

Sankhyasutra Labs Private Limited
Financial Statements
2019-20

Independent Auditor's Report

To the Members of Sankhyasutra Labs Private Limited, Bengaluru

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the Standalone Ind AS financial statements of **Sankhyasutra Labs Private Limited, Bengaluru** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2020 and
- (b) in the case of the Statement of Profit and Loss including Other Comprehensive Income, of the profit for the year ended on that date.
- (c) in the case of the Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Cash Flow Statement, of the flow of cash in the Company 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Ind AS 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 the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprise the information included in the Board's Report but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS 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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statement that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards 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 Ind AS 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, management is 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Companies Act, 2013, we given 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
 - (b) in our opinion, proper books of account as required by law 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - (d) in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
 - (e) on the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 Auditor’s 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 has disclosed the impact of pending litigations on its financial positions in its IND AS financial statements. Refer Note 20(8) to the IND AS Financial Statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **SSB & Associates**
Chartered Accountants
Firm’s Regn.No. :010372S

K. Balaji
Partner
Membership Number: 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date: 3rd April, 2020

ANNEXURE-A TO THE AUDIT REPORT ON THE ACCOUNTS OF SANKHYASUTRA LABS PRIVATE LIMITED FOR THE YEAR ENDED 31.03.2020 REFERRED TO IN PARAGRAPH (1) OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE

Considering the Companies activity, clauses (ii), (iii), (iv), (vi), (xii) and (xvi) of paragraph 3 of the Order are not applicable to the Company, however we comment on the other clauses of the said order as follows:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details, situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management. In our opinion the frequency of such verification is considered reasonable, considering the size and nature of business and there are no material discrepancies noticed on such verification.
- (c) The Company does not have Immovable properties and hence our comment on the title deeds of immovable properties does not arise.
- (v) The Company has not accepted any deposits from the public. Hence our comment on the compliance of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under does not arise. The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal has not passed any order and hence our comment on the same does not arise
- (vii) (a) According to the information and explanations provided to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax and Goods and Service Tax. As per our verification and according to the information and explanation given to us, there are no undisputed statutory dues which remained outstanding for a period more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no disputed amounts of Statutory dues payable, other than the following:

Statue	Nature of Dues	Forum where dispute is pending	Period to which the amount relates (Financial Year)	Amount Disputed (Rs.)	Remarks
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax - Appeals	2016-17	72,92,263	Amount Disputed Rs.72,92,263/- out of which Rs.14,58,453/- has been paid.

- (viii) As the Company has not borrowed any loans from financial institutions, banks or debentures holders, our comment on default in repayment of dues to financial institutions or bank or debenture holders does not arise.
- (ix) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not availed any term loan during the year and hence our comment on application of term loans funds does not arise. The Company being a Private Limited Company has not raised any money by way of initial public offer or further public offer. Contd..8Page 8
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to information and explanations given to us and based on our examination of the records of the Company, it has provided the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act. However, Section 177 of the Act is not applicable to the Company and hence our comment on the same does not arise.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year Company has not made any preferential allotment of equity shares and hence comment on compliance with the provisions of section 62 and section 42 of Companies Act, 2013 does not arise.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with directors or persons connected with him and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.

For **SSB & Associates**
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji
Partner
Membership Number: 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date: 3rd April, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF SANKHYASUTRA LABS PRIVATE LIMITED**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 **Sankhyasutra Labs Private Limited** ("the Company") as of March 31, 2020 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 management is responsible for establishing and maintaining internal financial control 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 Companies Act, 2013.

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, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the 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 includes 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 auditors' judgement, 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 opinion on the Company's internal financial controls system over financial reporting.

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, 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, 2020, based on internal financial 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.

Further, in our opinion, the Company has the ability to design and implement controls related to selection and applicability of Generally Accepted Accounting Principles (GAAP) for accounting and disclosure issues arising from COVID-19.

For **SSB & Associates**
Chartered Accountants
Firm's Regn.No. :010372S

K. Balaji
Partner
Membership Number: 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date: 3rd April, 2020

Balance Sheet as at 31st March 2020

Particulars	Notes	(Amount in Indian Rupees)	
		As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current Assets			
Property, Plant and Equipment	2	1,926,029	1,427,291
Intangible Assets	2	13,550,156	15,756,610
Intangible Assets Under Development	2	109,190,526	-
Financial Assets			
(i) Other Financial Assets	3	5,384,864	5,005,452
Other Non-Current Assets	4	6,135,839	2,551,430
Current Assets			
Financial Assets			
Trade Receivable	5	16,444,066	16,269,090
Cash and Cash Equivalents	6	395,529,621	88,465,610
Other Financial Assets	7	11,123,090	3,826,643
Other Current Assets	8	2,233,777	2,333,704
TOTAL		561,517,968	135,635,830
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	1,062,571	1,062,571
Other Equity	10	533,162,235	131,080,707
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Provisions	11	6,052,294	797,233
Current Liabilities			
Financial Liabilities			
Trade Payables (Due to Micro, Medium and Small Enterprises - Nil)	12	364	1,641,212
Other Current Liabilities	13	976,252	266,020
Provisions	14	20,264,252	788,087
TOTAL		561,517,968	135,635,830
Significant Accounting Policies	1		
Other Notes to Financial Statements	2 to 20		

