

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Designit Peru S.A.C ,

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Designit Peru S.A.C** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (herein after referred to as standalone Ind As Financial statements).

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone **Ind AS** financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Loss and its cash flows for the year ended on that date.

**For M/s. Appaji & Co.,
Chartered Accountants
FRN. 014147S**

-Sd-

**CA K Appaji
Partner
Mno-214156
Date: 1st Jun 2018
Place: Bangalore**

DESIGNIT PERU S.A.C

**STANDALONE FINANCIAL STATEMENTS UNDER IND AS
AS AT AND FOR THE YEAR ENDED MARCH 31,2018**

Designit Peru, S.A.C
Balance Sheet as at 31st March, 2018
(Amount in PEN, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	329,853	22,815
Total non-current assets		329,853	22,815
Current assets			
Financial assets			
Trade receivables	5	173,706	13,375
Cash and cash equivalents	6	510,649	438,893
Unbilled revenues		1,162,236	517,324
Current tax assets		78,113	37,348
Other financial assets	7	295,936	245,673
Total current assets		2,220,640	1,252,613
TOTAL ASSETS		2,550,493	1,275,428
EQUITY			
Share capital	8	120,000	120,000
Other equity		(1,782,532)	(619,737)
Total equity		(1,662,532)	(499,737)
LIABILITIES			
Non-current liabilities			
Provisions	9	894	13,235
Total non-current liabilities		894	13,235
Current liabilities			
Financial liabilities			
Borrowings	10	2,968,690	1,181,144
Trade payables	11	942,417	417,660
Unearned revenues		-	43,177
Current tax liabilities			
Other current liabilities	12	221,955	119,949
Provisions	13	79,069	-
Total current liabilities		4,212,131	1,761,930
TOTAL EQUITY AND LIABILITIES		2,550,493	1,275,428

The accompanying notes form an integral part of this financial statement

In terms of our report attached
for **Appaji & Co.**
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Mathieu Reumaux
Director

Place: Bengaluru
Date: 01-Jun-18

Designit Peru, S.A.C
Statement of Profit and Loss for the period ended 31st March 2018
(Amount in PEN, unless otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017
REVENUE			
Revenue from operations	14	4,685,992	2,219,665
Total		4,685,992	2,219,665
EXPENSES			
Employee benefits expense	15	1,794,764	382,619
Sub Contracting/Technical Fees		3,091,519	2,243,375
Finance costs	16	1,323	1,113
Depreciation and amortisation expense		38,803	1,377
Other expenses	17	922,378	210,918
Total Expenses		5,848,787	2,839,402
Profit before tax		(1,162,795)	(619,737)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Tax expense		-	-
Profit for the period		(1,162,795)	(619,737)
Total Other Comprehensive Income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,162,795)	(619,737)
Earnings per equity share (Equity shares of par value PEN 1 each)			
Basic		(9.69)	(5.16)
Diluted		(9.69)	(5.16)
No of shares			
Basic		120,000	120,000
Diluted		120,000	120,000

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Sd/-
Mathieu Reumaux
Director

Place: Bengaluru
Date: 01-Jun-18

Designit Peru, S.A.C
Statement of Changes in Equity
(Amount in PEN, unless otherwise stated)

A. Equity Share Capital

Particulars	Retained Earnings	Total other equity
Balance as at April 1, 2017	(619,737)	(619,737)
Total Comprehensive income for the period		
Profit for the period	(1,162,795)	-
Other comprehensive income for the period	-	-
Total Comprehensive loss for the period	(1,162,795)	(1,162,795)
	(1,162,795)	(1,162,795)
Balance as at March 31, 2018	(1,782,532)	(1,782,532)

B. Other Equity

Particulars	Retained Earnings	Total other equity
Balance as at April 1, 2016	-	-
Total Comprehensive income for the period		
Profit for the period	-	-
Other comprehensive profit for the period	(619,737)	-
Total Comprehensive Profit for the period	(619,737)	(619,737)
	(619,737)	(619,737)
Balance as at March 31, 2017	(619,737)	(619,737)

