INDEPENDENT AUDITOR'S REPORT

To the Members of ISG Novasoft Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ISG Novasoft Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended on that date 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 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS 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 ICAI 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 comprises the information included in the Board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 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 Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Ind AS 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.

The Board of Directors is 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 Ind AS 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 Ind AS 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to Ind AS Financial Statements 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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 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 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

3. 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, Statement of changes in equity and Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements.

(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 position in its Ind AS financial statements – Refer Note 24 (a) to the 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 ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

D. Ramprasad
Partner
Membership No. 028241

Place: Bengaluru
Date: May 22, 2020

UDIN: 20028241AAAAVW9409

Annexure - A to the Independent Auditors' Report

As referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i) a) As per information and explanation provided to us and based on our examination of the records of the Company, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, consequent to sale of assets during the year, the company did not have any fixed assets as at the year end.

b) As per information provided to us, prior to sale of assets, the fixed assets were physically verified by the management and no material discrepancies were noticed.

c) As per information provided to us and to the best of our knowledge and belief, the Company does not own any immovable property.

(ii) The Company's business does not involve inventories and accordingly, the requirement under clause 3(ii) of the order not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any 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. Accordingly, paragraph 3(iii) (a), (b) & (c) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investment, given guarantees, and security under the provisions of section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, during the financial year, the Company has not accepted deposits within the meaning of Section 73 to 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) To the best of our knowledge and as explained, the maintenance of cost records under sub-section (1) of Section 148 of the Act is not applicable to the company and therefore reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) a) Undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there has been delays in remittances of income tax dues. There are no material outstanding statutory dues existing as on the last day of the financial year which is outstanding for more than six months from the day these become payable.

b) According to the information and explanations given to us and based on our examination of the records of the Company, the dues of Income Tax, Goods and

Service Tax, duty of excise, value added tax and cess on account of any dispute are as follows:

Name of the statute	Nature of Dues	Dispute Amounts (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Paid to which the amount relates (Assessment year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax	0.04		2009-10	Pending at various forums
		591		2010-11	
		8		2011-12	
		777	0.10	2012-13	
		561		2013-14	
		268	175	2014-15	
		51		2017-18	
		4		2018-19	

(viii) The company did not have any outstanding loans or borrowings dues in respect of a financial institutions or bank or to government or dues to debenture holders during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud by or on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the managerial remuneration paid are in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, the Company has entered into transactions, during the period, with the related parties as per the provisions of section 177 and 188 of the Act, and where applicable details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

D. Ramprasad
Partner
Membership No. 028241

Place: Bengaluru
Date: May 22, 2020

UDIN: 20028241AAAAVW9409

Annexure - B to the Independent Auditors' Report

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 ISG Novasoft Technologies Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

D. Ramprasad
Partner
Membership No. 028241

Place: Bengaluru
Date: May 22, 2020

UDIN: 20028241AAAAVW9409

ISG Novasoft Technologies Limited
Balance Sheet as at March 31, 2020
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	-	17
Intangible assets	3	-	1
Financial assets			
Loans	4	-	285
Deferred tax assets	15	-	111
Income tax assets (net)	15	849	332
Other non-current assets	5	154	172
		1,003	**918**
Current assets			
Financial assets			
Trade receivables	6	-	128
Cash and cash equivalents	7	213	46
Other financial assets	8	132	802
Other current assets	5	3	108
		348	**1,084**
		1,351	**2,002**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	3,623	3,623
Other equity	10	(2,954)	(2,518)
		669	**1,105**
Liabilities			
Non-current liabilities			
Provisions	11	-	34
		-	**34**
Current liabilities			
Financial liabilities			
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	12	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12	79	166
Other financial liabilities	13	-	197
Other current liabilities	14	155	125
Provisions	11	1	48
Income tax liabilities (net)	15	447	327
		682	**863**
		1,351	**2,002**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

For and on behalf of the Board of Directors of
ISG Novasoft Technologies Limited

D Ramprasad
Partner
Membership number: 028241

Manoj Bawa
Whole-time Director and
Chief Financial Officer
DIN: 01282046

M V Sampath Kumar
Director
DIN: 07613043

Place: Bengaluru
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

ISG Novasoft Technologies Limited
Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
DISCONTINUED OPERATIONS			
INCOME			
Revenue from contract with customer	16	2,570	3,495
Other income	17	762	30
Income from discontinued operations		**3,332**	**3,525**
EXPENSES			
Employee benefits expense	18	1,828	2,286
Finance costs	19	11	22
Depreciation and amortisation expense	20	10	20
Other expenses	21	836	791
Expenses of discontinued operations		**2,685**	**3,119**
Profit from discontinued operations before exceptional items and tax		**647**	**406**
Exceptional items	22	(847)	-
Profit/(loss) from discontinued operations before tax		**(200)**	**406**
Tax expense			
Current tax	15	120	99
Deferred tax charge/(credit)	15	113	17
Total Tax Expenses		**233**	**116**
Profit/(Loss) for the year from discontinued operations		**(433)**	**290**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain/(loss) on defined benefit plan		(6)	1
Income tax effect on above		2	-
		(4)	**1**
Total comprehensive income/(expense) for the year		**(437)**	**291**
Earnings/(Loss) per equity share from discontinued operations	23		
Basic/Diluted (in Rs.)		(1.20)	0.80
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

