

Cyient Insights Private Limited (formerly Invati Insights Private Limited) Statement on Significant Accounting Policies

For the period 1st April 2015 to 31st March, 2016

1. Corporate information

Cyient Insights Pvt Ltd is engaged in the business of providing Advance Business Analytics, Big Data/Data Sciences Research Lab for customers and its related services.

The Company is based in India and has clients spread out at various places in India, US, Canada, South Korea and Europe.

2. Significant accounting policies

2.1 Basis of accounting and preparation of the consolidated financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the consolidated financial statements.

The financial statements are prepared on a going concern basis.

2.2 Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiaries have been combined on a line-by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits and losses have been fully eliminated.
- ii) The excess of cost to the Group of its investments in its subsidiary companies over its share of the equity at the dates on which the investments are made, is recognised as Goodwill (on Consolidation), being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of the investment of the Group, it is recognised as Capital Reserve (on Consolidation) and shown under the head 'Reserves and Surplus' in the consolidated financial statements.



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Revenue recognition

Income from Services:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is primarily derived from Data processing and analytics and related services.

Revenue from such services is recognized on performance or receipt basis whichever is earlier and are net of service tax.

Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue represents amounts recognised based on services performed in advance of billings in accordance with contract terms and is net of estimated allowances for uncertainties and provision for estimated losses.

2.3 Expenses

Expenditure is accounted on accrual basis and provision is made for all known losses and liabilities.

2.4 Fixed assets, intangible assets and capital work-in-progress

Fixed Assets are stated at actual cost, less accumulated depreciation. The cost comprises of the purchase price (inclusive of VAT credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenses on fixed assets after its purchase is capitalised only if such expenses results in an increase in the future benefits from such assets beyond the previous announced standards of performances.

Intangible assets

The company has incurred expenses towards purchases of Software Licenses. These are stated at actual cost, less accumulated depreciation.

2.5 Depreciation & amortisation

Depreciation / amortisation on fixed assets is provided on a straight-line method using the rates arrived at based on the useful life prescribed under the Schedule II to the Companies Act, 2013.



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The estimated useful lives are as follows:

Type of asset	Period
Leasehold Improvements	5 years
Computers	3 years
Office Equipment	5 years
Furniture and Fixtures	10 years
Intangible Assets:	
Software	3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.6 Investments

The company has made an Investment in Cyient Insights LLC (Formerly known as Invati Insights LLC), a Delaware incorporated company, thereby making it a wholly owned subsidiary.

The investment is recognised based on the valuation made of the LLC as on the date of acquisition. The investment is set off during the process of consolidation as it is an inter company investment.

2.7 Goodwill on Consolidation of Cyient Insights LLC:

Good will on acquisition of Cyient Insights LLC is recognised as follows:

Particulars	Amount (Rs).
Share Capital of Invati Insights LLC	90,945
Reserves & Surplus of Invati Insights LLC	(1,08,17,475)
Less:	
Investment made in Cyient Insights LLC by Cyient Insights Private Limited	61,653
Goodwill recognised	1,07,88,183



This amount recognised is Goodwill which arises on account of Consolidation.

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2.8 Foreign currency transactions / translations

The transactions in foreign exchange entered into by the company are accounted at the exchange rate prevalent on the date of the transaction. All exchange differences arising on transactions, are charged to Statement of Profit and Loss. Foreign currency monetary items (other than derivative contracts) outstanding as at Balance Sheet date are restated at year end exchange rate. Non-monetary items are carried at historical cost and the exchange gains or losses are recognised in the Consolidated Statement of Profit and Loss. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on a monetary item that, in substance, form part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

The operations of foreign subsidiary of the Company are non-integral in nature and the financial statements of this subsidiary are translated as follows:

Foreign currency monetary items (other than derivative contracts) outstanding as at Balance Sheet date are restated at year end exchange rate. Non-monetary items are carried at historical cost and the exchange gains or losses are recognised in the Consolidated Statement of Profit and Loss. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on a monetary item that, in substance, form part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

For the purposes of consolidation, income and expenses are translated at average rates and the assets and liabilities are converted at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

2.9 Employee benefits

Employee benefits include Employees Provident Fund and Pension Fund Employee's state insurance scheme, gratuity fund.

Defined contribution plans

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to the Consolidated Statement of Profit and Loss.

Company's contributions paid/payable during the year to Company's ESIC, are recognised in the Statement of Profit and Loss, when an employee rendered the related service.

Defined benefit plans

The Company also provides for other retirement benefits in the form of gratuity. The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.



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Other Benefit Plans

Benefits and Reimbursements to employees of Cyient Insights LLC have been provided and paid according to the laws applicable in USA.

2.10 Taxes on Income

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

For subsidiaries the current charge for income tax is calculated in accordance with the relevant tax regulations. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax expense for a year comprises of current tax and deferred tax.

Current Tax expense for the period 01-04-2015 to 31-03-2016, are not included in the determination of the net profit or loss for the period since the company has incurred a loss.

Deferred tax is recognised on timing difference, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

2.11 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

The company leases office under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee.

Cyient Insights LLC rents a virtual office in Troy, Michigan, USA and lease rentals are recognised on a straight line basis over the term of the lease.



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2.12 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Profit after taxation (Rs).	:	(121,992,884)
No. of equity shares	:	1,999,478
Basic earnings per share (Rs).	:	(61.01)
Nominal value of equity shares (Rs).	:	10

2.13 Provisions, Contingent liabilities and Contingent Assets

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A Contingent liability is a possible obligation that arises from the 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 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.

Contingent liabilities as on 31st March 2016 is Rs Nil

2.14 Cash and cash equivalents (for the purpose of Consolidated Cash Flow Statement)

Cash comprises cash on hand, and bank.

2.15 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service rendered is accounted and when there is no uncertainty in availing/utilising the credits.

2.16 Operating Cycle

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



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2.17 Related Party Disclosure


Name of the Related Party	Relation	Nature of Transactions	Amount (Rs).
Cyient Limited	Holding Company (51%)	Sale of Services	1,19,81,928
		Loan taken @ 10%	3,06,96,302
		Interest accrued	43,47,583
		Advance taken	59,90,220
		Rent	32,94,667
Cyient Inc	Subsidiary of Cyient Limited	Sale of Services	1,59,13,186
		Loan taken by Cyient Insights LLC @10%	62,362,146
		Interest accrued	4,612,555
		Advance taken	39,79,974
		Visa Fee	12,39,802
Mr. Satish Cheeti	Director and Shareholder	Remuneration	74,58,068
		Interest accrued	3,00,822
Mr. Sesha M	Director – KMP	Interest accrued	967,010
	Director and Shareholder	Remuneration	20,501,814
Nearium Energy Pte Ltd	Shareholder	Loan taken by Invati Insights LLC @10%	1,986,454



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For Prasad & Prasad
Chartered Accountants
FRN: 002746S


NSRA Prasad
Partner
M. No: 203408



For and on behalf of the Board of Directors
Cyient Insights Private Limited


Sessa C. Modukuru
Director & CEO


N.J. Joseph
Director



Place: Hyderabad
Date: 11th April, 2016.

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