As per our report of even date
For **SSB & Associates**
Chartered Accountants
Firm Reg. No. : 010372S

K. Balaji
Partner
Membership No. : 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date : 3rd April 2020

For **Sankhyasutra Labs Private Limited**

Nachiket Urdhwarsh
Director
DIN: 00018661

Bengaluru
3rd April 2020

Sunil Dattatraya Sherlekar
Director
DIN: 07239016

Bengaluru
3rd April 2020

Statement of Profit and Loss for the year ended 31st March 2020

Particulars	Notes	(Amount in Indian Rupees)	
		31-Mar-20	31-Mar-19
REVENUE			
Revenue from Operations	15	26,413,735	26,343,072
Other Income	16	2,783,267	143,386
TOTAL REVENUE		29,197,002	26,486,458
EXPENSES			
Employee Benefit Expenses	17	16,442,425	20,188,693
Depreciation and Amortization	2	497,200	3,598,169
Other Expenses	18	10,125,742	11,098,470
TOTAL EXPENSES		27,065,367	34,885,332
Profit/(Loss) before tax for the period		2,131,635	(8,398,874)
Less:			
Tax expense			
a. Current Tax		-	-
Profit/(Loss) after tax		2,131,635	(8,398,874)
<u>Other comprehensive income</u>			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans	19	(2,003,727)	-
		(2,003,727)	-
Total Comprehensive Income for the year		127,908	(8,398,874)
Weighted Average no of equity shares outstanding - Basic		1,062,571	250,849
No of equity shares outstanding - Diluted		1,161,806	259,885
Earning per equity share of face value of Rs. 1/-			
Basic		0.12	(33.48)
Diluted		0.11	(32.32)
Significant Accounting Policies	1		
Other Notes to Financial Statements	2 to 20		

As per our report of even date
For **SSB & Associates**
Chartered Accountants
Firm Reg. No. : 010372S

K. Balaji
Partner
Membership No. : 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date : 3rd April 2020

For Sankhyasutra Labs Private Limited

Nachiket Urdhwarshhe
Director
DIN: 00018661

Bengaluru
3rd April 2020

Sunil Dattatraya Sherlekar
Director
DIN: 07239016

Bengaluru
3rd April 2020

Cash Flow Statement for the year ended 31st March 2020

Particulars	For the year ended March 31, 2020 Amount (Rs.)	For the year ended March 31, 2019 Amount (Rs.)
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(Loss) before taxation	127,908	(8,398,874)
Adjustments for:		
- Depreciation and amortization	497,200	3,598,169
- Loss on sale/transfer of Fixed Assets	-	133,386
- Employee Stock Option Expenses	1,190,460	2,258,415
- Other Income	(2,783,267)	(143,386)
Operating profit before working capital changes	(967,699)	(2,552,290)
(Increase) / Decrease in other Financial Assets	(379,412)	(5,005,452)
(Increase) / Decrease in other non-current assets	(3,584,409)	(1,794,376)
(Increase) / Decrease in Trade Receivables	(174,976)	(16,269,090)
(Increase) / Decrease in other Short-term loans and advances	(7,296,447)	8,764,659
(Increase) / Decrease in other current assets	99,927	(2,206,869)
Increase / (Decrease) in trade payables	(1,640,848)	1,630,158
Increase / (Decrease) in other current liabilities	710,232	180,170
Increase / (Decrease) in long term provision	5,255,061	298,830
Increase / (Decrease) in short term provision	19,476,165	690,599
Cash generated from operations	11,497,594	(16,263,661)
Income taxes paid	-	-
Net cash from operating activities	11,497,594	(16,263,661)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(107,980,010)	(323,500)
Sale of Fixed Assets	-	12,750
Investments	-	1,107,212
Other Income	2,783,267	143,386
Net cash used in investing activities	(105,196,743)	939,848
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	400,763,160	99,999,951
Net cash used in financing activities	400,763,160	99,999,951
Net Increase/ (decrease) in cash and cash equivalents	307,064,011	84,676,138
Cash and cash equivalents at beginning the period	88,465,610	3,789,472
Cash and cash equivalents at end of the period	395,529,621	88,465,610
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts :		
Balances with Banks	395,529,621	88,465,610
Cash and cash equivalents	395,529,621	88,465,610