For and on behalf of the Board of Directors of
ISG Novasoft Technologies Limited

D Ramprasad
Partner
Membership number: 028241

Place: Bengaluru
Date: May 22, 2020

Manoj Bawa
Whole-time Director and
Chief Financial Officer
DIN: 01282046

Place: Bengaluru
Date: May 22, 2020

M V Sampath Kumar
Director
DIN: 07613043

Place: Bengaluru
Date: May 22, 2020

ISG Novasoft Technologies Limited
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax		
Continuing operations	-	-
Discontinued operations	(200)	406
	(200)	406
Adjustments:		
Depreciation and amortization expense	10	20
Allowance for bad and doubtful debts, unbilled revenue and other receivables	(847)	-
Proceeds received from liquidation of subsidiary	(6)	-
Profit on sale of business	(640)	-
Provision for GST receivable	143	-
Provision no longer required written back	(6)	-
Remeasurement loss/(gain) on defined benefit plan	(6)	1
Stock compensation expense	1	-
Interest income	(34)	(6)
Interest expenses	11	22
Unrealised foreign exchange gain	(63)	12
Operating profit before working capital changes	**(1,637)**	**455**
Changes in working capital		
Decrease/(Increase) in trade receivables	128	(129)
Decrease/(increase) in loans, other financial assets and other assets	1,957	(348)
Decrease in trade payables, other financial liabilities, provisions and other liabilities	(484)	177
	(36)	155
Income taxes paid	(517)	(232)
Net cash flows (used in)/from operating activities of discontinued operations	(553)	(77)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	-	(7)
Proceeds from sale of business	680	-
Liquidation proceeds from subsidiary	6	-
Interest received	34	-
Net cash flows (used in)/from investing activities of discontinued operations	720	(7)
Net (decrease) / increase in cash and cash equivalents (A+B)	167	(84)
Cash and cash equivalents at beginning of the year	46	130
Cash and cash equivalents at the end of the year	213	46
Components of cash and cash equivalents:		
Cash on hand	-	-
Balances with banks in current accounts	213	46
	213	46

Summary of significant accounting policies (Refer Note 2.1).
The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

For and on behalf of the Board of Directors of
ISG Novasoft Technologies Limited

``

D Ramprasad
Partner
Membership number: 028241

Place: Bengaluru
Date: May 22, 2020

Manoj Bawa
Whole-time Director and
Chief Financial Officer
DIN: 01282046

Place: Bengaluru
Date: May 22, 2020

M V Sampath Kumar
Director
DIN: 07613043

Place: Bengaluru
Date: May 22, 2020

ISG Novasoft Technologies Limited
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	As at March 31, 2020		**As at March 31, 2019**	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,230,700	3,623	36,230,700	3,623
Changes during the year	-	-	-	-
At the end of the year	**36,230,700**	**3,623**	**36,230,700**	**3,623**

b) Other equity

Particulras	**Attributable to equity shareholders of the Company (Refer Note 10)**		
	Equity contribution of Holding Company towards employee stock options	**Retained earnings**	**Total Other equity**
Balance as at April 1, 2018	**555**	**(3,364)**	**(2,809)**
Profit/(Loss) for the year	-	290	290
Transfer to retained earnings on forfeiture of options	(555)	555	-
Other comprehensive income	-	1	1
Balance as at March 31, 2019	**-**	**(2,518)**	**(2,518)**
Employee stock compensation for the year[a]	-	-	-
Transfer to retained earnings on forfeiture of options	-	-	-
Profit/(Loss) for the year	1	(433)	(432)
Other comprehensive income	-	(4)	(4)
Balance as at March 31, 2020	**1**	**(2,955)**	**(2,954)**

Note:

(a) Employee stock options reserve - The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan of the Holding Company.

Summary of significant accounting policies (Refer Note 2.1).
The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

For and on behalf of the Board of Directors of
ISG Novasoft Technologies Limited

D Ramprasad
Partner
Membership number: 028241

Manoj Bawa
Whole-time Director and
Chief Financial Officer
DIN: 01282046

M V Sampath Kumar
Director
DIN: 07613043

Place: Bengaluru
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

Place: Bengaluru
Date: May 22, 2020

1. Corporate information

a) ISG Novasoft Technologies Limited ("the Company"), is a company incorporated under the provisions of the Companies Act, 1956. The Company was engaged in the business of providing software products support services catering mainly to the mortgage lending industry in the United States of America ("USA"). The Company operated as the off-shore hub and along with its affiliates in the USA, delivers solutions and services to the customer base consisting primarily of mortgage banks and financial institutions.

b) The Company is a wholly-owned subsidiary of CFCL Ventures Limited, Cayman Islands ("the Holding Company"), which is a subsidiary of Chambal Fertilisers and Chemicals Limited ("the Ultimate Holding Company"), a company incorporated under the laws of India and listed on the recognised stock exchanges in India.

c) As of January 30, 2020, the Company entered into an agreement with "Indecomm Global Services (India) Pvt. Ltd." ("Indecomm"), pursuant to which, among other things, the Company sold to the Indecomm, all of its identified assets, (real, personal or mixed, tangible or intangible, including goodwill) together with its right, title and interest in the identified contracts free and clear of all encumbrances. After completion of aforesaid transaction, the Company was not having any business activities.

d) The Ind AS financial statements of the Company were approved in the meeting of the Board of Directors held on May 22, 2020.

