

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017

Amount in Rs lakhs

Sl. No.	Particulars	Quarter ended			Half Year Ended		Year ended
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
I	Revenue From Operations	12,483.85	11,757.98	11,767.87	24,241.83	23,890.27	46,727.51
II	Other Income	795.53	943.00	779.95	1,738.53	1,684.51	3,277.25
III	Total Income (I+II)	13,279.38	12,700.98	12,547.82	25,980.36	25,574.78	50,004.76
IV	<b>EXPENSES</b>						
	Employee benefits expense	8,750.79	8,402.47	8,135.32	17,153.26	16,561.53	33,209.30
	Depreciation and amortization expense	160.45	150.53	169.78	310.98	349.30	661.29
	Other expenses	1,860.41	2,073.64	2,555.62	3,934.05	4,378.63	8,521.63
	Total expenses (IV)	10,771.65	10,626.64	10,860.72	21,398.29	21,289.46	42,392.22
V	Profit before exceptional items and tax (III- IV)	2,507.73	2,074.34	1,687.10	4,582.07	4,285.32	7,612.54
VI	Exceptional Items	-	-	-	-	-	2,025.00
VII	Profit before tax (V+VI)	2,507.73	2,074.34	1,687.10	4,582.07	4,285.32	9,637.54
VIII	Tax expense:	630.64	344.49	475.05	975.13	1,052.86	1,168.93
	(1) Current tax	482.24	412.64	310.46	894.88	925.99	616.12
	(2) Deferred tax	148.40	(68.15)	164.59	80.25	126.87	552.81
IX	Profit after tax (VII-VIII)	1,877.09	1,729.85	1,212.05	3,606.94	3,232.46	8,468.61
X	Other Comprehensive Income	(239.92)	(186.25)	55.75	(426.17)	17.26	(233.97)
	A (i) Items that will not be reclassified to profit or loss	(103.45)	25.35	(251.35)	(78.10)	(214.06)	(640.36)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	35.80	(8.77)	86.99	27.03	74.09	221.62
	B (i) Items that will be reclassified to profit or loss						
	Net change in fair value of forward contracts designated to cash flows hedges	(434.16)	(431.65)	400.65	(865.81)	311.65	635.57
	Exchange differences in translating financial statements of foreign operations	110.19	82.28	(41.88)	192.47	(46.56)	(230.84)
	(ii) Income tax relating to items that will be reclassified to profit or loss	151.70	146.54	(138.66)	298.24	(107.86)	(219.96)
XI	Total Comprehensive Income for the period (IX+X)(Comprising Profit and Other Comprehensive Income for the period)	1,637.17	1,543.60	1,267.80	3,180.77	3,249.72	8,234.64
XII	Paid up equity share capital (face value : Rs 10 per share)	1,711.01	1,711.01	1,771.98	1,711.01	1,771.98	1,711.01
XIII	Other equity						54,441.62
XIV	Earnings per equity share						
	(1) Basic	10.97	10.11	6.84	21.08	18.24	49.49
	(2) Diluted	10.97	10.11	6.84	21.08	18.24	49.49

AUDITED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2017

Amount in Rs lakhs

Particulars	As at September 30, 2017	As at March 31, 2017
<b>(1) ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,786.66	3,768.49
Capital work-in-progress	12.44	5.90
Other intangible assets	22.55	15.64
<b>Financial assets</b>		
(i) Investments	39,361.95	36,852.48
(ii) Other financial assets	296.26	291.70
Deferred tax assets (net)	538.16	293.14
Other tax assets	6,147.37	7,375.70
Other non-current assets	-	13.43
<b>Total</b>	<b>50,165.39</b>	<b>48,616.48</b>
<b>(2) Current assets</b>		
<b>Financial assets</b>		
(i) Current investments	1,624.17	574.33
(ii) Trade receivables	7,690.42	7,774.05
(iii) Cash and cash equivalents	2,742.99	3,523.76
Unbilled revenue	4,320.12	3,506.11
Derivative assets	312.80	1,102.78
(v) Other financial assets	571.94	374.85
Other current assets	632.29	770.45
<b>Total</b>	<b>17,894.73</b>	<b>17,626.33</b>
<b>Total Assets</b>	<b>68,060.12</b>	<b>66,242.81</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,711.01	1,711.01
Other Equity	56,753.66	54,441.62
<b>Total equity</b>	<b>58,464.67</b>	<b>56,152.63</b>
<b>LIABILITIES</b>		
<b>(1) Non-current liabilities</b>		
Provisions	957.66	716.02
<b>Total</b>	<b>957.66</b>	<b>716.02</b>
<b>(2) Current liabilities</b>		
<b>Financial liabilities</b>		
(i) Trade payables	1,905.31	1,269.18
(ii) Other financial liabilities	82.50	83.26
(iii) Derivative liabilities	73.62	-
Deferred revenue	311.59	452.31
Other current liabilities	3,065.86	2,708.41
Provisions	1,318.39	1,846.80
Other tax liabilities	1,880.52	3,014.20
<b>Total</b>	<b>8,637.79</b>	<b>9,374.16</b>
<b>Total Liabilities</b>	<b>68,060.12</b>	<b>66,242.81</b>

