |

17 **Note 17 - Short Term Employee benefit obligations**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provisions for employee benefits (Refer Note No. 31) | | |
| Gratuity | 638,939 | 478,896 |
| Leave Encashment | 1,736,134 | 1,666,285 |
| **Total** | 2,375,073 | 2,145,181 |

18 **Note 18 - Current tax assets / (Liabilities)**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Provision for taxation (Net of tax payment) | 6,325,890 | (634,762) |
| **Total** | 6,325,890 | (634,762) |

19 **Note 19 - Other current liabilities**

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---|---|
| Statutory dues | 10,313,988 | 11,128,005 |
| Advances from customers | 1,087,067 | - |
| Unearned revenue | 86,202 | 86,202 |
| **Total** | 11,487,257 | 11,214,207 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

20 Note 20 - Revenue from operations

| Particulars | (Amount in Rs.) Year ended March 31, 2019 | (Amount in Rs.) Year ended March 31, 2018 |
|---|---|---|
| Sale of Licenses | 4,050,336 | 2,200,375 |
| Sale of Services | 819,345,200 | 651,969,399 |
| Total | 823,395,536 | 654,169,774 |

21 Note 21 - Other income

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest from others | 913,104 | 2,608,053 |
| Profit on sale of investments | 4,992,737 | 878,964 |
| Profit on sale of investments (Unealised) | 1,798,124 | 3,051,928 |
| Profit on Sale of Assets | 270,000 | 385,100 |
| Excess Diminution Written Back | 299,985 | - |
| Exchange Fluctuation (Net) | 10,257,225 | 13,847,440 |
| Miscellaneous receipts | 27,491 | - |
| Total | 18,558,667 | 20,771,484 |

22 Note 22 - Operational expenses

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Purchase of Software Licences | 2,954,370 | 1,703,275 |
| Total | 2,954,370 | 1,703,275 |

23 Note 23 - Employee benefit expenses

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries,Wages,Bonus & allowances | 590,837,729 | 455,923,961 |
| Contribution towards PF & Other funds | 10,792,604 | 12,876,144 |
| Staff Welfare Expenses | 3,782,977 | 2,568,451 |
| Total | 605,413,311 | 471,368,556 |

24 Note 24 - Finance costs

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest on others | 31,957 | 28,092 |
| Guarantee commission | 960,000 | 960,000 |
| Other Finance Cost | 33,314 | 564,472 |
| Total | 1,025,271 | 1,552,564 |

25 Note 25 - Depreciation and Amortisation Expenses

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Depreciation on property palnt and equipment | 5,341,072 | 6,520,850 |
| Amortisation on Intangible Assets | 86,963 | 367,516 |
| Total | 5,428,035 | 6,888,366 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

26 **Note 26 - Other expenses**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Technical Fees | 62,553,333 | 50,497,750 |
| Travelling Expenses | 18,604,302 | 14,903,087 |
| Rent | 18,139,634 | 16,100,276 |
| Legal and Professional charges | 2,443,125 | 3,918,097 |
| Communication Expenses | 7,944,789 | 5,875,234 |
| Recruiting Expenses | 14,352,816 | 16,951,004 |
| Advertisement and Sales Promotion Expenses | 57,778 | 1,654 |
| Subscription Charges | 798,028 | 431,147 |
| Insurance Premium | 3,680,202 | 2,004,606 |
| Lease Rent & Hire Charges | 5,820,680 | 2,657,658 |
| Repairs and Maintenance | 2,505,032 | 2,764,709 |
| Utilities Expenses | 3,945,882 | 3,625,705 |
| Office Supplies | 1,122,076 | 982,662 |
| Provision for dimunition in value of subsidiary | - | 613,565 |
| Remuneration to Auditor | 205,000 | 423,379 |
| Security Expenses | 1,491,608 | 1,729,567 |
| Software charges | 1,005,599 | 753,297 |
| Car Lease RCM | 1,570,000 | 731,700 |
| Rates and Taxes | 652,448 | 377,983 |
| Postage and Telegram Charges | 413,483 | 363,747 |
| Bank & Other charges | 212,877 | 100,540 |
| Miscellaneous Expenses | 10,000 | - |
| Printing & Stationery | 632,401 | 376,378 |
| **Total** | 148,161,092 | 126,183,746 |