As per our report of even date
For **SSB & Associates**
Chartered Accountants
Firm Reg. No. : 010372S

K. Balaji
Partner
Membership No. : 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date : 3rd April 2020

For **Sankhyasutra Labs Private Limited**

Nachiket Urdhwareshe
Director
DIN: 00018661

Bengaluru
3rd April 2020

Sunil Dattatraya Sherlekar
Director
DIN: 07239016

Bengaluru
3rd April 2020

Statement of changes in equity for the year ended 31st March 2020

(Amount in Indian Rupees)

A. Equity

Particulars	Balance at 1 April 2018	Changes in equity for 2018-19	Balance at 31 Mar 2019	Changes in equity for 2019-20	Balance at 31 Mar 2020
Equity Shares	203,793	858,778	1,062,571	-	1,062,571
Total	203,793	858,778	1,062,571	-	1,062,571

B. Other Equity

Particulars	Stock Option Outstanding Account	Retained earnings	Securities Premium	Total equity
Balance at 1 April 2018	1,778,886	(13,556,845)	49,857,952	38,079,993
Issue of share capital	-	-	-	-
Changes in equity for 2018-19	-	-	99,141,173	99,141,173
Loss for the year	-	(8,398,874)	-	(8,398,874)
Share based compensation	2,258,415	-	-	2,258,415
Income for the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance at 31 March 2019	4,037,301	(21,955,719)	148,999,125	131,080,707
Issue of share capital	-	-	-	-
Changes in equity for 2019-20	-	-	400,763,160	400,763,160
Loss for the year	-	2,131,635	-	2,131,635
Share based compensation	1,190,460	-	-	1,190,460
Other Comprehensive Income	-	(2,003,727)	-	(2,003,727)
Revaluation gain	-	-	-	-
Balance at 31 March 2020	5,227,761	(21,827,811)	549,762,285	533,162,235

As per our report of even date
For **SSB & Associates**
Chartered Accountants
Firm Reg. No. : 010372S

K. Balaji
Partner
Membership No. : 207783
UDIN: 20207783AAAACG4950

Place: Bengaluru
Date : 3rd April 2020

For Sankhyasutra Labs Private Limited

Nachiket Urdhwarshhe
Director
DIN: 00018661

Bengaluru
3rd April 2020

Sunil Dattatraya Sherlekar
Director
DIN: 07239016

Bengaluru
3rd April 2020

Notes forming part of financial statements for the year ended 31-Mar-2020

Note 1

Significant Accounting Policies

Corporate Information

Sankhyasutra Labs Private Limited ('the Company') was incorporated as a private limited company under the Companies Act, 2013 ('the Act') on 09 Sept 2015. The registered office of the Company is located at Bangalore. The Company is established to provide consultancy & software development services. The Company has started its operations from 09 Sept 2015.

1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount: i) Certain financial assets and liabilities measured at fair value, ii) Defined benefit plans - plan assets measured at fair value. The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

2 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3 Revenue recognition

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of income in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

Revenue from Software development on time and material contracts is recognized based on the specific contracts as and when the related services are rendered.

Unbilled Revenue is recognised when there is an enforceable right to demand for payment for performance completed to date upon termination before completion for reasons other than company's failure to perform as promised.

Other income is recognized as and when it is accrued.

4 Fixed Assets

a. Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation. Such cost includes purchase price, taxes and duties. 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 the company and the cost can be measured reliably.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Tangible assets carrying value under previous GAAP is recognised as deemed cost.

Notes forming part of financial statements for the year ended 31-Mar-2020

Type of the Asset	Estimated useful life (in years)
Computers and Accessories	3
Furnitures	5
Office Equipment	5

b. Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Intangible Assets under Development comprises the cost of intangible assets that are not yet ready for their intended user at the reporting date.

Intangible Assets are amortised over the estimated useful life of the assets. In respect of Intangible asset the company has estimated the useful life of the asset as follows:

Type of the Intangible Asset	Estimated useful life (in years)
Softwares	3
Intellectual Property	10

c. Research and Development Expenditure

- (i) Revenue expenditure on research is charged to the Statement of Profit and Loss.
- (ii) “Intangible Asset Under Development” are recognised when it can be demonstrated that the project is expected to generate Future Economic Benefits and that it is probable that Future Economic Benefits will flow to the Company. The cost of development comprise of those which are directly attributable to such Intangible Asset or else it is charged to Statment of Profit and Loss.