2. Basis of preparation

The Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to Ind AS financial statements.

The significant accounting policies adopted for preparation and presentation of Ind AS financial statements have been applied consistently, except for the changes in accounting policy for amendments to the standard, as applicable, that were effective for annual period beginning from on or after April 1, 2019.

Ind AS 116 on Leases was notified on March 30, 2019 and it replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). Considering the transaction referred in para 1 c) above, there was no significant adjustment required to the Company's retained earnings or the lease charges recognized during the year.

Refer the note 34(a), wherein it is mentioned that the Company has sold all its identified assets during the year to Indecomm. As per the agreement entered with the Indecomm, the Ultimate Holding Company shall ensure that the Company fulfills its indemnity obligations under the transaction documents executed among the Company, the Holding Company and Indecomm. Accordingly, the Ind AS financial statements are prepared on a going concern basis.

(a) Functional and presentation currency

These Ind AS financial statements are prepared in Indian Rupee, which is also the Company's functional currency. All amounts have been rounded off to Indian Rupees in lakhs unless otherwise indicated.

(b) Basis of measurement

The Ind AS financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(c) Use of estimates, assumptions and judgements

In preparing these Ind AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The significant accounting estimates used in the preparation of these Ind AS financial statements are as follows:

i. <u>Depreciation</u>

The charge in respect of periodic depreciation of the property, plant and equipment is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

ii. <u>Employee stock option</u>

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

iii. <u>Defined benefit plans</u>

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables.

These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

iv. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

v. Income taxes

The Company's major tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes.

2.1 Summary of significant accounting policies

(a) Current / Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Measurement of fair values

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company requires the measurement of fair values for both financial / non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes an independent valuer that performs valuation of all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(c) Foreign currencies

i. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency, are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit and loss.

(d) Financial Instruments

i. Recognition and initial measurement

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. Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets 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.

iii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business 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.

iv. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the statement of profit and loss.

v. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For 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.

vi. Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

vii. Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. The changes to the business model are expected to be infrequent.

The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

viii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss.

(f) Revenue from contract with customer

Revenue from contract with customer is recognised upon transfer of control of the promised services to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of services

Revenues from services are recognised as the services are rendered to a fellow subsidiary, on the basis of agreed mark-up on costs incurred in accordance with the agreement entered into with a group company.

Contract assets

A contract asset is the right to consideration in exchange for services rendered to the customer. Revenues in excess of invoicing are classified as contract assets (referred as ‘unbilled revenue’).

Trade receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract. Invoicing in excess of revenues are classified as contract liabilities (referred as 'unearned revenues').

Interest income

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the statement of profit and loss.

(g) 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 January 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of such property, plant and equipment.

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss, as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are classified as capital advances under Long-term loans and advances. The cost of the fixed asset not ready for its intended use on such date is classified as capital work-in-progress.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives of the assets estimated by the management, using the straight line method and is recognised in the statement of profit and loss.

The Company has used the following useful lives to provide depreciation on plant and equipment:

Category	Useful life (years)
Computers and accessories	3
Furniture and fixtures	5
Office equipments	5
Vehicles	5

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above, best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up-to) the date on which asset is ready for use (disposed off).

(h) Other 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 January 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets. Other intangible assets comprise of computer software.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for acquired computer software is considered as 3 years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Impairment of assets

i. <u>Financial assets</u>

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognised as an impairment gain or loss in the statement of profit and loss.

ii. <u>Non-financial assets</u>

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating units (‘CGU’) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

(j) Retirement and other employee benefits

Defined contribution plans

The contributions payable to recognized provident funds and employee state insurance which are defined contribution schemes are charged to the statement of profit and loss.

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to a recognised provident fund equal to a specified percentage of the covered employee's salary. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

Defined benefit plans

i. Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to gratuity are determined by actuarial valuation at each balance sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to a separately administered fund 'ISG Novasoft Technologies Limited Employees Group Gratuity Trust'. The Company recognises the net obligation of the gratuity plan in the balance sheet as an asset or liability, respectively in accordance with Ind AS 19, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

ii. Compensated absences

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave liability as current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(m) Leases

The Company as a lessee:

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange for a consideration.

A customer has the right to control the use of an identified asset, if it has the:

- Right to obtain substantially all of the economic benefits from use of the identified asset and
- Right to direct the use of the identified asset i.e. it has the right to direct how and for what purpose the asset is used throughout the period of use.

Once a lease is identified, a lessee is required to recognise a Right-Of-Use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments on the balance sheet. ROU asset will be measured at cost and the lease liability will be measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. A ROU asset will be measured at cost less accumulated depreciation and accumulated impairment.

The Company may elect not to apply the lease accounting model to:

- Leases with a lease term of 12 months or less that do not contain a purchase option i.e. short term leases.
- Leases for which the underlying asset is of low value when it is new – even if the effect is material in aggregate.

(n) Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(o) Employee stock compensation costs

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Holding Company.