KANU DOSHI ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

CIGNEX Datamatics Technologies Ltd
Financial statements as at March 31, 2019

**Note 27 - Taxation**

(Amount in Rs.)

| **Particulars** | **Net balance as at 1 April 2018** | **Recognised in statement of profit and loss** | **Recognised in OCI** | **Net balance as at 31 March 2019** |
|---|---|---|---|---|
| **Deferred Tax Assets/(Liabilities)** | | | | |
| Property, plant and equipment/Investment Property/Other Intangible Assets | (1,959,280) | (121,281) | - | (2,080,561) |
| Cash flow hedging | - | | 3,854,933 | 3,854,933 |
| Unrealised gain upto Mar'19 | - | - | 1,349,284 | 1,349,284 |
| Expenses allowable under income tax on payment basis | 10,718,743 | (282,869) | - | 10,435,874 |
| | **12,678,023** | **(161,588)** | **5,204,217** | **7,312,218** |

| **Particulars** | **Net balance as at 1 April 2017** | **Recognised in statement of profit and loss** | **Recognised in OCI** | **Net balance as at 31 March 2018** |
|---|---|---|---|---|
| **Deferred Tax Liabilities/(Assets)** | | | | |
| Property, plant and equipment/Investment Property/Other Intangible Assets | (1,100,558) | (858,722) | - | -1,959,280 |
| Fair Value through P&L | - | - | - | - |
| Expenses allowable under income tax on payment basis | 12,891,613 | (2,172,870) | - | 10,718,743 |
| | **11,791,055** | **-1,314,148** | - | **12,678,023** |

Income tax

The major components of income tax expense for the year ended 31 March, 2019

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| Current tax | 28,106,943 | 18,245,671 |
| Deferred Tax | 2,002,302 | 1,653,909 |
| | **30,109,245** | **19,899,580** |

Reconciliation of tax expenses and accounting profit multiplied by Domestic Tax Rate

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| Profit before income tax expenses | 78,972,124 | 67,244,751 |
| Tax at the Indian tax rate @ 27.82 % | 21,970,045 | 22,233,132 |
| **Add: Item giving rise to difference in tax** | | |
| Permanent difference of income as per books vs income as per income tax | 2,284,822 | 637,577 |
| Tax Adjustment of Earlier Years | 4,099,077 | - |
| Others | 1,755,301 | (2,971,128) |
| | | |
| | 30,109,245 | 19,899,580 |

KANU DOSHI ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**28 Quantitative Details :**

i) The main activity of the Company is IT Enabled Services and related software services. The production and sale of such services cannot be expressed in any generic unit. Hence, It is not possible to give the quantitative details of sales and certain information as required under paragraphs 3 of part II of Schedule III to the Companies Act, 2013.

ii) Traded Goods:

(Amount in Rs.)

| Particulars | Opening Stock | | Purchases | |
|---|---|---|---|---|
| | Qty (Nos) | Value (`) | Qty (Nos) | Value (`) |
| IT Products & Licenses | - | - | 12.00 | 2,954,370 |
| Previous Year (2017-18) | - | - | 5.00 | 2,123,275 |
| | | | | |
| **Particulars** | **Sales** | | **Closing Stock** | |
| | Qty (Nos) | Value (`) | Qty (Nos) | Value (`) |
| IT Products & Licenses | 12.00 | 4,050,336 | - | - |
| Previous Year (2017-18) | 5.00 | 2,380,375 | - | - |

29 In the opinion of the Company, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known Liabilities and for Depreciation is adequate and not in excess of the amount reasonably necessary.