## NOTES:

- 1) The audited consolidated financial results, prepared in accordance with Indian Accounting Standards ('Ind AS') for the quarter ended September 30, 2017 and the period from April 1, 2017 to September 30, 2017 have been approved by the Board of Directors of the Company at its meeting held on October 16, 2017. The statutory auditors have expressed an unqualified opinion on these consolidated financial results.

- 2) Amalgamation

### *Background*

Sasken Network Technologies Limited ('SNEL'), was a wholly owned subsidiary of Sasken Technologies Limited ('STL') and was engaged in the business of developing embedded communication software for companies across the communication value chain.

The business activities of SNEL and STL complimented each other. Therefore, in order to achieve economies of scale, efficiencies and to simplify contracting and vendor management, the Board of Directors of each of these companies approved the Scheme of Amalgamation ("the Scheme") for the transfer of the business and undertaking of SNEL to STL.

The Scheme was approved by the National Company Law Tribunal, Bangalore bench ('NCLT') vide its order dated August 31, 2017, the appointed date of the Scheme being April 1, 2015.

The amalgamation qualifies as a 'common control transaction' as per Appendix 'C' of Ind AS 103, Business Combinations. The accounting for the amalgamation did not have any impact on the consolidated financial results of the company.

- 3) These are the Company's second consolidated financial results prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared consolidated financial results in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' / 'IGAAP'). These consolidated financial results, including the comparative information for the quarter and year to date period ended September 30, 2016, quarter ended June 30, 2017 and for the year ended March 31, 2017 and the balance sheet as at March 31, 2017 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. In preparing its Ind AS balance sheet as at April 1, 2016 ('transition date') and in presenting the comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its consolidated financial results / statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's consolidated financial position and consolidated financial performance.

## First time adoption of Ind AS

In preparing these consolidated financial results, the Company has applied the following significant optional exemptions, in addition to those which are mandatory:

### Optional exemptions availed -

- **Business combinations** -The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to transition date have not been restated.
- **Investments in subsidiaries and joint ventures** - The Company has availed the deemed cost exemption for Ind AS purposes. Accordingly, the carrying values of investments under previous GAAP have been carried forward without any adjustments.
- **Property plant and equipment and intangible assets** - As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all items of property, plant and equipment, including intangible assets.

## Reconciliation between Previous GAAP and Ind AS

(i) Effect of Ind AS adoption on equity as at March 31, 2017, September 30, 2016 and April 1, 2016:

Particulars	Note	Amount in Rs. Lakhs		
		As at March 31, 2017	As at September 30, 2016	As at April 1, 2016
<b>Equity under Previous GAAP</b>		54,731.59	52,684.45	49,901.03
Depreciation on leasehold improvement	A	(71.04)	(65.15)	(59.26)
Fair valuation of investment in mutual funds	B	2,102.01	1,784.75	1,265.78
Accounting for investment in tax free bonds using effective interest method	C	(7.91)	(3.98)	(0.05)
Deconsolidation of Connect M	D	-	88.47	49.81
Dividend on preference shares	C	-	20.88	-
Tax effect on the above	E	(602.02)	(397.71)	(295.33)
<b>Equity under Ind AS</b>		<b>56,152.63</b>	<b>54,111.71</b>	<b>50,861.98</b>

- (ii) Effect of Ind AS adoption on consolidated total comprehensive income for the quarter and six month ended September 30, 2016 and year ended March 31, 2017