5 Foreign currency transactions

Foreign currency transactions during the period are recorded at rate of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the Profit and Loss Statement for the period.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the Profit and Loss Statement.

The Company has not entered into foreign exchange forward contracts to limit the effect of exchange rate changes on its foreign currency receivables

6 Provisions and contingencies

The Company creates a provision when there is a present obligation as a result of a past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

7 Retirement and other Employee Benefits

(i) Gratuity:

The gratuity plan provides a lump sum payment to the eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s basic salary and the years of employment with the Company.

Notes forming part of financial statements for the year ended 31-Mar-2020

Provision for Gratuity is accrued based on actuarial valuation by an independent actuary carried out at the balance sheet date.

(ii) Leave encashment:

Provision for leave encashment is made based on unavailed leave standing to the credit of the employees as on 31st March 2020. Provision for leave encashment is accrued based on actuarial valuation by an independent actuary carried out at the balance sheet date.

8 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

9 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the period. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

10 Leases

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company, as a lessor, classifies a lease either as an operating lease or a finance lease. Leases are classified as finance lease

Notes forming part of financial statements for the year ended 31-Mar-2020

whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

11 Impairment of non-financial assets - property, plant and equipment and intangible assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 Financial Instruments

i) Financial Assets

A. Initial recognition and measurement:

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

C. Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss

ii) Financial Liabilities

A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

B. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For interest free loans payable on demand, trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes forming part of financial statements for the year ended 31-Mar-2020

2. Fixed Assets

Description	GROSS BLOCK AT COST			DEPRECIATION/AMORTIZATION			NET BLOCK			
	As at 1-April 2019	Additions	Deletions/ Written off	As at 31-Mar-2020	As at 1-April 2019	Depreciation for the period	Deletions	Upto 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
(a) Property, Plant and Equipment										
Computer & Accessories	4,302,042	1,561,700		5,863,742	3,178,753	985,629		4,164,382	1,699,360	1,123,289
Previous Year	4,203,542	98,500		4,302,042	1,902,217	1,276,536		3,178,753	1,123,289	2,301,325
Furniture and Fixtures	30,914	-		30,914	15,973	6,198		22,171	8,743	14,941
Previous Year	414,799	-	383,885	30,914	178,634	75,088	237,749	15,973	14,941	236,165
Office Equipments	384,699	53,906		438,605	95,638	125,041		220,679	217,926	289,061
Previous Year	159,699	225,000		384,699	56,712	38,926		95,638	289,061	102,987
Sub-total (a)	4,717,655	1,615,606	-	6,333,261	3,290,364	1,116,868	-	4,407,232	1,926,029	1,427,291
Previous Year - Subtotal	4,778,040	323,500	383,885	4,717,655	2,137,563	1,390,550	237,749	3,290,364	1,427,291	2,640,477
(b) Intangible Assets:										
Software	28,857			28,857	25,584	3,273		28,857	-	3,273
Previous Year	28,857	-	-	28,857	15,965	9,619		25,584	3,273	12,892
Intellectual Property	21,980,000			21,980,000	6,226,663	2,203,181		8,429,844	13,550,156	15,753,337
Previous Year	21,980,000	-		21,980,000	4,028,663	2,198,000		6,226,663	15,753,337	17,951,337
Sub-total (b)	22,008,857	-	-	22,008,857	6,252,247	2,206,454		8,458,701	13,550,156	15,756,610
Previous Year - Subtotal	22,008,857	-	-	22,008,857	4,044,628	2,207,619		6,252,247	15,756,610	17,964,229
(c) Intangible Assets Under Development										
Previous Year	-	109,190,526		109,190,526	-	-		-	109,190,526	-
Sub-total (c)	-	109,190,526		109,190,526	-	-		-	109,190,526	-
Previous Year - Subtotal	-	-		-	-	-		-	-	-
Total	26,726,512	110,806,132	-	137,532,644	9,542,611	3,323,322	-	12,865,933	124,666,711	17,183,901
Previous Year - Total	26,786,897	323,500	383,885	26,726,512	6,182,191	3,598,169	237,749	9,542,611	17,183,901	20,604,706