30 Trade receivables, other receivables, trade payables and loans and advances are subject to confirmations and reconciliations if any.

**31 Employee Benefits**

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

| | Gratuity (Un Funded) | |
|---|---|---|
| Defined Contribution Plan | 2018-19 | 2017-18 |
| I. Charge to the Profit and Loss Account based on contributions | | |
| Employers Contribution to Provident Fund | 4,144,490 | 2,733,317 |
| | **4,144,490** | **2,733,317** |

**(ii) Defined Benefit Plan**

(a) Gratuity:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days/one month salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service, retirement or death, whichever is earlier. The benefit vests after 5 years of continuous service.

(b) Leave encashment:

The Company has a policy on leave eancashment which is applicable to all. The expected cost of accumulating leave eancashment is determined based on the policy taken by the company from Acturial Valuation Report which provides information on the obligation of the Company.

The plans of the Company exposes to acturial risks such as Investement Risk, Interest rate risk,salary risk and longitivity risk. These risks may impact the obligation of the Company.

(c) The following tables set out the funded status of the gratuity and leave encashment plans and the amounts recognised in the Company's financial statements as at 31 March 2019 and 31 March 2018.

| | 2018-19 | | 2017-18 | |
|---|---|---|---|---|
| | Leave Encashment | Gratuity | Leave Encashment | Gratuity |
| **I) Change in Defined Benefit Obligation** | | | | |
| Present Value of Defined Benefit Obligation as at the beginning of the year | 11,072,420 | 16,290,909 | 6,008,519 | 11,488,741 |
| Interest Cost | 851,970 | 1,253,509 | 436,509 | 834,639 |
| Current Service Cost | 3,731,783 | 4,296,480 | 3,803,888 | 3,763,213 |
| Benefits Paid | 658,862 | 1,766,460 | 2,694,925 | 1,342,970 |
| Prior Year Changes | (4,131,995) | (3,651,791) | (1,871,421) | (1,138,654) |
| Actuarial (Gains) / Loss | | | - | |
| Present Value of Defined Benefit Obligation as at the end of the year **(Refer Note No. 14 and 17)** | **12,183,040** | **19,955,567** | **11,072,420** | **16,290,909** |
| **II) Changes in Fair Value of Assets** | | | | |
| Fair Value of Plan Asset as at beginning of the year | | - | | - |
| Expected return on Plan Assets | | - | | - |
| Contributions by the employer | | - | | - |
| Benefits Paid | | - | | - |
| Actuarial gain/(loss) | | - | | - |
| Fair Value of Plan Asset as at end of the year | | - | | - |
| **III) Amount recognised in the Balance Sheet** | | | | |
| Present value of defined benefit obligation as at end of the year | 12,183,040 | 19,955,567 | 11,072,420 | 16,290,909 |
| Fair Value of Plan Assets at the end of the year | - | - | - | - |
| | 12,183,040 | 19,955,567 | 11,072,420 | 16,290,909 |
| (d) Amount for the year ended 31 March, 2019 and 31 March, 2018 recognised in the statement of profit and loss under employee benefit expenses. | | | | |
| **Expenses recognised in Profit and Loss Account** | | | | |
| Current Service Cost | 3,731,783 | 4,296,480 | 3,803,888 | 3,763,213 |
| Interest Cost | 851,970 | 1,253,509 | 436,509 | 834,639 |
| Prior Year Changes | 658,862 | - | 2,694,925 | - |
| Recognised Past Service Cost-Vested | | - | - | 315,352 |
| **Total Expenses/(Income) Recognised in Profit and Loss Account** | 5,242,615 | 5,549,989 | 6,935,322 | 4,913,204 |
| (e) Amount for the year ended March 31, 2019 and March 31, 2018 recognised in the statement of other comprehensive income. | | | | |
| **Actuarial Gain/Loss recognized** | | | | |
| Actuarial gain for the year -Obligation | - | - | - | - |
| Actuarial gain for the year - plan assets | - | - | - | - |
| Total gain for the year | - | - | - | - |
| Total actuarial (gain)/ loss included in other comprehensive income | - | - | - | - |