Particulars	Note	Amount in Rs. Lakhs		
		Quarter ended September 30, 2016	Six month ended September 30, 2016	Year ended March 31, 2017
<b>Net income under Previous GAAP</b>		957.57	2,518.33	7,368.60
Depreciation on leasehold improvement	A	(2.95)	(5.89)	(11.79)
Fair value gain/(loss) on investment in mutual funds	B	107.75	518.97	836.23
Interest income on tax free bonds	C	(1.97)	(3.93)	(7.86)
Employee benefits	F	251.35	214.06	640.36
Deconsolidation of Connect M	D	21.90	38.66	(48.20)
Dividend on preference shares	C	10.50	20.88	-
Tax effect on the above	E	(132.10)	(68.62)	(308.73)
<b>Profit for the period / year</b>		<b>1,212.05</b>	<b>3,232.46</b>	<b>8,468.61</b>
<b>Ind AS adjustments in other comprehensive income, net of tax :</b>				
Items that will not be reclassified subsequently to the statement of profit or loss:				
Defined benefit plan actuarial gains/(losses)	F	(251.35)	(214.06)	(640.36)
Income tax relating to items that will not be reclassified to the statement of profit and loss	E	86.99	74.09	221.62
Items that will be reclassified subsequently to the statement of profit or loss:				
Net change in fair value of forward contracts designated as cash flow hedges	G	400.65	311.65	635.57
Exchange differences in translating financial statements of foreign operations	H	(41.88)	(46.56)	(230.84)
Income tax relating to items that will be reclassified to profit and loss	E	(138.66)	(107.86)	(219.96)
<b>Total other comprehensive income for the period / year, net of taxes</b>		<b>55.75</b>	<b>17.26</b>	<b>(233.97)</b>
<b>Total comprehensive income for the period / year</b>		<b>1,267.80</b>	<b>3,249.72</b>	<b>8,234.64</b>

#### Notes to the reconciliations

- A. Decommissioning liability: Under the Previous GAAP, decommissioning liability was not capitalized as part of the cost of the asset, under Ind AS the same is capitalized as part of the cost and a corresponding liability has been recorded. The asset is being depreciated over the useful life. The decrease in net income is due to the depreciation of the decommissioning cost capitalized in leasehold improvements.
- B. Fair valuation of investments: Under the Previous GAAP, investments in mutual funds were measured at lower of cost or fair value. Under Ind AS, such investments are required to be measured at fair value and the mark-to-market gains/ losses are recognized in profit or loss (FVTPL). Effect of Ind AS adoption on the statement of profit and loss represents the mark-to-market gains (net) on such investments.
- C. Effective interest rate method: Under Ind AS, interest income is calculated using the effective interest method, which would lead to amortizing the premium paid at the time of purchase of the tax free bonds over the period of the underlying instrument. The decrease in income is due to the amortization of premium recorded as investment under Previous GAAP. Preference dividend is also accrued using the effective interest rate method every quarter.
- D. Connect M: Under the Previous GAAP, the Company had followed the proportionate consolidation method whereas it is required to follow the equity pick-up method of accounting under Ind AS. Accordingly, amounts included in the previous GAAP, to the extent that they pertain to Connect M, have been de-consolidated for the purposes of these financial results.
- E. Tax impact (net): Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS.
- F. Employee benefits: Under the Previous GAAP, actuarial gains and losses on defined benefit obligations were recognized in the statement of profit and loss. Under Ind AS, these are recognized in other comprehensive income.

- G. Change in fair value of forward contracts designated as cash flow hedges: Under Ind AS, changes in the fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized through other comprehensive income. These were recorded in hedging reserve under Previous GAAP.
- H. Exchange differences on translation of foreign operations: Under the Previous GAAP, exchange differences arising on translation of foreign operations were classified as part of retained earnings. On transition to Ind AS, the same has been re-classified to 'Foreign currency translation reserve', a component of other comprehensive income.

#### 4) Segment Reporting

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments". The Company operates in one segment only i.e. "Software Services". The CODM evaluates performance of the Company based on revenue and operating income from "Software Services". Accordingly, segment information has not been separately disclosed.

- 5) Figures for the corresponding quarter and six months ended September 30, 2016 and as at and for the year ended March 31, 2017 are based on the quarterly and six month consolidated financial results and annual consolidated financial statements respectively, that were previously audited by the predecessor auditor, as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been audited by the current statutory auditors. These adjustments, read with note 2, reconcile the net profit for the corresponding periods under the Previous GAAP with the total comprehensive income as reported in these quarterly consolidated financial results.
- 6) The Board of Directors have declared an interim dividend of Rs. 2.50 per equity share at the board meeting held on October 16, 2017.

For Sasken Technologies Ltd. (formerly Sasken  
Communication Technologies Limited)

Place: Bengaluru  
Date: October 16, 2017

Rajiv C Mody  
Chairman and Managing Director  
DIN: 00092037