The accompanying notes form an integral part of this financial statement

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Sd/-
Mathieu Reumaux
Director

Place: Bengaluru
Date: 01-Jun-18

Designit Peru, S.A.C
CASH FLOW STATEMENT

(Amount in PEN except share and per share data, unless otherwise stated)

	2018	2017
A. Cash flows from operating activities:		
Profit/ (Loss) after tax	(1,162,795)	(619,737)
Adjustments:		
Depreciation and amortisation	38,803	1,377
Exchange differences, net	16,703	-
Interest on borrowings	-	1,113
Changes in operating assets and liabilities :		
Trade payables and Unearned Revenue	464,877	-
Liabilities and Provisions	168,734	1,764,296
Trade receivables and Unbilled Revenue	(805,243)	(523,611)
Loans & advances	(50,263)	(245,335)
Net cash used in operating activities	<u>(1,329,184)</u>	<u>378,104</u>
Direct taxes (paid)/refund, net	(40,765)	(37,117)
Net cash used/generated in/from operating activities	<u>(1,369,949)</u>	<u>340,986</u>
B. Cash flows from investing activities:		
Acquisition of fixed assets (including capital advances, intangible assets and CWIP)	(345,841)	(24,043)
Net cash used in investing activities	<u>(345,841)</u>	<u>(24,043)</u>
C. Cash flows from financing activities:		
Proceeds from long-term borrowings	1,787,546	-
Proceeds from issue of Share Capital		119,259
Net cash generated from financing activities	<u>1,787,546</u>	<u>119,259</u>
Net increase in cash and cash equivalents during the period	71,756	436,203
Cash and cash equivalents at the beginning of the period	438,893	-
Cash and cash equivalents at the end of the period	<u>510,649</u>	<u>436,203</u>
Components of cash and cash equivalents		2,691
Cash on hand		270
Cheques, Drafts on hand		
Balances with banks in current account	510,649	438,623
Balances with banks in deposit accounts		
Total Cash and cash equivalents (*Refer Note 6)	<u>510,649</u>	<u>438,893</u>

The accompanying notes form an integral part of this financial statement

In terms of our report attached
for **Appaji & Co.**
Chartered Accountants

For and on behalf of Board of Directors

Firm's Registration No.: 014147S

Sd/-
CA K. Appaji
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Sd/-
Mathieu Reumaux
Director

Place: Bengaluru
Date: 01-Jun-18

Designit Peru S.A.C.
Notes to the financial statements
(Amount in PEN, unless otherwise stated)

1. The Company overview

Designit Peru, S.A.C. ("Company"), is a subsidiary of Denextep Spain Digital, S.L (the holding company) incorporated in Spain and is engaged in design services. The functional currency of the Company is PEN and the reporting currency for these financial statements is PEN. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of Indian Companies Act, 2013.

2. Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ("the Companies Act"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been applied consistently to all periods presented in these financial statements.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

(ii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis.

(iii) Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

a) Revenue recognition: The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

b) Income taxes: The major tax jurisdictions for the Company are India and the United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

c) Deferred taxes: Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

d) Expected credit losses on financial assets: On application of Ind AS109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Significant accounting policies

(i) Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges. Gains/(losses) relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as FVTOCI are included in other comprehensive income, net of taxes.

(ii) Financial instruments

a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

A. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the Balance Sheet, bank overdrafts are presented under borrowings within current liabilities.

B. Other financial assets:

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

C. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

(iii) Equity and share capital

a) Share capital and share premium

The authorized share capital of the Company as of March 31, 2018 and March 31, 2017 is 120,000 Equity shares of 1 PEN per share. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

b) Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes.

c) Other reserves

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

d) Dividend

A final dividend, including tax thereon, on common stock is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

(iv) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful Life
Furniture, fixtures and Office equipment	5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use before each reporting date are disclosed under capital work- in-progress. Deposits & advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown as capital advances under the head of other non-current assets.

(v) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a) Arrangements where the Company is the lessee

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

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

b) Arrangements where the Company is the lessor

In certain arrangements, the Company recognizes revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognizes unearned income as finance income over the lease term using the effective interest method.