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**32 Related party disclosures:**

(i) As per IND AS 24,the disclosures of Related Parties and transactions during the year as deemed in the Accounting Standard are given below:

**A)(i) Holding Company**
CIGNEX Datamatics Inc.

**A)(ii) Subsidiary Companies**
Attune Infocom Pvt. Ltd.
Scalsys Technologies Ltd. ( Upto July 24, 2018)

**B) Key Managerial Personnel**
Divya Kumat
Dr. Lalit Kanodia

**C) Relatives of Key Managerial Personnel and Enterpise Owned by Key Managerial Personnel**

Datamatics Global Services Ltd. ( Ultimate Holding Company)
Datamatics Staffing Services Ltd.
Lumina Datamatics Assessment & Analytics
Lumina Datamatics Ltd.
LDR eRetail Limited
Elevondata Labs Pvt. Ltd.
Datamatics Infotech Ltd.
Datamatics Robotics Ltd

(ii) **Details of transactions with the related parties stated in (i) above :**

| Nature of Transaction | Refer I (A) (i) & (ii) | | Refer I (B) | | Refer I (C) | |
|---|---|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **Sales** | | | | | | |
| **Technical Fees & License Sale** | 449,453,098 | 350,370,910 | - | - | 7,803,572 | 6,154,087 |
| CIGNEX Datamatics Inc. | 449,453,098 | 350,370,910 | - | - | | - |
| Datamatics Global Service Ltd. | - | - | - | - | 7,219,345 | 3,135,442 |
| Datamatics Infotech Ltd. | - | - | - | - | | - |
| Lumina Datamatics Assessment & Analytics | - | - | - | - | 344,227 | 2,355,277 |
| Lumina Datamatics Ltd. | - | - | - | - | 240,000 | 663,368 |
| LDR eRetail Limited | - | - | - | - | | - |
| **Purchase of Software License** | - | - | - | - | 1,496,836 | 1,789,200 |
| Datamatics Global Service Ltd. | - | - | - | - | 992,836 | 1,789,200 |
| Datamatics Robotics Ltd | - | - | - | - | 504,000 | - |
| **Technical Fees** | 24,146,361 | 9,568,321 | | | 10,815,072 | 10,474,538 |
| Datamatics Global Services Ltd. | - | - | | | 10,815,072 | 10,474,538 |
| Attune Infocom Pvt. Ltd. | 21,925,726 | 9,568,321 | | | - | - |
| Datamatics Robotics Ltd | 2,220,635 | - | - | - | - | - |
| **Corporate Guarantee Fees** | - | - | - | - | 960,000 | 960,000 |
| Datamatics Global Services Ltd. | - | - | - | - | 960,000 | 960,000 |
| **Provision** | - | 613,565 | - | - | - | - |
| Scalsys Technologies Ltd. | - | 613,565 | - | - | - | - |
| **Sale of Investment** | 300,000 | - | - | - | - | - |
| Scalsys Technologies Ltd. | 300,000 | - | - | - | - | - |
| **Exp. Incurred on behalf of related party** | | | | | | |
| Lumina Datamatics Assessment & Analytics | | | | | - | 3,510,953 |
| Datamatics Robotics Ltd | | | | | - | 651,122 |
| Lumina Datamatics Ltd. | - | - | - | - | - | 16,245 |
| | | | | | 6,254,429 | 2,843,586 |
| **Loan repayment** | 400,000 | - | | | | |
| Scalsys Technologies Ltd. | 400,000 | - | - | - | - | - |
| **Prepaid Expense - Insurance** | | | | | 1,570,749 | 1,319,560 |
| Datamatics Global Services Ltd. | - | - | - | - | 1,570,749 | 1,319,560 |
| **Loans & Advances** | 1,268,252 | 1,668,252 | - | - | - | - |
| Scalsys Technologies Ltd. | 1,268,252 | 1,668,252 | - | - | - | - |
| **Investments in Equity Share of Subsidiaries** | | | | | | |
| Attune Infocom Pvt. Ltd. | 15,000,000 | 15,000,000 | | | | |
| **Receivables** | 46,368,198 | 116,258,973 | - | - | 3,785,748 | 1,634,293 |
| CIGNEX Datamatics Inc. | 38,257,098 | 115,165,530 | - | - | | - |
| Datamatics Global Services Ltd. | - | - | - | - | 1,415,647 | 613,905 |
| Lumina Datamatics Ltd. | - | - | | | 2,370,101 | 1,020,388 |
| Attune Infocom Pvt. Ltd. | 8,111,100 | 1,093,443 | - | - | - | - |
| **Payables** | - | 1,328,000 | - | - | 5,007,930 | 9,046,807 |
| Datamatics Global Services Ltd. | - | - | - | - | 1,132,378 | 7,321,873 |
| Lumina Datamatics Assessment & Analytics | | | | | 915,401 | 1,244,496 |
| Attune Infocom Pvt. Ltd. | - | 1,328,000 | - | - | - | - |
| Datamatics Robotics Ltd | - | - | - | - | 2,960,151 | - |
| Elevondata Labs Pvt. Ltd. | | | - | - | - | 480,438 |