Notes forming part of Balance Sheet as at 31-Mar-2020

Particulars	<i>(Amount in Indian Rupees)</i>	
	31-Mar-20	31-Mar-19
3 Other Financial Assets		
<i>Unsecured, considered good</i>		
Security Deposits	<u>5,384,864</u>	<u>5,005,452</u>
TOTAL	<u><u>5,384,864</u></u>	<u><u>5,005,452</u></u>
4 OTHER NON CURRENT ASSETS		
<i>Unsecured, considered good</i>		
<u>Other Advances</u>		
Input Tax credit receivable	5,799,341	1,811,134
Prepaid Rent	<u>336,498</u>	<u>740,296</u>
TOTAL	<u><u>6,135,839</u></u>	<u><u>2,551,430</u></u>
5 TRADE RECEIVABLE		
Unsecured,		
Trade Receivable considered good	<u>16,444,066</u>	<u>16,269,090</u>
TOTAL	<u><u>16,444,066</u></u>	<u><u>16,269,090</u></u>
6 CASH AND CASH EQUIVALENTS		
Balances with Banks	<u>395,529,621</u>	<u>88,465,610</u>
TOTAL	<u><u>395,529,621</u></u>	<u><u>88,465,610</u></u>
7 Other Financial Assets		
Unbilled Revenue	<u>11,123,090</u>	<u>3,826,643</u>
TOTAL	<u><u>11,123,090</u></u>	<u><u>3,826,643</u></u>
8 Other Current Assets		
Other Loans and Advances	27,872	386,208
Prepaid Expenses	687,452	429,043
Income Tax Paid	<u>1,518,453</u>	<u>1,518,453</u>
TOTAL	<u><u>2,233,777</u></u>	<u><u>2,333,704</u></u>

Notes forming part of Balance Sheet as at 31-Mar-2020

Particulars	(Amount in Indian Rupees)	
	31-Mar-20	31-Mar-19
9 SHARE CAPITAL		
9.1 Authorised Share Capital		
30,00,000 Equity Shares of Re.1/- each ((Previous Year 30,00,000 Equity Shares of Re.1/- each)	3,000,000	3,000,000
Issued and Subscribed		
2,03,793 Equity Shares of Rs.1/- each	203,793	203,793
9,54,198 Equity Shares of Re.1/- each	954,198	954,198
Paid Up		
2,03,793 Equity Shares of Rs.1/- each	203,793	203,793
9,54,198 Equity Shares of Re.1/- each (Partly paid up Re. 0.90/- each share)	858,778	858,778
TOTAL	1,062,571	1,062,571

9.2 Reconciliation of Equity Shares outstanding

	As at 31 Mar 2020		As at 31 Mar 2019	
	No of Shares of Re. 1/- Each	Amount	No of Shares of Re. 1/- Each	Amount
Shares outstanding as at the beginning of the year	1,157,991	1,062,571	203,793	203,793
Shares Issued during the year (9,54,198 Equity Shares of Re.1/- each (Partly paid up Re. 0.90/- each share))	-	-	954,198	858,778
Shares converted to equity shares during the year	-	-	-	-
Equity Shares outstanding as at the end of the year	1,157,991	1,062,571	1,157,991	1,062,571

9.3 a. The Company has one class of equity shares having a par value of Re. 1/- per share. Each holder of equity share is entitled to one vote per share.

b. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of company after distribution of all preferential amounts, in proportion to their shareholding.

9.4 There are no forfeited shares.

9.5 No shares were allotted as fully paid up by way of bonus shares. No shares were bought back.

9.6 Shares held by Holding Company

Name of the Shareholders	31-Mar-20		31-Mar-19	
	Shareholding (in nos.)	Percentage (%)	Shareholding (in nos.)	Percentage (%)
Holding Company				
Reliance Industrial Investments and Holdings Limited	-	-	1,005,155	86.80%
Jio Platforms Limited	1,005,155	86.80%	-	-

Notes forming part of Balance Sheet as at 31-Mar-2020

9.7 Equity Shares in the company held by each share holder holding 5% shares or more and percentage of share holding.

Name of the Shareholders	31-Mar-20		31-Mar-19	
	Shareholding (in nos.)	Percentage (%)	Shareholding (in nos.)	Percentage (%)
Reliance Industrial Investments and Holdings Limited	-	-	1,005,155	86.80%
Jio Platforms Limited	1,005,155	86.80%	-	-
Santosh Ansumali	70,116	6.05%	70,116	6.05%

(Amount in Indian Rupees)

Particulars	31-Mar-20	31-Mar-19
10 OTHER EQUITY		
a) Security Premium		
Opening Balance	148,999,125	49,857,952
Additions during the year	400,763,160	99,141,173
Closing Balance	549,762,285	148,999,125
b) Stock Option Outstanding Account		
Opening Balance	4,037,301	1,778,886
Share Based Compensation for the year	1,190,460	2,258,415
Closing Balance	5,227,761	4,037,301
c) Retained Earnings		
Opening Balance	(21,955,719)	(13,556,845)
Add: Surplus/(Loss) in the Statement of Profit and Loss	2,131,635	(8,398,874)
Add: Other Comprehensive Income	(2,003,727)	-
Closing Balance	(21,827,811)	(21,955,719)
TOTAL	533,162,235	131,080,707
11 PROVISIONS		
Provision for Leave Encashment	1,951,291	261,600
Provision for Gratuity	4,101,003	535,633
TOTAL	6,052,294	797,233
12 TRADE PAYABLES		
Due to Micro, Small and Medium Enterprises [Refer Note 20(2)]	-	-
Due to Others	364	1,641,212
TOTAL	364	1,641,212