Employee stock compensation costs for stock options are recognized as employee benefit expenses based on the grant date fair value of the options granted to employees with corresponding increase in equity contribution from the Holding Company. The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton valuation model on the basis of valuation performed by the Management and recognized in a graded manner on the basis of weighted period of services over the vesting period. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behavior of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the publicly traded equity shares of comparable listed entities. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

(p) Earnings/ (loss) per share

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/ (loss) after tax by the weighted average number of equity shares considered for deriving base earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(q) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible as cash to be cash equivalents.

(r) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Company's chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(t) Corporate social responsibility

Amount incurred on corporate social responsibility is charged to the statement of profit and loss when incurred.

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ISG Novasoft Technologies Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3. Property, plant and equipment and Intangible assets

	Property, plant and equipment					Intangible assets
	Computers and accessories	**Office equipment**	**Leasehold improvements**	**Furniture and fixtures**	**Total**	**Computer software**
Cost						
At April 1, 2018	**43**	**17**	**15**	**2**	**77**	**1,072**
Additions	7	-	-	-	7	-
Disposals	-	-	-	-	-	-
At March 31, 2019	**50**	**17**	**15**	**2**	**84**	**1,072**
Additions	-	-	-	-	-	-
Transfers	(5)				(5)	-
Disposals	(45)	(17)	(15)	(2)	(79)	(1,072)
At March 31, 2020	-	-	-	-	-	-
Accumulated depreciation/amortization						
At April 1, 2018	**29**	**10**	**8**	**1**	**48**	**1,070**
Charge for the year	12	2	5	-	19	1
Disposals	-	-	-	-	-	-
At March 31, 2019	**41**	**12**	**13**	**1**	**67**	**1,071**
Charge for the year	**5**	**2**	**2**	-	**9**	**1**
Transfers	(3)	-	-	-	(3)	-
Disposals	(43)	(14)	(15)	(1)	(73)	(1,072)
At March 31, 2020	-	-	-	-	-	-
Net Block						
At March 31, 2019	**9**	**5**	**2**	**1**	**17**	**1**
At March 31, 2020	-	-	-	-	-	-

	As at March 31, 2020	As at March 31, 2019
4. Loans		
(Unsecured, considered good)		
Non-current		
Financial assets at amortised cost		
Security deposits*	-	**285**
	-	**285**

*Includes Rs. Nil (March 31, 2019 - Rs. 168 Lakhs) towards deposit placed with the High Court of Madras. Refer Note 24(a).

	As at March 31, 2020	As at March 31, 2019
5. Other assets		
(Unsecured)		
Non-current		
Considered good		
Balance with statutory/ government authorities**	154	172
	154	**172**
Considered doubtful		
Balance with statutory/ government authorities	299	299
Less: Allowance for doubtful balances	(299)	(299)
	-	-
	154	**172**
Current		
Considered good		
Gratuity Fund Balance (Net)	3	-
Prepaid expenses	-	108
	3	**108**

**Represents goods and services tax input credit receivable. The management is currently in the process of filing refund claim for the accumulated input credit receivable (including service tax input credit transitioned to goods and services tax on filing of Form GST Tran-1). Further, the Company is confident of realisation of the these accumulated input credits.

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other person or advances to firms or private companies, respectively, in which any director is a partner or a director or a member.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
6. Trade receivables*		
(Unsecured, financial assets at amortised cost)		
Current		
Considered good	-	128
Considered doubtful	25	25
	25	153
Less: Allowance for doubtful receivables	(25)	(25)
	-	**128**

*Receivable from a related party.
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

7. Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks in current accounts	213	46
	213	**46**

8. Other financial assets

	As at March 31, 2020	As at March 31, 2019
Current		
Security deposits	132	-
Other Receivables	-	-
	132	**-**
(Unsecured)		
Derivative instruments at fair value through profit or loss		
Foreign currency forward contracts	-	56
	-	**56**
Financial assets at amortised cost (Considered good)		
Unbilled revenue receivable from a related party (Contract asset)	-	746
Other receivables from a related party	-	-
	-	**746**
Financial assets at amortised cost (Considered doubtful)		
Unbilled revenue receivable from a related party (Contract asset)	7,811	6,964
Other receivables from a related party	58	58
	7,869	7,022
Less: Allowance for doubtful balances	(7,869)	(7,022)
	-	-
	132	**802**

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Particulars	As at March 31, 2020	As at March 31, 2019
9. Equity share capital		
Authorized share capital		
50,000,000 (March 31, 2019 - 50,000,000) equity shares of par value Rs. 10 each	5,000	5,000
	5,000	**5,000**
Issued, subscribed and paid up share capital		
36,230,700 (March 31, 2019 - 36,230,700) equity shares of par value Rs. 10 each fully paid up	3,623	3,623
	3,623	**3,623**

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

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (Rs. in lakhs)	Number of shares	Amount (Rs. in lakhs)
Equity shares				
At the beginning of the year	36,230,700	3,623	36,230,700	3,623
Changes during the year	-	-	-	-
At the end of the year	**36,230,700**	**3,623**	**36,230,700**	**3,623**

(b) Terms/rights attached to equity shares

The Company has a single class of shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The Company has not proposed any dividend during the current year. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shareholding by the Holding Company and shareholders holding more than 5 percent of shares along with the number of shares held at the beginning and at the end of the year is as given below:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% of share holding	Number of shares	% of share holding
Equity shares of Rs. 10 each fully paid				
CFCL Ventures Limited, Holding Company*	36,230,700	100.00%	36,230,700	100.00%

* includes 700 equity shares held by the 7 nominees of the Holding Company.