Note:
1) Related parties are identified by the management and relied upon by the Auditors.

Note no.

33 **FAIR VALUE MEASUREMENTS**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, security deposit, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
There is no significant variations in rate of interest applicable on Non-current borrowings and current borrowing rate. Hence, fair value of these borrowing approximates to their carrying amounts.

There are no assets and liabilities carried that are measured at fair value.

**(A) Financial Instruements by category:**

| PARTICULARS | 31st March, 2019 | | 31st March, 2018 | |
|---|---|---|---|---|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| **Financial Assets (Non - Current)** | | | | |
| - Investments | | 15,000,000 | | 15,000,000 |
| - Loans | | 1,268,252 | | 1,668,252 |
| - Other financial assets | | 14,941,395 | | 7,238,991 |
| **Financial Assets (Current)** | | | | |
| - Investments | 171,144,847 | - | 75,553,987 | |
| - Trade Receivables | | 123,545,767 | | 208,211,850 |
| - Cash and cash equivalents | | 10,710,601 | | 7,005,481 |
| - Loans | | 14,308,152 | | 12,390,655 |
| - Other financial assets | | 6,313,445 | | 9,814,558 |
| **TOTAL FINANCIAL ASSETS** | 171,144,847 | 186,087,611 | 75,553,987 | 261,329,787 |
| **Financial liabilities (Current)** | | | | |
| - Trade payables | | 22,470,342 | | 36,834,698 |
| - Other financial liabilities | | 7,626,690 | | 2,780,353 |
| **TOTAL FINANCIAL LIABILITIES** | - | 30,097,032 | - | 39,615,051 |

**(B) Fair Value Hierarchy:**

| Financial assets and liabilties measured at fair value - recurring fair value measurements as at 31st March, 2019 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| *Financial Investments at FVPL* | | | | | |
| - Mutual Funds | | 171,144,847 | | | 171,144,847 |
| *Derivatives designated as hedges* | | | | | |
| - Foreign exchange forward contracts | | | 13,856,695 | | 13,856,695 |
| ***TOTAL FINANCIAL ASSETS*** | | 171,144,847 | 13,856,695 | - | 185,001,542 |