(vi) Impairment

Non - financial assets

The Company assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell (FVLCTS) and its value-in-use (VIU). If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(vii) Employee benefits

a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unused accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

(viii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(ix) Revenue

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

a) Services

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

A. Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period. 'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

C. Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognized as revenue on completion of the term.

b) Products

Revenue from products are recognized when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(x) Finance costs

Finance Costs comprise interest cost on borrowings, impairment losses recognized on financial assets, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

(xi) Other income

Other income comprises interest income on deposits, dividend income and gains / (losses) on disposal of financial assets that are measured at FVTPL, and debt instruments classified as FVTOCI. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

(xii) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax

(xiii) Cash flow statement

Cash flows are reported using indirect method, whereby net profits after 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 operating, investing and financing activities of the Company are segregated.

(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

4: Property, Plant and Equipment

	<u>Furniture and Fixtures</u>	<u>Total</u>
Gross Carrying Value:		
As at April 1, 2017.....	24,192	24,192
Additions.....	369,169	369,169
Disposal/Adjustments.....	(28,164)	(28,164)
As at March 31, 2018.....	<u>365,197</u>	<u>365,197</u>
Accumulated Depreciation/ Impairment		
As at April 1, 2017.....	(1,377)	(1,377)
Depreciation.....	(38,803)	(38,803)
Disposal/Adjustments.....	4,836	4,836
As at March 31, 2018.....	<u>(35,344)</u>	<u>(35,344)</u>
Net Carrying Value		
	<u>Furniture and Fixtures</u>	<u>Total</u>
As at March 31, 2017.....	22,815	22,815
As at March 31, 2018.....	329,853	329,853
Gross Carrying Value:		
As at April 1, 2016.....	-	-
Additions.....	24,192	24,192
As at March 31, 2017.....	<u>24,192</u>	<u>24,192</u>
Accumulated Depreciation/ Impairment		
As at April 1, 2016.....	-	-
Depreciation.....	(1,377)	(1,377)
As at March 31, 2017.....	<u>(1,377)</u>	<u>(1,377)</u>
Net Carrying Value		
	<u>Furniture and Fixtures</u>	<u>Total</u>
As at March 31, 2017.....	22,815	22,815

Designit Peru, S.A.C.
Notes to the Financial Statements
(Amount in PEN, unless otherwise stated)

5. Trade Receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured:		
Considered good	-	13,375
Considered doubtful	173,706	-
	<u>173,706</u>	<u>13,375</u>
With Group Companies - Considered good	-	-
Less: Provision for doubtful receivables	-	-
	<u><u>173,706</u></u>	<u><u>13,375</u></u>

6. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2018 consists of balances with banks.

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- Current accounts	510,649	438,623
- Cash on Hand	-	270
	<u>510,649</u>	<u>438,893</u>

7. Other Financial Assets

	As at March 31, 2018	As at March 31, 2017
Current		
Security deposits	78,884	46,236
Prepaid expenses	14,246	474
Due from employees	-	10,845
Vat Recoverable	186,090	187,877
Others	16,716	241
	<u><u>295,936</u></u>	<u><u>245,673</u></u>

Designit Peru, S.A.C.
Notes to the Financial Statements
(Amount in PEN, unless otherwise stated)

8. Share Capital

	As at March 31,2018	As at March 31,2017
I. Authorised Capital		
120,000 equity shares [Par value of of PEN 1 per share]	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
II. Issued, subscribed and fully paid-up capital		
120,000 equity shares [Par value of of PEN 1 per share]	120,000	120,000
	<u>120,000</u>	<u>120,000</u>

(ii) Reconciliation of issued, subscribed and paid-up capital

	As at March 31,2018	As at March 31,2017
	No. of shares	No. of shares
Opening number of equity shares	120,000	120,000
Equity shares issued	-	-
Closing number of equity shares	120,000	120,000

(iii) Details of shareholders having more than 5% of the total equity shares of the Company