As per records of the Company, the above shareholding represents legal ownerships of shares.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

There has been no issuance of bonus shares, shares issued for consideration other than cash or buy back of shares during the last five years ended March 31, 2020.

There are no shares reserved for issue under options, convertible preference shares and convertible warrants.

(e) Employee stock options

The Board of Directors of the Holding Company, approved the 2007 Share Option Plan ('Plan') administered by the compensation committee for granting stock options to certain employees of its subsidiaries as per Managements discretion. A committee has been constituted to administer the Plan along with the Board and to determine the grant date fair value which would be the exercise price for such options.

The fair value of the shares is determined by the management on the date of the grant of the stock options to the employees pursuant to the Plan. The fair valuation has been determined using the Black-Scholes-Merton valuation model. The stock options vest equally over the period of 48 months and the exercise period is 10 years from the date of grant.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(e) Employee stock options (Continued)

The following table details the movement of stock options granted to employees of the Company under the Plan mentioned above:

	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Number	**Weighted average exercise price (in USD)**	**Weighted average exercise price (in INR)**	**Number**	**Weighted average exercise price (in USD)**	**Weighted average exercise price (in INR)**
Outstanding at the beginning of the year	**191,000**	**1.09**	**75.38**	**-**	**-**	**-**
Granted during the year	-	-	-	191,000	1.09	75.38
Forfeited / cancelled during the year	(94,500)	1.09	75.38	-	-	-
Outstanding at the end of the year	96,500	1.09	75.38	191,000	1.09	75.38
Exercisable at the end of the year	32,167			15,917		

There has been no exercise of stock options during the year. Pursuant to the transaction referred to in note 34, the concerned ex-employees have intimated to the Company about surrendering / forgoing their claim, and hence the Company has cancelled pending options of the concerned ex-employees as at the balance sheet date.

The Company measures the fair value of stock options at the grant date using Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. The inputs used in the option pricing model are as below:

Fair value per share	USD 0.04
Exercise price	USD 1.09
Average risk-free interest rate	2.60%
Expected volatility of share price	100%
Expected life of options granted (in years)	6.1
Expected dividend yield	Nil

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
10. Other equity		
Retained earnings		
Balance as per last Ind AS financial statements	**(2,518)**	**(3,364)**
Profit/(loss) for the year	(433)	290
Other comprehensive income	(4)	1
Transfer from Employee stock options reserve on forfeiture of options	-	555
Closing Balance as at year end	**(2,955)**	**(2,518)**
Equity contribution of Holding Company towards employee stock options		
Balance as per last Ind AS financial statements	**-**	**555**
Employee stock compensation for the year	1	-
Transfer to retained earnings on forfeiture of options	-	(555)
Closing Balance as at year end	**1**	**-**
	(2,954)	**(2,518)**
11. Provisions		
<u>Non-current</u>		
Gratuity	-	34
	-	**34**
<u>Current</u>		
Gratuity	-	13
Compensated absences	1	35
	1	**48**
12. Trade payables		
<u>Financial liabilities at amortised cost</u>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	79	166
	79	**166**

Trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.

Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2020 and March 31, 2019.

Particulars	As at March 31, 2020	As at March 31, 2019
13. Other financial liabilities		
<u>Other financial liabilities at amortised cost</u>		
Salaries and bonus payable	-	197
	-	**197**
14. Other current liabilities		
Statutory dues payable	155	125
	155	**125**

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019

15. Income taxes

Income tax expense in the statement of profit and loss and other comprehensive income comprises:

Profit and loss section		
Current taxes	120	99
Deferred taxes	113	17
Total	**233**	**116**
Other comprehensive income		
Deferred tax charge/(credit) on re-measurement of defined benefit plan [(a)]	(2)	-
Total	**(2)**	**-**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Profit before income taxes	(200)	406
Statutory income tax rate	27.82%	27.82%
Tax expense as per statutory income tax rate	(56)	113
Deferred Tax for earlier reversed during the year	111	-
Tax on Non-deductible expenses for tax purposes	178	3
Income tax expense	**233**	**116**

The following table provides the details of income tax assets and income tax liabilities as at March 31, 2020 and March 31, 2019:

	As at March 31, 2020	As at March 31, 2019
Non-current		
Income tax assets (net) (includes tax paid under protest)	849	332
	849	**332**
Current		
Provision for income tax (net of advance taxes)	447	327
	447	**327**

The movement in the current income tax liability is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Net current income tax liability at the beginning of the year	327	438
Income tax paid	-	(232)
Current income tax expense	125	99
Interest on income tax	(5)	22
Net current income tax liability at the end of the year	**447**	**327**

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	41
Provision for employee benefits	-	23
Others	-	47
	-	**111**

Refer note 34, based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will not be able to realize the benefits of those temporary differences. Accordingly, the entire deferred tax recognised upto year ended 31st March 2019, has been reversed in the books during the current year.