***(There are no Financial liabilities measured at Fair value during the year)***

| Assets and liabilties measured at amortised cost for which fair values are disclosed as at 31st March, 2019 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| - Investments | | - | | 15,000,000.00 | 15,000,000 |
| - Trade Receivables | | | | 123,545,767 | 123,545,767 |
| - Cash and cash equivalents | | | | 10,710,601 | 10,710,601 |
| - Loans | | | | 15,576,404 | 15,576,404 |
| - Other financial assets | | | | 21,254,840 | 21,254,840 |
| ***TOTAL FINANCIAL ASSETS*** | | - | - | 186,087,611 | 186,087,611 |
| **Financial liabilities** | | | | | |
| - Trade payables | | | | 22,470,342 | 22,470,342 |
| - Other financial liabilities | | | | 7,626,690 | 7,626,690 |
| ***TOTAL FINANCIAL LIABILITIES*** | | 0 | 0 | 30,097,032 | 30,097,032 |

| Financial assets and liabilties measured at fair value - recurring fair value measurements as at 31st March, 2018 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| *Financial Investments at FVPL* | | | | | |
| - Mutual Funds | | 75,553,987 | | | 75,553,987 |
| *Derivatives designated as hedges* | | | | | |
| - Foreign exchange forward contracts | | | 10,063,941 | | 10,063,941 |
| ***TOTAL FINANCIAL ASSETS*** | | 75,553,987 | 10,063,941 | - | 85,617,927 |

| Assets and liabilties measured at amortised cost for which fair values are disclosed as at 31st March, 2018 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| - Investments | | - | | 15,000,000 | 15,000,000 |
| - Trade Receivables | | | | 208,211,850 | 208,211,850 |
| - Cash and cash equivalents | | | | 7,005,481 | 7,005,481 |
| - Loans | | | | 14,058,907 | 14,058,907 |
| - Other financial assets | | | | 17,053,549 | 17,053,549 |
| ***TOTAL FINANCIAL ASSETS*** | | | | 261,329,787 | 261,329,787 |
| **Financial liabilities** | | | | | |
| - Trade payables | | | | 36,834,698 | 36,834,698 |
| - Other financial liabilities | | | | 2,780,353 | 2,780,353 |
| ***TOTAL FINANCIAL LIABILITIES*** | | | | 39,615,051 | 39,615,051 |

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33 **FAIR VALUE MEASUREMENTS (continued)**

The fair values of the financial assets and liabilities are included at the amount 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. 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 the 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. For example, listed equity instruments that have quoted market price.
**Level 2:** The 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 maximise 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 are observable, the instrument is included in level 2.
**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

34 **FINANCIAL RISK MANAGEMENT**

***Risk management framework:*** The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes. The Company has exposure to the following risks arising from financial instruments:

• Credit risk,
• Liquidity risk and
• Market risk

**( A ) Credit Risk:**

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

The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the balance sheet

| Particulars | As at 31st March, 2019 |
|---|---|
| Trade Receivables | 123,545,767 |
| Loans | 15,576,404 |
| Cash and Cash equivalents | 10,710,601 |
| Other assets | 40,997,587 |
| Other financial assets | 21,254,840 |

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Investments primarily include investments in mutual funds and long term investments in subsidiaries.
The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Trade receivables also includes receivables from local sales and from export.

On adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain.
The company's exposure to credit risk for trade receivables is as follows:

| Particulars | Gross carrying amount |
|---|---|
| | As at 31st March, 2019 |
| 1 - 180 days past due * | 123,545,767 |
| 181 - 365 days past due | - |
| More than 365 days past due # | - |
| TOTAL | 123,545,767 |

* The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour.

# The Company based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due.

**( B ) Liquidity Risk :**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilties when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash as at 31 March 2018 anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Comapny believes it has access to financing arrangements which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management, includes the following:
- Day to Day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Group's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

| As at 31st March, 2019 | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Less than six months | Between six months and one |
| Working capital arragments | - | - | - |
| Interest accrued but not due on borrowings | - | - | - |
| Trade Payables | 22,470,342 | 22,470,342 | - |
| TOTAL | 22,470,342 | 22,470,342 | - |

| As at 31st March, 2018 | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Less than six months | Between six months and one |
| Trade Payables | 36,834,698 | 36,834,698 | - |
| TOTAL | 36,834,698 | 36,834,698 | - |

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34 **FINANCIAL RISK MANAGEMENT (continued)**

**( C ) Market Risk:**

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Interest rate risk is mitigated by having Fixed interest rate borrowing.