Notes forming part of Balance Sheet as at 31-Mar-2020

Particulars	<i>(Amount in Indian Rupees)</i>	
	31-Mar-20	31-Mar-19
13 OTHER CURRENT LIABILITIES		
Statutory Dues Payable	401,149	88,780
Payable to Employees	422,103	64,740
Audit Fees Payable	153,000	112,500
TOTAL	976,252	266,020
14 SHORT TERM PROVISIONS		
Provision for Leave Encashment	51,876	20,163
Provision for Gratuity	7,652	1,104
Annual Variable Payable	13,457,504	-
Long Term Incentive Payable	5,544,000	-
Other Provision for expenses	1,203,220	766,820
TOTAL	20,264,252	788,087
15 REVENUE FROM OPERATIONS		
<u>Sale of Services</u>		
Software Development Service	18,306,571	35,481,582
Scientific and Technical Consulting Services	-	600,000
Increase/(Decrease) of Unbilled Revenue	8,107,164	(9,738,510)
TOTAL	26,413,735	26,343,072
16 OTHER INCOME		
Short Term Capital Gain	2,396,458	80,940
Interest on Fixed Deposits	7,397	-
Other Interest Income	379,412	62,446
TOTAL	2,783,267	143,386
17 EMPLOYEE BENEFIT EXPENSES		
Salary, Bonus and Allowances	97,501,074	17,051,915
Leave Encashment	1,727,837	49,653
Retirement Benefits	1,568,191	236,978
Staff Welfare Expenses	162,559	39,270
Insurance - Medical and Accident	387,056	552,462
Employee Stock Option Expenses - Discount	1,190,460	2,258,415
Transfer to project development Expenses (Net)	(86,094,752)	-
TOTAL	16,442,425	20,188,693

Notes forming part of Balance Sheet as at 31-Mar-2020

Particulars	<i>(Amount in Indian Rupees)</i>	
	31-Mar-20	31-Mar-19
18 OTHER EXPENSES		
Rent	11,033,065	2,483,005
Legal and Professional Charges - <i>(see note 19.1 below)</i>	10,670,219	4,180,650
Travelling and Conveyance	1,435,930	548,444
Repairs and Maintenance - IT & Infrastructure	2,104,228	261,356
Rates and Taxes	93,758	471,412
Bank Charges	24,857	12,721
Miscellaneous Expenses	1,814,420	374,041
Communication Cost	562,240	73,432
Foreign Exchange loss	15,303	119,101
Foreign Withholding Taxes (net of amount adjusted against current taxes)	2,641,374	2,574,308
Transfer to project development Expenses (Net)	<u>(20,269,652)</u>	<u>-</u>
TOTAL	<u>10,125,742</u>	<u>11,098,470</u>
18.1 Legal & Professional Charges includes payments to auditors		
Statutory Audit Fee	180,000	95,000
Tax Audit Fee	50,000	50,000
For Other Matters	27,000	78,500
TOTAL	<u>257,000</u>	<u>223,500</u>
19 OTHER COMPREHENSIVE INCOME		
<u>Items that will not be reclassified to profit or loss in subsequent periods:</u>		
Re-measurement gains/(losses) on defined benefit plans	<u>(2,003,727)</u>	<u>-</u>
TOTAL	<u>(2,003,727)</u>	<u>-</u>

Note 20

Other Notes to Financial statements

1 Earning per share	For the year ended 31 Mar 2020	For the year ended 31 Mar 2019
Net profit/(Loss) for the period attributable to equity shareholders	127,908	(8,398,874)
Weighted average number of equity shares of Re. 1/- each used for calculation of basic earning per share	1,062,571	250,849
Number of equity shares of Re. 1/- each used for calculation of diluted earning per share	1,161,806	259,885
Basic earnings per share	<u>0.12</u>	<u>(33.48)</u>
Diluted earnings per share	<u>0.11</u>	<u>(32.32)</u>

2 Dues to micro and small enterprises

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. The Ministry of Micro, Small and Medium enterprises has issued an office Memorandum dated 26

Notes forming part of Balance Sheet as at 31-Mar-2020

August 2008 which recommends that the Micro and Small enterprises should mention in their correspondence with its customers the entrepreneur's Memorandum number as allocated after filing of the Memorandum. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 Mar 2020	For the year ended 31 Mar 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; *	NIL	NIL
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period; *	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act;	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of the period;	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL

* excluding interest

3 Related Parties of the Company

(i) List of related parties

Name of the Party	Relationship
Nachiket Urdhwareshe	Key Managerial Personnel
Santosh Ansumali	Key Managerial Personnel
Sunil Sherlekar	Key Managerial Personnel
Reliance Industries Limited	Ultimate Parent Company

(ii) Transactions with related parties

Particulars	(Amount in INR) For the year ended 31 Mar 2020	(Amount in INR) For the year ended 31 Mar 2019
(i) Remuneration paid to Key Management Personnel		
Nachiket Urdhwareshe	11,869,104	2,442,048
Sunil Sherlekar	11,885,304	2,442,048
Santosh Ansumali	9,000,000	-
(ii) Reimbursement of expenses paid to Key Management Personnel		
Nachiket Urdhwareshe	190,306	138,504
Santosh Ansumali	42,809	24,755
Sunil Sherlekar	808,213	339,681

Notes forming part of Balance Sheet as at 31-Mar-2020

Particulars	(Amount in INR) For the year ended 31 Mar 2020	(Amount in INR) For the year ended 31 Mar 2019
(iii) Loan taken from Key Management Personnel		
Sunil Dattatraya Sherlekar	Nil	3,350,000
Nachiket Urdhwareshe	Nil	3,450,000
Santosh	Nil	300,000
(iv) Loan repaid to Key Management Personnel		
Sunil Dattatraya Sherlekar	Nil	3,350,000
Nachiket Urdhwareshe	Nil	3,450,000
Santosh	Nil	300,000
(v) Sale of Services		
Reliance Industries Limited	Nil	600,000
(vi) Balances at the period end		
Sunil Sherlekar	422,103	50,663

4 Earnings and Expenditure in Foreign Currency

Particulars	(Amount in INR) For the year ended 31 Mar 2020	(Amount in INR) For the year ended 31 Mar 2019
<u>Earnings in Foreign Exchange</u>		
Software Development Service	18,306,571	35,481,582
<u>Expenditure in Foreign Exchange</u>		
(i) Travelling Expenses	385,922	-
(ii) Professional Fee	1,896,736	-
(iii) Membership Fee	235,936	-

5 Employee benefits

A The Company has a gratuity plan for all employees. Every employee who has completed 5 years or more of service is eligible for gratuity on separation, which is worked out at 15 days salary (last drawn salary) for each completed year of service.

The following table set out the status of the gratuity plan as required under Ind AS - 19.

Change in Defined Benefit Obligation	As at 31 March 2020 (Rs.)	As at 31 March 2019 (Rs.)
Obligation at the beginning	536,737	299,759
Service cost	1,532,713	203,239
Interest cost	35,478	22,992
Plan amendment cost	-	-
Benefit Payments	-	-
Actuarial Losses / (Gains)	2,003,727	10,747
Obligation at period end	4,108,655	536,737
Present value of the defined benefit obligations at the end of the year	4,108,655	536,737
(Liability)/ assets recognized in the balance sheet	(4,108,655)	(536,737)

Notes forming part of Balance Sheet as at 31-Mar-2020

Change in Defined Benefit Obligation	As at 31 March 2020 (Rs.)	As at 31 March 2019 (Rs.)
Gratuity cost for the period		
Service cost	1,532,713	203,239
Interest cost	35,478	22,992
Actuarial (gain)/loss	2,003,727	10,747
Net gratuity cost	3,571,918	236,978
Assumptions		
Discount factor	6.61%	7.67%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	10.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	60 Years	60 Years

- B The Company has an Earned Leave Scheme for all employees on the casual leave granted, under which unavailed leave of their employees is allowed to be accumulated under certain limits, and permitted to be encashed at the time of employee's retirement, resignation or on death on the basis of the salary he/she would be drawing at the time of his separation from the company.

The following table set out the status of the Leave Encashment plan as required under Ind AS - 19.