The movement in the deferred tax asset is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Net deferred tax asset at the beginning of the year	111	128
(Charge)/credits relating to temporary differences	(113)	(17)
Temporary differences on other comprehensive income [(a)]	2	-
Net deferred tax asset at the end of the year	**-**	**111**

(a) Rounded off

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
16. Revenue from contract with customer		
Income from software support services	2,570	3,495
	2,570	**3,495**

Also refer Note 2.1(f) for information about performance obligations and Note 6 and 8 for contract assets.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
17. Other income		
Interest income	34	6
Provisions no longer required written back	6	-
Profit on sale of business (Refer note 34)	640	-
Foreign exchange fluctuations gain, net*	76	23
Liquidation proceeds of subsidiary (Refer note 35)	6	-
Other non-operating income	-	1
	762	**30**

*Includes loss on fair valuation of foreign currency forward contracts of Rs. Nil Lakhs (March 31, 2019 : Rs.59 Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
18. Employee benefits expense		
Salaries and bonus	1,714	2,113
Contribution to provident fund	84	101
Contribution to other funds	1	2
Gratuity expense	-	28
Stock compensation expense	1	-
Staff welfare expenses	28	42
	1,828	**2,286**
19. Finance costs		
Interest expense	11	22
	11	**22**
20. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	9	19
Amortization of intangible assets	1	1
	10	**20**
21. Other expenses		
Sub-contracting expenses	6	5
Power and fuel	43	52
Rent	189	183
Repairs and maintenance:		
- computer equipment	164	204
- others	64	62
Payments to auditors (refer details below)	5	11
Rates and taxes*	144	16
Travelling and conveyance	8	29
Communication	42	55
Consultancy, legal and professional charges	134	109
Corporate social responsibility expenditure	-	27
Security charges	18	18
Bank charges	1	-
Miscellaneous expenses	18	20
	836	**791**

*Includes of Rs. 143 Lakhs Provision for GST Liability on reversl of Unbilled Receivables during the year (March 31, 2019 : Nil).

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment to auditors (excluding applicable taxes)		
Statutory audit fee	4	6
Tax audit fee	1	2
Others	-	3
	5	**11**
Details of CSR expenditure		
Gross amount required to be spent during the year	-	16
Amount spent during the year (paid in cash and for purpose other than construction/acquisition of any asset)	-	27

22. Exceptional items

Provision for unbilled revenue receivable from a related party	(847)	-
	(847)	**-**

As at March 31, 2020, the Company had unbilled receivables aggregating to Rs. 7,869 Lakhs (Previous year : Rs.7,619 Lakhs) from ISGN Corporation, USA ("ISGN USA"), a fellow subsidiary. These unbilled receivables were accumulated over a period of time on account of Transfer Pricing requirements under the Income Tax Act and inability of ISGN USA to pay these receivables due to difficult financial condition. After considering the current financial position and future business prospects of ISGN USA, the Company has deemed the same as doubtful of recovery and accordingly the aforesaid receivables of Rs. 7,869 Lakhs had been fully provided for as at year end.

The Company is in discussions with third party consultants on ways to address the matter within the applicable legal and statutory framework. The Management, based on the expert advise, does not expect any material financial impact on account of above.

23. Earnings/(loss) per share (EPS)

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

Net profit/(loss) for calculation of basic/diluted EPS	(433)	290
Weighted average number of equity shares in calculating basic/diluted EPS	36,230,700	36,230,700
Earnings/(Loss) per equity share from discontinued operations (in Rs.)	(1.20)	0.80
Nominal value of equity shares (in Rs.)	10.00	10.00

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24. Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
a) Claims against the Company not acknowledged as debts		
Income tax demands, under appeal*	2,259	2,431
Others**	-	168

*The income tax authorities have made certain adjustments relating to transfer pricing and other disallowances to taxable income for various assessment years i.e. 2009-2010 to 2018-19. The Company is contesting the aforesaid demands and the management, based on external advise, believes that its position will likely be upheld in the appellate process. No expense has been accrued in these Ind AS financial statements for demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

**Pertains to deposits placed by the Company with the High Court of Madras towards an employee claim, which has got realised during the year.

25. Commitments

The Company does not have any commitments as at the balance sheet date.

26. Leases

Company as lessee

The Company had entered into leases for office premises. As at 31st March 2020, refer note 34(a), the Company terminated or served notice for termination for all its existing lease agreements. Accordingly the rental expense recognised by the Company during the year is Rs.189 Lakhs (March 31, 2019 - Rs.183 Lakhs).

27. Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating segments, operating results are reviewed by Company’s Chief Executive Officer to make decisions about resources to be allocated to the segments and assess their performance. The Company’s business activities fall within one business segment i.e. software support services to its fellow subsidiary. Accordingly, separate segment disclosures as per the requirements of Ind AS 108, Operating Segments, are not considered necessary.

Further, the Company has only one customer i.e., ISGN Corporation, which is located in United States of America.

The Company's non-current, non-operating assets are located in India.