*A. Currency risk:*

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

*Exposure to foreign currency risk:*

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31st March, 2019 and 31st March, 2018 are as below:

| Particulars | Currency | 31st March, 2019 | 31st March, 2018 |
|---|---|---|---|
| ***Financial assets*** | | | |
| - Trade Receivable | USD | 39,220,971 | 115,338,395 |
| - Trade Receivable | EUR | - | - |
| **Total financial assets** | | 39,220,971 | 115,338,395 |

*Exchange rate rate sensitivity analysis:*

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31st March, 2019 and 31st March, 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is peformed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | Impact of Exchange rate sensitivity on Profit and loss statement as at 31st March, 2019 | | Impact of Exchange rate sensitivity on Profit and loss statement as at 31st March, 2018 | |
|---|---|---|---|---|
| | Gain / (Loss) on appreciation (5%) | Gain / (Loss) on depreciation (5%) | Gain / (Loss) on appreciation (5%) | Gain / (Loss) on depreciation (5%) |
| USD | 1,961,049 | (1,961,049) | 5,766,920 | (5,766,920) |
| USD | - | - | - | - |
| TOTAL | 1,961,049 | (1,961,049) | 5,766,920 | (5,766,920) |

35 **CAPITAL MANAGEMENT**

**(A) Risk Management**

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity. The Board of directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. Debt includes, foreign currency term loan, if any and finance lease obligations. During the financial year ended 31st March 2019, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

***Debt-Equity Ratio***

| Particulars | 31st March,2019 | 31st March, 2018 |
|---|---|---|
| Foreign currency loan- from others | | |
| Borrowings | - | - |
| **Total Debt (A)** | - | - |
| | | |
| Equity share capital | 500,000 | 500,000 |
| Other equity | 347,308,255 | 299,782,571 |
| **Total Equity (B)** | 347,808,255 | 300,282,571 |
| | | |
| **Debt equity ratio (C = A/B)** | - | - |

***Return on Equity***

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| **Profit after Tax** | 48,862,879 | 47,345,171 |
| Equity share capital | 500,000 | 500,000 |
| Other equity | 347,308,255 | 299,782,571 |
| **Total equity** | 347,808,255 | 300,282,571 |
| **Return on equity Ratio (%)** | 14% | 16% |

KANU DOSHI ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

CIGNEX DATAMATICS TECHNOLOGIES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37 The Company has entered into operating lease arrangements for several premises . The future minimum lease payments in respect of operating leases are summarized as below:

| | As at March 31,2019 | As at March 31,2018 |
|---|---|---|
| Amount due not later than one year from the balance sheet date | 16,813,846 | 14,918,928 |
| Amount due in the period between one year and five years | 36,606,443 | 18,989,304 |

The Following Lease payments are recognized in Profit and Loss Account:

| | | |
|---|---|---|
| Lease Rent | 18,139,634 | 16,100,276 |

**General Description of Leasing Arrangements:**

1. Leased Assets: Building
2. Future Lease payments are determined on the basis of agreed terms
3. At the expiry of the lease terms, the company has an option either to return the asset or extend the term by giving notice in writing

38 **Activities in Foreign Currency**

| | As at March 31,2019 | As at March 31,2018 |
|---|---|---|
| **Expenditure in Foreign Currency (on Accrual Basis)** | | |
| CIF value of Import of License | - | - |
| Foreign Travel | 3,675,116 | 1,035,941 |
| Technical & Professional Fees | - | - |
| **TOTAL** | **3,675,116** | **1,035,941** |