Name of the Shareholder	% held	No. of shares
Denextep Spain Digital, S.L	100	120,000

9. Provisions

	As at March 31, 2018	As at March 31, 2017
Non-current liabilities		
Employee benefit obligation	894	13,235
	<u>894</u>	<u>13,235</u>

10. Borrowings

A summary of loans and borrowings is as follows:

	As at March 31, 2018	As at March 31, 2017
Loan from Related Parties	2,968,690	1,181,144
	<u>2,968,690</u>	<u>1,181,144</u>

11. Trade payables

	As at March 31, 2018	As at March 31, 2017
Trade Payable	932,569	416,966
Other Payables	9,848	-
Bank Overdraft	-	694
	<u>942,417</u>	<u>417,660</u>

12. Other Current Liabilities

	As at March 31, 2018	As at March 31, 2017
Statutory liabilities	221,955	119,949
	<u>221,955</u>	<u>119,949</u>

13. Provisions

	As at March 31, 2018	As at March 31, 2017
Current		
Employee benefit obligations	79,069	-
	<u>79,069</u>	<u>-</u>

Designit Peru, S.A.C
NOTES TO THE FINANCIAL STATEMENTS
(Amount in PEN, unless otherwise stated)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
14. Revenue from Operations		
Sale of services	4,685,992	2,219,665
	<u>4,685,992</u>	<u>2,219,665</u>
15. Employee benefits expense		
Salaries and wages	1,469,209	311,736
Contribution to provident and other funds	275,010	62,493
Staff welfare expenses	50,546	8,390
	<u>1,794,764</u>	<u>382,619</u>
16. Finance costs		
Interest Cost	1,323	1,113
	<u>1,323</u>	<u>1,113</u>
17. Other expenses		
Foreign exchange gains / (losses), net	364,358	2,421
Rent	259,620	124,308
Advertisement and sales promotion	75,770	14,418
Other general & administrative expenses	70,080	5,967
Legal and professional charges	61,663	23,681
AMC for software & hardware	56,592	21,360
Audit fees	16,703	-
Travel	14,128	17,819
Communication	3,199	884
Power and fuel	264	-
Staff recruitment	-	60
	<u>922,378</u>	<u>210,918</u>

18. Earnings per share

A reconciliation of profit for the period and equity shares used in the computation of basic and diluted earnings per equity share is as follows:

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period, excluding equity shares purchased by the Company and held as treasury shares.

	31st March, 2018	31st March, 2017
Profit for the Period:	(1,162,795)	(619,737)
Weighted average number of Equity shares	120,000	120,000
Basic Earnings per share	(10)	(5)

19. Related party relationships, transactions and balances

The following are the entities with which the Company has related party transactions:

Name of the party	Relationship with The Company
Designit A/S	Fellow Subsidiary
Designit Colombia S A S	Fellow Subsidiary
Denextep Spain Digital, S.L	Holding Company

The Company had the following transactions with related parties during the year ended March 31, 2018.

Particulars	For the year ended	For the year ended
	March 31st 2018	March 31st, 2017
Designit A/S		
Subcontracting & Technical Fees	277,672	282,698
Denextep Spain Digital, S.L.		
Subcontracting & Technical Fees	1,347,370	725,798
Sales and Services	42,970	-
Designit Colombia S A S		
Subcontracting & Technical Fees	958,366	445,534
Sales and Services	59,775	-

The following is the listing of receivables and payables to related parties as at March 31, 2018:

Particulars	As at	As at
	31st March 2018	31st March 2017
Payables:		
Designit A/S	246,795	41,310
Denextep Spain digital, S.L.	2,968,690	1,181,144
Designit Colombia S A S	685,774	376,842

20. Capital Commitment and Contingencies

As at March 31, 2018 the company does not have material contingencies

As per our report attached
For Appaji & Co.,
Chartered Accountants
Firm Reg. No: 0141475

For and on behalf of Board of Directors

Sd/-
K. Appaji
Partner
M.No. 214156

Sd/-
Mathieu Reumaux
Director

Bangalore
Date: 01-Jun-18