28. Related party disclosures:

I. Related party name and relationship

Ultimate Holding Company	Chambal Fertilisers and Chemicals Limited
Immediate Holding Company	CFCL Ventures Limited
Subsidiary Company	Inuva Info Management Private Limited (Under Liquidation) (“ Inuva”)*
Fellow subsidiaries	ISGN Corporation ("ISGN, USA") Chambal Infrastructure Ventures Limited India Steamship Limited (Under Liquidation) India Steamship Pte. Ltd. (dissolved on April 06, 2020)
Key management personnel	Mr. Amit Kothiyal, Managing Director (till January 30, 2020) Mr. Manoj Bawa, Whole-time director and Chief Financial Officer Mr. MV Sampath Kumar, Independent Director (w.e.f. March 31, 2020) Mrs. Nicola Neeladri, Independent Director (w.e.f. March 31, 2020) Mr. Sundararajan Sampath, Whole-time director and Chief Financial Officer (till June 5, 2018) Mr. Rajaraman Ramaswamy, Independent Director (till March 31, 2020) Mr. Mohan Subramaniam, Independent Director (till March 31, 2020)
Enterprises over which directors have significant influence	ISG Novasoft Technologies Limited Employees Group Gratuity Trust ("Gratuity Trust")

* During the financial year 2018-19, the shareholders of Inuva had approved its voluntary liquidation in pursuance of the provisions of Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017. The liquidator has completely liquidated the assets of Inuva during the financial year 2019-20 and it was not having any assets or liabilities as on March 31, 2020. Inuva is in the process of voluntary liquidation / dissolution.

28. Related party disclosures (continued)

II. Transaction with Related parties:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue earned from software support services		
ISGN, USA	2,570	3,495
	2,570	**3,495**
Reimbursement of expenses incurred on behalf of		
Inuva	-	3
	-	**3**
Allowance for doubtful balances		
Provision for Unbilled revenue receivable from ISGN, USA	(847)	-
Provision for Trade receivables from ISGN, USA	-	-
Provision for Other receivables from ISGN, USA	-	-
	(847)	**-**
Contribution to gratuity trust		
Gratuity Trust	51	-
	51	**-**
Remuneration paid*		
Mr. Amit Kothiyal	412	293
Mr. Manoj Bawa	82	58
Mr. Sundararajan Sampath	-	27
	494	**378**
Sitting fees paid		
Mr. Rajaraman Ramaswamy	4	3
Mr. Mohan Subramaniam	3	2
	7	**5**

*For the year ended 31st March 2019, as the liabilities for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Employees stock option granted (Nos.)**		
Mr. Manoj Bawa	Nil	96,500
	-	**96,500**

**The employees stock options granted are under 2007 Share Option Plan of the Holding Company. Also refer note 9(e).

III. Outstanding balances of Related Parties:

Particulars	As at March 31, 2020	As at March 31, 2019
ISGN Corporation		
Trade receivables [net of Allowance for doubtful debts of Rs. 25 Lakhs (March 31, 2019: Rs. 25 Lakhs)]	-	128
Other receivables [net of Allowance for doubtful receivables of Rs. 58 Lakhs (March 31, 2019: Rs. 58 Lakhs)]	-	-
Unbilled revenue [net of Allowance for doubtful unbilled revenue receivables of Rs. 7,869 Lakhs (March 31, 2019: Rs. 6,964 Lakhs)]	-	746
	-	**874**
Employees stock option outstanding (Nos.)		
Mr. Manoj Bawa	96,500	191,000
	96,500	**191,000**

29. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary plus dearness allowance (last drawn salary) for each completed year of service. The following tables summarise the components of net benefit expense and the funded status for the plan:

Statement of Profit and Loss and Other Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
Net employee benefit expense (recognised in Employee benefits expense)		
Current service cost	1	26
Interest cost on benefit obligation	7	8
Expected return on plan assets	(5)	(6)
Loss/(Gains) on Curtailment	(8)	-
Past Service Cost	-	-
Net benefit expense/ (gain)	**(5)**	**28**
Actual return on plan assets	8	6
Re-measurement gain/(loss) (recognised in Other Comprehensive Income)		
Actuarial gain/(loss) on obligation	(0)	(3)
Actuarial gain/(loss) on assets	3	4
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	(9)	-
	(6)	**1**

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

29. Gratuity (continued)

Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Details of provision for gratuity		
Defined benefit obligation	(2)	(126)
Fair value of plan assets	14	79
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	(9)	-
Net asset/ (liability)	**3**	**(47)**

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	126	106
Current service cost	1	26
Loss/(Gains) on Curtailment	(8)	
Interest cost	7	8
Past service cost	-	-
Benefits paid	(124)	(13)
Actuarial (gain)/loss on obligation	0	(1)
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Closing defined benefit obligation	**2**	**126**

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	79	86
Contributions by employer	51	-
Benefits paid	(124)	(13)
Interest income	5	6
Actuarial gain/(loss) on plan assets	3	-
Expected return	-	-
Closing fair value of plan assets	**14**	**79**

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Discount Rate	5.10%	7.30%
Salary escalation	7.00%	7.00%
Expected rate of return on plan asset	7.30%	7.60%
Employee turnover	10.00%	10.00%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The plan assets are funded as investment with insurers.

A quantitative sensitivity analysis for significant assumption is as below:

	March 31, 2020		March 31, 2019	
	1% increase	1% decrease	1% increase	1% decrease
<u>Impact on defined benefit obligation</u>				
Discount rate	-	-	(9)	10
Salary escalation	-	-	10	(10)
Employee turnover	-	-	-	-

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

The following payments are expected contribution to the defined benefit plans in future years:

	As at March 31, 2020	As at March 31, 2019
Within next 12 months	4	13
Between 2 to 5 years	5	91
Between 6 to 10 years	-	157
	9	**261**

The average duration of the defined benefit plan obligation at the end of the reporting period is 2 years (March 31, 2019 - 8 years).