Change in Defined Benefit Obligation	As at 31 March 2020 (Rs.)	As at 31 March 2019 (Rs.)
Obligation at the beginning	281,763	244,509
Service cost	693,334	166,391
Interest cost	18,412	18,278
Plan amendment cost	-	-
Benefit Payments	(6,433)	(12,399)
Actuarial Losses / (Gains)	1,016,091	(135,016)
Obligation at period end	2,003,167	281,763
Present value of the defined benefit obligations at the end of the year	2,003,167	281,763
(Liability)/ assets recognized in the balance sheet	(2,003,167)	(281,763)
Leave Encashment cost for the year		
Service cost	693,334	166,391
Interest cost	18,412	18,278
Actuarial (gain)/loss	1,016,091	(135,016)
Net Leave Encashment cost	1,727,837	49,653
Assumptions		
Discount factor	6.61%	7.67%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	10.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	60 Years	60 Years

Notes forming part of Balance Sheet as at 31-Mar-2020

6 Leases

The Company has taken the office space on lease under operating lease agreement and has taken Plant & Machinery on lease basis. The Lease payments made during the year and to be made in future years in respect of the lease are as follows:

Particulars	As at 31.03.2020 (Rs.)	As at 31.03.2019 (Rs.)
Lease rent paid during the year	11,033,065	24,83,005
Lease Obligation		
With in second year of the Balance Sheet date	10,287,639	9,797,751
Due period between second year and third years	8,807,403	19,095,042
Due after three years	Nil.	Nil.

7 Employees Stock Option Plan

The Shareholders in the Extra-ordinary General Meeting held on 06th March, 2017 has approved the Sankhyasutra Labs Employees Stock Option Plan 2017 (ESOP 2017). In accordance with the said plan, the Board of Directors have been constituted Compensation committee to fix the eligibility criteria and to administer the plan.

Pursuant to the Plan, the Company granted 3,840 options till 31 March 2020. The options will vest over a period of four years in equal proportion of 25% each year. The Exercise price will be Rs.10/- per share. The Stock compensation cost is computed based on fair value of equity instruments granted and is been recognised over the vesting period. For the period ended 31 March 2020, the Company has recorded Employee Stock Option compensation expenses of Rs. 11,90,460/- based on fair value of Rs.1,565.65/- per share being the fair value arrived by the valuer dated 03.10.2015 which has been considered by the Board/ ESOP committee to estimate the fair value of equity instruments granted.

Particulars	As at 31.03.2020 (Rs.)	As at 31.03.2019 (Rs.)
Outstanding Options at the beginning of the year	3,840	2,195
Options granted during the year	-	1,645
Options forfeited during the year	-	-
Options granted closing balance	3,840	3,840
Options vested as of 31.03.2020	1,510	549
Options exercised as of 31.03.2020	Nil	Nil

8 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Particulars	As at 31.03.2020 (Rs.)	As at 31.03.2019 (Rs.)
Claims/disputed liabilities against the Company not acknowledged as debts	7,292,263	7,292,263

- 9 The Company has recognized expenses incurred by technology groups towards software products and technologies amounting to Rs.10,91,90,526/- up to 31-Mar-2020 as Intangible Assets under Development as these expenses will have future economic benefits and has fulfilled the recognition criteria as envisaged under Ind AS- 38, Intangible Assets.

Notes forming part of Balance Sheet as at 31-Mar-2020

10 IMPACT OF COVID-2019 ON FINANCIAL REPORTING

As per the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration, the management of the Company has reviewed the effect of Covid-19 on the business operations of the Company and impact on Financial Statements as at 31.03.2020. The Management is of the view that Covid-19 lockdown does not have any impact on the Financial Statements as at 31.03.2020. Hence, no provision has been made on account of Covid-19.

- 11 The company in the Extra-Ordinary General Meeting held on 24.03.2020 has unanimously approved the resolution to convert the status of the company from private company to public company. Accordingly the word private shall be deleted and name of the company shall be changed as Sankhyasutra Labs Limited and Memorandum of Association and Articles of Association is suitably amended. In this regard, the company is in the process of filing appropriate forms to comply the provisions of Companies Act, 2013 to give effect to the above stated resolution.

12 SEGMENT REPORTING

The Company provides consultancy & software development services. The Company has single segment as per the requirements of Ind AS 108 for "Operating Segment". The assets and liabilities of the company as on 31st March, 2020 predominantly relate to this segment.

13 Deferred Tax

The Company does not foresee profits in the foreseeable future. Hence, Deferred Tax Asset has not been recognised in the financial statements.

- 14 Figures of the previous year have been re-grouped and re-classified wherever necessary to confirm with the current year classification to the extent necessary as per Schedule III of Companies Act, 2013.

(Signatures to Notes 1 to 20)

As per our report of even date

For **SSB & Associates**

Chartered Accountants

Firm Reg. No. : 010372S

K. Balaji

Partner

Membership No. : 207783

UDIN: 20207783AAAACG4950

Place: Bengaluru

Date : 3rd April 2020

For **Sankhyasutra Labs Private Limited**

Nachiket Urdhwareshe

Director

DIN: 00018661

Bengaluru

3rd April 2020

Sunil Dattatraya Sherlekar

Director

DIN: 07239016

Bengaluru

3rd April 2020