39 **Fair Value of Forward Contract**

The company uses forward exchange contracts to hedge its exposure in foreign currency on highly probable forecast transactions. The information on derivative instruments is given below;

The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| PARTICULARS | As at March 31,2019 | As at March 31,2018 |
|---|---|---|
| Not Later Than One Month | 30,188,488 | 22,387,685 |
| Later Than One Month And Not Later Than Three Months | 89,812,884 | 71,317,785 |
| Later Than Three Months And Not Later Than One Year | 232,733,008 | 135,410,010 |
| Later Than One Year | 200,579,778 | 42,978,593 |
| TOTAL | **553,314,158** | **272,094,073** |

The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

| PARTICULARS | As at March 31,2019 | As at March 31,2018 |
|---|---|---|
| | | |
| No. of Contracts | 223 | 80 |
| Notional amount of Currency Forward contracts ($) | 7,560,200 | 3,925,000 |
| Notional amount of Currency Forward contracts (`) | 553,314,158 | 272,094,073 |
| Fair Value (`) Gain / (Loss) | 13,856,695 | 10,063,940 |

Net Gain on derivative instruments of ` 1,38,56,695 (P.Y. Gain of ` 1,00,63,940) recognised in Hedging reserve as of March 31, 2019, is expected to be reclassified to the statement of profit and loss by March 31, 2020. The foreign currency exposures that are not hedged by a derivative instrument or otherwise is ` NIL (P.Y. ` NIL).

KANU DOSHI ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**40 Earning Per Share**

The Components of basic and diluted earnings per share were as follows:

| | | As of March 31, 2019 | As of March 31, 2018 |
|---|---|---|---|
| (a) | Net Profit After Taxation attributable to Equity Shareholders(`) | 48,862,879 | 47,345,171 |
| | Less: Dividend on Preference Shares | | |
| | Less: Tax on Preference Dividend | - | - |
| | Profit attributable to Equity Shareholders | **48,862,879** | **47,345,171** |
| (b) | Weighted Average Number of Outstanding Equity Shares | | |
| | Considered for basic EPS including shares allotted pursuant to the scheme outstanding at beginning of the year | 50,000 | 50,000 |
| | Considered for diluted EPS outstanding at end of the year | **50,000** | **50,000** |
| (c) | Earnings per share | | |
| | (Nominal value per share ` 10 each) | | |
| | Basic (`) | 977.26 | 946.90 |
| | Diluted (`) | 977.26 | 946.90 |

**41 Loans and advances to Subsidiaries consist of following**

| Particulars | Balance Outstanding as on March 31, 2018 | Loan Given | Loan Rapaid | Balance Outstanding as on March 31, 2019 |
|---|---|---|---|---|
| | | | | |
| Scalsys Technologies Pvt. Ltd. | 1,668,252 | - | 400,000 | 1,268,252 |

**42** In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. However,these enterprises are required to be registered under the Act. In the absence of the information about registration of the enterprises under the above Act, the required information could not be furnished.

**43 Prior period comparative:**

Previous year figures have been appropriately reclassified / recast to confirm to the current year's presentations.

**44 Transfer pricing**

The Company is yet to initiate a review of the transactions with overseas associates for the year ended March 31, 2018 to ascertain compliance with transfer pricing requirements under the Income Tax Act, 1961. Therefore, adjustments, if any, arising out of such study, has not been made in the financial statements.

**45** Figures are rounded off to the nearest of rupee.

**For Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration No. 104746W/W100096

**Kunal Vakharia**
**Partner**
**Membership No. 148916**

**Place : Mumbai**
**Date :-** 0 8 MAY 2019

KANU DOSHI ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

CIGNEX DATAMATICS TECHNOLOGIES LTD AHMEDABAD

For and on behalf of the Board

**Vidur V. Bhogilal**
**Director**
**DIN 00008036**

**Divya Kumat**
**Director**
**DIN 03592056**

**Place : Mumbai**
**Date :-** 0 8 MAY 2019