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

30. The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2020 in this regard, to comply with the requirements of the Income Tax Act, 1961. Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the Ind AS financial statements, particularly on account of tax expense and that of provision for taxation.

31. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value measurement hierarchy of the Company's assets and liabilities is as below:

	Amortised cost	Fair value through profit or loss	Total carrying value	Total fair value
As at March 31, 2020				
Assets:				
Trade receivables	-	-	-	-
Cash and cash equivalents	213	-	213	213
Other financial assets	132	-	132	132
Loans	-	-	-	-
Other non current assets	154	-	154	154
Total	499	-	499	499
Liabilities:				
Provisions	1	-	1	1
Trade payables	79	-	79	79
Other financial liabilities	-	-	-	-
Other current liabilities	155	-	155	155
Total	235	-	235	235
As at March 31, 2019				
Assets:				
Trade receivables	128	-	128	128
Cash and cash equivalents	46	-	46	46
Other financial assets*	746	56	802	802
Loans	285	-	285	285
Other non current assets	172	-	172	172
Total	1,377	56	1,433	1,433
Liabilities:				
Provisions	82	-	82	82
Trade payables	166	-	166	166
Other financial liabilities	197	-	197	197
Other current liabilities	125	-	125	125
Total	570	-	570	570

There has been no transfers between levels during the year.

*Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

32. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance and the senior management oversees the management of these risks and provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialists that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

32. Financial risk management (continued)

a) Market risk

Foreign Currency Risk

The Company operates in India and is exposed to foreign exchange risk on account of its services to fellow subsidiary ISGN Corporation, in the United States of America. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and US Dollars has changed in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies.

Derivatives instruments - Forward contracts against exports as at the reporting date are as below:

	Foreign currency amount		Amount in Rupees Lakhs	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
US Dollar (USD)	-	1,580,000	-	1,110

Below is the summary of total foreign currency exposure of Company's financial assets:

	As at March 31, 2020	As at March 31, 2019
Unbilled revenue (net)	-	746
Trade receivables (net)	-	128
	-	**874**

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates on the profit/(loss) of the Company:

	Year ended March 31, 2020	Year ended March 31, 2019
INR/ USD - depreciates by 1 %	-	(9)
INR/ USD - appreciates by 1 %	-	9

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from unbilled revenues amounting to Rs. Nil (March 31, 2019 - Rs. 746 Lakhs) as of March 31, 2020 and trade receivables amounting to Rs. Nil (March 31, 2019 - Rs. 128 Lakhs) as of March 31, 2020, respectively, arising from rendering of services to its fellow subsidiary ISGN Corporation. The same has been fully provided in the financial statements during the year. Also, refer Note 22.

c) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital and the support provided by the Holding Company is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

All the significant financial liabilities of the Company are contractually expected to mature within 1 year from the balance sheet date.

33. Capital management

The Company is a wholly owned subsidiary of CFCL Ventures Limited and does not have borrowings. The Company is largely dependent on the equity capital from its Holding Company and funds generated from its operations for managing its capital.

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

34. Discontinued operations

a) As of January 30, 2020, the Company entered into an agreement with "Indecomm Global Services (India) Pvt. Ltd." ('Indecomm'), pursuant to which, among other things, the Company sold to the Indecomm, all of its identified assets, (real, personal or mixed, tangible or intangible, including goodwill) together with its right, title and interest in the identified Contracts free and clear of all encumbrances. After completion of aforesaid transaction, the Company was not having any business activities.

Accordingly, the entire operations of the entity of the current year ended 31st March 2020, along with the corresponding balances for the year ended 31st March 2019 are disclosed as discontinued operations.

b) Details of sale of assets / business

	Year ended March 31, 2020
Consideration received	
Cash	680
Less: Carrying amount of net assets sold	6
Less: Other current assets transferred	34
Gain on sale before income tax	640
Income tax expense on gain	(178)
Gain on sale after income tax	462

The carrying amounts of assets and liabilities as at the date of sale were as follows:	**As at Jan 30, 2020**
Property, plant and equipment	6
Trade receivables	-
Other current assets	34
Total assets	40

35. During the year, the Company received an amount of Rs. 556,139.36 towards liquidation proceeds of its subsidiary M/s Inuva Info Management Private Limited ("Inuva"). Since the entire investment was impaired in the previous year, the receipt is accounted as "Other income" during the year. Based on the information available with the management, the liquidation process of Inuva is complete pending the final report and filing of dissolution application with the National Company Law Tribunal.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

For and on behalf of the Board of Directors of
ISG Novasoft Technologies Limited

D Ramprasad
Partner
Membership number: 028241

Place: Bengaluru
Date: May 22, 2020

Manoj Bawa
Whole-time Director and
Chief Financial Officer
DIN: 01282046

Place: Bengaluru
Date: May 22, 2020

M V Sampath Kumar
Director
DIN: 07613043

Place: Bengaluru
Date: May 22, 2020